

MONTECITO SANITARY DISTRICT

A G E N D A

**for
Board Meeting
November 12, 2020**

The regular meeting of the Governing Board will begin at 1:15 p.m. on November 12, 2020.

Pursuant to State of California Executive Order No. N-29-20 issued on March 17, 2020, and the State of California and Santa Barbara County's shelter in place orders, the Montecito Sanitary District Board Meeting will be held remotely via Zoom Meetings.

The Meeting will be conducted in accordance with the Virtual Meeting Protocols adopted by the Board of Directors on April 9, 2020. These can be viewed and downloaded here: <https://www.montsan.org/virtual-public-meetings>. The public may attend and make a public comment by visiting:

<https://us02web.zoom.us/j/88335867423>

You may also call in at 1-669-900-6833 Meeting ID **883 3586 7423**

If you have difficulty connecting to the virtual meeting, please call 1-714-323-4667 for technical assistance once the meeting has begun.

If you need special assistance to participate in this meeting, because of any disability, please contact the District at 1-805-969-4200. Notification at least twenty-four hours before the meeting will allow the District to make appropriate arrangements for you; thank you.

Materials related to an item on this Agenda, which are part of the agenda packet, are available for public inspection on the District website www.montsan.org

1. CALL TO ORDER/ROLL CALL

2. PUBLIC COMMENT

Persons may, in addition to any other matter within the Board of Director's subject-matter jurisdiction, comment on Agenda Items at this time. If you provide public comment on a specific Agenda item at this time, however, you cannot later provide comments at the time the Agenda Item is considered. Anyone wishing to address the Board of Directors must comply with the Virtual Meeting Protocols; will be recognized by the President; and must state their name for the record. If you wish to address the Board of Directors on an Agenda Item, you may do so as that particular item is announced. You will be given a reasonable amount of time to address the Board of Directors.

While all comments are welcome, the Brown Act does not allow the Board to take action on any item not on the agenda. The Board may briefly respond to comments after Public Comment is closed.

In accordance with Executive Order No. N-29-20 and the Virtual Meeting Protocols, remote public participation is allowed in the following ways:

Participants are encouraged to join the meeting 30 minutes before the start of the meeting.

Public comment will be accepted via email during the meeting, before the close of public comment, and read into the record during public comment, when feasible. We request that written communications be limited to not more than 50 words. Public comment may be submitted via telephone during the meeting, before the close of public comment, by calling **1-669-900-6833** and enter Zoom Meeting ID: **883 3586 7423** then press pound (#). When prompted to enter participation ID number press pound (#) again. If participants would like to make a public comment they will enter “*9” then the Clerk to the Board will be notified and you will be in the rotation to make a public comment.

3. APPROVAL OF MINUTES

It is recommended that the Board consider approving the minutes from October 8, 2020 regular meeting, and Minutes of Committee meetings from October 12th Personnel Committee, and November 5th Finance Committee.

4. APPROVAL OF PAYABLES

It is recommended that the Board consider approving the payables list for expenses incurred by the District between October 3, 2020 and November 6, 2020.

5. OLD BUSINESS

None

6. NEW BUSINESS

A. Financial Audit Report – Fiscal Year 2019-2020

It is recommended that the Board consider:

- i) Receiving and filing a report presented by Ms. Tracey Solomon of Bartlett Pringle & Wolff (BPW), LLP regarding the Montecito Sanitary District’s Fiscal Year 2019-20 Financial Statements audit draft report and Letter of Required Communication; and
- ii) Taking such additional, related action that may be desirable.

B. Purchasing Policy Revisions

It is recommended that the Board consider:

- i) Receiving the recommended purchasing policy revisions as presented by the Interim General Manager;
- ii) Adopting a Resolution 2020-928 amending Purchasing Regulations; and
- iii) Taking such additional, related, action that may be desirable.

C. Public Works Bidding and Contracting

It is recommended that the Board consider:

- i) Adopting Resolution 2020-929 declaring the District’s intent to become subject to the Uniform Public Construction Cost Accounting Act (“UPCCAA”);
- ii) Introducing and waiving first reading of an ordinance allowing the District to use informal bidding procedure on “public projects” as defined in Public Contract Code section 22002(c); and
- iii) Taking such additional, related, action that may be desirable.

D. Romero Canyon Road Sewer Main Extension- Status Report

It is recommended that the Board consider:

- i) Receiving and filing a report of the bid results and property owner interest; and
- ii) Taking such additional, related action that may be desirable.

E. Electrical Rehabilitation Design Services repairing electrical equipment at the MSD treatment plant

It is recommended that the Board consider:

- i) Authorizing the Interim General Manager to execute a professional services agreement, in a form approved by the General Counsel, John Maloney, PE dba JMPE Electrical Engineering in the amount of \$12,800;
- ii) Authorizing an extra services allowance for \$1,300 to be used at the discretion of the Interim General Manager for extra work for John Maloney, PE dba JMPE Electrical Engineering; and
- iii) Taking such additional, related, action that may be desirable.

F. Existing Administration and Operations Building Improvements

It is recommended that the Board consider:

- i) Authorizing the Interim General Manager to execute a professional services agreement for industrial hygiene investigation services, in a form approved by the General Counsel, with Citadel EHS in the amount of \$13,000;
- ii) Authorizing an extra services allowance for \$1,300 to be used at the discretion of the Interim General Manager for extra work for Citadel EHS; and
- iii) Taking such additional, related, action that may be desirable.

G. Information Items

The Interim General Manager will provide informational, nonactionable, updates regarding pending matters before the District. Among other things, the Interim General Manager will provide a verbal report on proceedings before the Montecito Planning Commission in October.

H. Agreements to be Signed

None

7. OPERATIONS AND MAINTENANCE

Review the Operations and Maintenance reports included in the agenda packet.

8. ITEMS FOR THE NEXT AGENDA

9. ADJOURNMENT

**MINUTES OF THE REGULAR MEETING
of the
BOARD OF DIRECTORS
of the
MONTECITO SANITARY DISTRICT**

October 8, 2020

1. CALL TO ORDER/ROLL CALL

The Governing Board of the Montecito Sanitary District convened a regular meeting at 1:15 p.m. on October 8, 2020 using Zoom teleconferencing in accordance with State of California Executive Order No. N-29-20 issued on March 17, 2020.

ATTENDANCE

Board Members Present:

Directors Tom Bollay, Thomas Kern, Jeff Kerns, Dana Newquist, and
Ellwood Barrett

Board Members Absent:

None

Also Present and Participating:

Jon Turner, MSD Interim General Manager
Carrie Poytress, MSD Engineering Manager
Alex Alonzo, MSD Operations Manager
Elizabeth A. Byrne, MSD District Administrator
Karl H. Berger, MSD General Counsel
Donald Eversoll, Ratepayer
Edwin Martin, Resident
Ken, Ratepayer
Hillary Hauser, Resident
Keith Berry, member of the public
Montecito Resident
Resident

2. PUBLIC COMMENT

No members of the public addressed the Board.

3. APPROVAL OF MINUTES

On MOTION by Director Kerns, and second by Director Kern, the Board approved of the minutes of the October 8th Board meeting.

AYES: Directors Kerns, Kern, Newquist, Barrett, and Bollay
NAYS: None
ABSTAIN: None
ABSENT: None

4. APPROVAL OF PAYABLES

On MOTION by Director Kern and second by Director Barrett, the Board approved with a roll call vote these payroll and accounts payable expenses from September 19, 2020 and October 2, 2020.

Accounts Payable Expenses	\$136,447.68
Payroll and Related Expenses	\$100,930.79
Total Expenses	\$237,378.47

AYES: Directors Kerns, Kern, Newquist, Barrett, and Bollay
NAYS: None
ABSTAIN: None
ABSENT: None

5. OLD BUSINESS

None

6. NEW BUSINESS

A. Low Pressure Sewer Force Main Project – Consideration of Award of Construction Contract

On MOTION by Director Dana Newquist and second by Jeff Kerns, the Board voted to award the contract to Tierra Contracting; and authorize contract change order allowance of \$30,000;

AYES: Directors Kerns, Kern, Newquist, and Barrett
NAYS: None
ABSTAIN: Director Bollay
ABSENT: None

On MOTION by Director Dana Newquist and second by Jeff Kerns, the Board voted to authorize Interim General manager to execute a professional services agreement in form approved by General Counsel with Filippin Engineering, and authorize extra services allowance for \$2,000;

AYES: Directors Kerns, Kern, Newquist, and Barrett
NAYS: None
ABSTAIN: Director Bollay
ABSENT: None

On MOTION by Director Dana Newquist and second by Jeff Kerns, the Board voted to authorize Interim General Manager or designee to file a Notice of Exemption under the California Environmental Quality Act (“CEQA”);

AYES: Directors Kerns, Kern, Newquist, and Barrett
NAYS: None
ABSTAIN: Director Bollay

ABSENT: None

B. Topographic Survey for Lilac Road Sewer Main Extension

On MOTION by Director Newquist and second by Director Kerns, the Board voted to authorize Interim General Manager to execute a professional services agreement in form approved by General Counsel with Benner and Carpenter Surveys, Inc.;

AYES: Directors Kerns, Kern, Newquist, Barrett, and Bollay
NAYS: None
ABSTAIN: None
ABSENT: None

C. Shower/Toilet Combo Trailer and Decontamination Shower Trailer Rental

On MOTION by Director Barrett and second by Director Kerns, the Board voted to authorize Interim General Manager to terminate the decontamination shower trailer rental agreement upon modification of existing shower facilities;

AYES: Directors Kerns, Kern, Newquist, Barrett, and Bollay
NAYS: None
ABSTAIN: None
ABSENT: None

D. Discuss Major Improvements as mentioned in advertisement posted in Montecito Journal of September 10, 2020

Discussion occurred and no action was taken.

E. Discuss Requirements for the Recruitment of a New General Manager

On MOTION by Director Newquist and second by Director Barrett, the Board voted to authorize Interim General Manager to seek proposals from 3 to 4 Professional Staff Recruiters to seek candidates for a General Manager and bring to the newly Elected Board of Directors at the December 2020 Board Meeting;

AYES: Directors Kerns, Kern, Newquist, Barrett, and Bollay
NAYS: None
ABSTAIN: None
ABSENT: None

F. Information Items

Interim General Manager provided informational, nonactionable updates regarding pending matters before the District.

G. Agreements to be Signed

None

7. OPERATIONS AND MAINTENANCE

The Board reviewed the information in the Board packet.

8. ITEMS FOR THE NEXT AGENDA

Montecito Sanitary District's application to the Montecito Planning Commission will be discussed.

Next Board meeting set for October 29, 2020; the meeting is set as a standing meeting and subject to President Bollay's discretion to cancel if the President determines it is unnecessary to meet.

9. ADJOURNMENT

On MOTION by Director Newquist second by Director Barrett the Meeting adjourned at 2:47 p.m.

Thomas Bollay, President

Jeffrey Kerns, Vice President

Ellwood T. Barrett II, Secretary

Thomas Kern, Treasurer

Dana Newquist, Director

MONTECITO SANITARY DISTRICT

M I N U T E S

for

Personnel Committee Meeting

October 12, 2020

1. CALL TO ORDER

The Personnel Committee of the MONTECITO SANITARY DISTRICT convened a meeting at 10:00 a.m. on October 12, 2020 using Zoom teleconferencing.

ATTENDANCE

Present: Directors Thomas Kern and Tom Bollay

Absent None

Also Present: Jon Turner, MSD Interim General Manager
Alex Alonzo, MSD Operations Manager
Betsy Byrne, MSD District Administrator
Director Woody Barrett (observing only)

2. PUBLIC COMMENT

No member of the public addressed the Committee.

3. STAFFING UPDATE

Staff updated the Committee on recent staffing changes including two resignations in the Treatment Division and succession and recruiting plans for replacement, including internal promotion of a Chief Treatment Plant Operator and recent successful and upcoming recruitments.

4. OTHER ITEMS

5. ADJOURNMENT

The meeting was adjourned at 10:45 a.m.

MONTECITO SANITARY DISTRICT

MINUTES

for

Finance Committee Meeting

November 5, 2020

1. CALL TO ORDER/ROLL CALL

The Finance Committee of the MONTECITO SANITARY DISTRICT convened a regular meeting at 3:00 p.m. on November 5, 2020 using Zoom teleconferencing.

ATTENDANCE

Present: Directors Tom Kern and Woody Barrett

Absent None

Also Present: Jon Turner, MSD Interim General Manager
Betsy Byrne, MSD District Administrator
Carrie Poytress, MSD District Engineer
Alex Alonzo, MSD Operations Manager
Tracey Solomon, CPA, Bartlett Pringle, & Wolf, LLP
Ken Coates, Resident
Dorinne L. Johnson, Resident & Director Elect

2. PUBLIC COMMENT

No member of the public addressed the Committee.

3. NEW BUSINESS

A. Changing Credit Card Providers

On MOTION by Director Barrett, second by Director Kern change all credit cards from UNION bank to MBT, issue replacement GM card in name of Jon Turner.

B. Unbudgeted Tool Replacement Expense

The Committee recommended increasing the Collections Tools budget line item and allowing expenses in excess of current FY budget due to unexpected unusual circumstances.

C. Electrical Rehabilitation Project

The Committee agreed with the necessity of the project, and recommended looking into expanding the project for moving all electrical from Treatment room to an outside location and new enclosure.

D. Fiscal Year 2019-20 Annual Draft Financial Statements

The Committee reviewed and approved the draft audit of the Fiscal Year 2019-20 Financial Statements prepared as presented by Bartlett, Pringle & Wolf, LLP. And recommended that the Draft statements be presented to the board on November 12, 2020 in summary.

E. Other Items

None

4. ADJOURNMENT

The meeting was adjourned at 4:47pm

**MONTECITO SANITARY DISTRICT
BOARD LIST OF PAYABLES**

<u>CHECKS DATED</u>	<u>SUMMARY & TYPE</u>	<u>BATCH TOTALS</u>
10/23/20	ACCOUNTS PAYABLE	94,612.43
11/03/20	ACCOUNTS PAYABLE	41,576.73
10/22/20	PAYROLL	80,195.13
11/05/20	PAYROLL	111,938.10
	TOTAL	<u>\$ 328,322.40</u>

Approved for Payment:

Date: November 12, 2020 Amount: \$ 328,322.40

_____, General Manager

_____, Director

_____, Director

Check History Report**Sorted By Check Number****Activity From: 10/23/2020 to 10/23/2020****MONTECITO SANITARY DISTRICT (MSD)**

Bank	Check	Check	Check	Check
Number	Date	Name	Amount	Description
025973	10/23/2020	ACWA/JPIA	33,594.46	Health/Dental/Life Insurance Premium-November
025974	10/23/2020	AT&T MOBILITY	63.50	Wireless Service for Lift Station 4-October
025975	10/23/2020	BIO-ACOUSTICAL CORPORATION	450.00	Staff OSHA required hearing tests
025976	10/23/2020	BOYD & ASSOCIATES	465.00	Call-out service for alarm system
025977	10/23/2020	CANON FINANCIAL SERVICES INC	275.14	Copier Lease Payment-October
025978	10/23/2020	CEARNAL COLLECTIVE	2,428.25	Planning/Permitting Service for Coastal Development Plan
025979	10/23/2020	CINTAS CORPORATION #684	1,192.87	Uniform/Towels/Mats-Cleaning/Rental-September
025980	10/23/2020	CINTAS	98.21	Replenish First Aid Supplies
025981	10/23/2020	COMPUVISION COMMUNICATIONS	1,740.00	Datto Cloud Backup/NetAlert Managed Services-November
025982	10/23/2020	CORT	44.00	Deed Report-September
025983	10/23/2020	COX BUSINESS	227.56	Wireless Service-October
025984	10/23/2020	CROMER MATERIAL HANDLING	599.00	Forklift Maintenance/Repairs
025985	10/23/2020	CULLIGAN OF SYLMAR	87.41	Bottled Water-September
025986	10/23/2020	CALIFORNIA WATER ENVIRONMENT	91.00	Lab Analyst 1 Certification Renewal-Felix
025987	10/23/2020	DIGITAL DEPLOYMENT DBA STREAMLINE	310.00	Website Hosting Services-October
025988	10/23/2020	FASTENAL COMPANY	493.66	Face Masks, Disposable Gloves
025989	10/23/2020	FRONTIER	123.74	Phone Service for Lift Stations 1 & 2-October
025990	10/23/2020	GRAINGER	2,216.98	Plant Maintenance Materials, Face Masks, Coveralls
025991	10/23/2020	HACH COMPANY	1,053.97	Plant Maintenance Materials
025992	10/23/2020	HARRINGTON INDUSTRIAL PLASTICS	72.70	Plant Maintenance Materials
025993	10/23/2020	RICHARD P DI CESARE JR.	3,903.48	Annual Preventative Maintenance/Calibration of Sampler
025994	10/23/2020	MARBORG INDUSTRIES	2,108.47	Refuse Disposal, Dumpster Rental & Roll-Off
025995	10/23/2020	MCCORMIX CORP	431.80	Vehicle Fuel 10/01-10/15/20
025996	10/23/2020	MCMaster-CARR SUPPLY COMPANY	689.94	Plant Maintenance Materials
025997	10/23/2020	MUNICIPAL MAINT EQUIPMENT	15.06	Part for Vac-Con
025998	10/23/2020	MONTECITO WATER DISTRICT	954.05	Water Service-September
025999	10/23/2020	CHARLES NEWMAN	4,986.00	Deposit Refund, Pro-Rated SC deducted, Lateral Rebate
026000	10/23/2020	O'CONNOR PEST CONTROL	4,001.40	Annual Pest, Rodent, Gopher Control Services
026001	10/23/2020	OILFIELD ENVIRONMENTAL & COMPLIANCE	234.00	Outside Lab Analyses
026002	10/23/2020	PLUMBERS DEPOT, INC	451.36	CCTV Equipment/Repairs
026003	10/23/2020	PRICE POSTEL & PARMA	1,474.00	Employment Law Services-August/September
026004	10/23/2020	PURETEC INDUSTRIAL WATER	52.13	Water Softener Sodium Tank Exchange
026005	10/23/2020	RAPID PREP, LLC	3,841.25	Decontamination Trailer Rental-October
026006	10/23/2020	SAFE CHEM, LLC	3,578.68	Plant Chemicals
026007	10/23/2020	SANSUM CLINIC	442.50	Pre-Employment Physical-Flores
026008	10/23/2020	SANTA BARBARA COUNTY	1,282.57	CDP Planning Review Fees-September
026009	10/23/2020	SEWER EQUIPMENT COMPANY	345.21	Parts for Small Jetter
026010	10/23/2020	SHERWIN-WILLIAMS CO.	140.41	Property Maintenance Materials
026011	10/23/2020	SOCAL GAS	158.92	Gas Service-September
026012	10/23/2020	STANDARD INSURANCE COMPANY	1,777.97	Short/Long Term Disability Premium-October
026013	10/23/2020	STANTEC CONSULTING SERVICES INC.	4,447.75	Prof. Services for Revisions to CEQA Documents
026014	10/23/2020	T&D RENTS INC.	4,500.00	3- Stall Comination Trailer Rental-September
026015	10/23/2020	UNIVAR SOLUTIONS	7,769.61	Plant Chemicals
026016	10/23/2020	USA BLUE BOOK	712.69	Lift Station Parts
026017	10/23/2020	WINZER	685.73	Disposable Latex Gloves

Bank B Total: 94,612.43**Report Total:** 94,612.43

Check History Report
Sorted By Check Number
Activity From: 11/3/2020 to 11/3/2020
MONTECITO SANITARY DISTRICT (MSD)

Check Number	Check Date	Name	Check Amount	Description
026018	11/3/2020	ALLIED FENCE COMPANY	990.00	Install Barbwire and Razorwire at wall on front of parking bay
026019	11/3/2020	AT&T MOBILITY	23.24	Wireless Data Port-October
026020	11/3/2020	BARTLETT, PRINGLE & WOLF, LLP	3,200.00	Annual Financial Audit Progress Payment
026021	11/3/2020	CROMER MATERIAL HANDLING	725.36	Forklift Lease Payment-October
026022	11/3/2020	CALIFORNIA WATER ENVIRONMENT	91.00	Certification Renewal-Michael Arce
026023	11/3/2020	DAVIES	5,000.00	Customer Relations Services-September
026024	11/3/2020	CHRISTOPHER DENTZEL	2,986.00	Deposit Refund/Service Charges-535 Barker Pass Road
026025	11/3/2020	DOCU PRODUCTS	62.33	Copier Maintenance Agreement-November
026026	11/3/2020	FISHER SCIENTIFIC	762.28	Lab Testing Supplies
026027	11/3/2020	GRAINGER	435.41	Plant Maintenance Materials, Employee Protective Gear
026028	11/3/2020	ERWIN GREEN	3,312.00	Deposit Refund/Service Charges-1703 East Valley Road
026029	11/3/2020	HARRINGTON INDUSTRIAL PLASTICS	1,389.46	Plant Maintenance Materials
026030	11/3/2020	JACK'S BISTRO	243.64	Employee Farewell Luncheon
026031	11/3/2020	MCCORMIX CORP	755.84	Vehicle Fuel 10/15-10/31/20
026032	11/3/2020	MUNICIPAL MAINT EQUIPMENT	47.90	Vac-Con Parts
026033	11/3/2020	1485 MONTE VISTA, LLC	2,462.00	Deposit Refund/Service Charges-1485 Monte Vista Road
026034	11/3/2020	MARY ELIZABETH MYERS	4,762.00	Deposit Refund/Service Charges-1221/1225 East Valley Rd
026035	11/3/2020	OILFIELD ENVIRONMENTAL & COMPLIANCE	260.00	Outside Lab Analyses
026036	11/3/2020	PAYCHEX OF NEW YORK, LLC	544.15	Payroll Services-September/October
026037	11/3/2020	PHOENIX CIVIL ENGINEERING	3,700.00	Professional Services-Interim General Manager-September
026038	11/3/2020	PLUMBERS DEPOT, INC	237.15	CCTV Camera Parts
026039	11/3/2020	POSTER COMPLIANCE CENTER	155.04	Employment Law Poster Renewal
026040	11/3/2020	GREGG RENFREW (or) MARK HANCOCK	2,300.00	Deposit Refund-1525 Mimosa Lane
026041	11/3/2020	SANSUM CLINIC	135.00	DOT Exam/DMV-Larroude
026042	11/3/2020	STANDARD INSURANCE COMPANY	1,525.02	Short/Long Term Disability Premium-November
026043	11/3/2020	T-MOBILE	20.00	Wireless Data Port for UF/RO-October
026044	11/3/2020	UNION BANK	210.11	Repair Operations Glass Door Closure
026045	11/3/2020	UNION BANK	1,482.88	Newsletter Postage, Zoom/Microsoft Monthly Fee
026046	11/3/2020	UNION BANK	360.00	Annual Membership Dues SWMOA
026047	11/3/2020	UNION BANK	456.00	Collection Tools
026048	11/3/2020	UNIVAR SOLUTIONS	2,715.62	Plant Chemicals
026049	11/3/2020	UNDERGROUND SERVICE ALERT	227.30	Dig Alert Tickets-October
Bank B Total:			<u>41,576.73</u>	
Report Total:			<u><u>41,576.73</u></u>	

MONTECITO SANITARY DISTRICT

June 30, 2020 and 2019

FINANCIAL STATEMENTS



BARTLETT, PRINGLE & WOLF, LLP
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

MONTECITO SANITARY DISTRICT

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of
Montecito Sanitary District:**

Report on the Financial Statements

We have audited the accompanying basic financial statements of the Montecito Sanitary District (the "District") as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America as well as the accounting systems prescribed by the State Controller's Office and state regulations governing special districts; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the State Controller's *Minimum Audit Requirements for California Special Districts*. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2020 and 2019, and the respective changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 14, the California Public Employees' Retirement System Schedule of Montecito Sanitary District's Proportionate Share of the Net Pension Liability on page 44, the California Public Employees' Retirement System Schedule of Montecito Sanitary District's Contributions on page 45, and the Other Postemployment Benefits (OPEB) Plan – Schedule of Changes in the Net OPEB Liability and Related Ratios on page 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Montecito Sanitary District's basic financial statements. The list of the Board of Directors and the Schedule of Operating Expenses – By Department on pages 47 through 49 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Operating Expenses – By Department on pages 48-49 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional

procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Operating Expenses – By Department is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The list of board of directors on page 47 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Santa Barbara, California
November 12, 2020

MONTECITO SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

DRAFT

This Management's Discussion and Analysis (MD&A) is a key element of the District's annual audited financial statements that are prepared in accordance with the Governmental Accounting Standards Board Statement No. 34 (GASB 34). The purpose of the MD&A is to provide an overview of the District's financial condition and to highlight important changes and activities with fiscal implications that occurred during the fiscal years (FY) 2019-2020 and 2018-2019. We encourage readers to consider the information presented here in conjunction with the District's financial statements and related notes, which follow this section.

District Overview

The Montecito Sanitary District (the District) is an independent special district voted into existence in 1947 by the residents of Montecito to provide for the collection, treatment and disposal of wastewater. The District's mission has always been and continues to be "to protect public health and safety and to preserve the natural environment through the collection, treatment and disposal of wastewater in the most cost-effective way possible."

In 1961, the District constructed a wastewater treatment plant capable of processing 750,000 gallons per day. The infrastructure includes an ocean outfall pipeline (located 1,500 feet offshore) and sewer collection system pipeline and pumping system. In 1981 the voters approved \$3.1 million in revenue bonds to incorporate new technology, and double the plant's capacity to 1.5 million gallons per day. Today, the treatment plant capacity remains at 1.5 million gallons per day (mgd). The average daily flow as reported in the District's 2018 Annual Report to the California Regional Water Quality Control Board was 468,000 gallons per day (gpd).

In March 2007 the District issued Certificates of Participation (COPs) in the amount of \$14,765,000. These funds were used for capital replacement/improvement projects including a new testing laboratory and a maintenance building, over 25 miles of sewer main rehabilitation, lift station refurbishment and new sewer force main pipelines.

In May 2017 the District refunded the COPs by using \$1,121,862 available cash, \$957,824 COP reserve funds, and issuing new 2017 Sewer Refunding Revenue Bonds in the amount of \$10,020,000. This refunding will result in savings of over \$4 million due to favorable interest rates obtained and shortening of the term of the debt by seven years.

The District currently serves 3,048 residential properties and 38 commercial/institutional properties.

Management and Governance

The District is governed by a five-member Board of Directors. The Directors are elected on an at-large basis for four-year terms. In 2001, the Board voted to align its elections with the Statewide General Elections to increase voter turnout and achieve a substantial cost savings. At the Board's discretion an Organizational Meeting is held at least every other year to assign officers' duties and to appoint the standing Committee Representatives. This process generally results in a rotation of duties among the Board members. The established Committees meet on an as-needed basis. If necessary, Ad Hoc Committees are formed for special projects. The Board of Directors approves the annual operating and capital budgets and authorizes expenditures of the District's funds.

The District employs a General Manager as the chief executive. The General Manager reports directly to the Board of Directors and is responsible for the overall operation and administration of the District. The District's Management Staff also includes a District Administrator who is the chief administrator, an Operations Manager, an Engineering Manager and a Lab and Pretreatment Manager. The District had 18 full-time authorized positions in FY 2019-2020 and 17 in FY 2018-2019.

Financial Statements

This discussion and analysis provides an introduction and a brief description of the District's financial statements, including the relationship of the statements to each other and the significant differences in the information they provide. The District's basic financial statements include four components:

- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows
- Notes to the Financial Statements

The statement of net position includes all the District's assets and deferred outflows and liabilities and deferred inflows, with the difference reported as net position. Net position is categorized as follows:

- Net Investment in Capital Assets
All property not easily converted to cash and held for a long period of time (real estate, equipment, etc.)
- Restricted
Assets/Cash needed to pay liabilities and may be restricted according to law or regulation
- Unrestricted
Any asset that is not restricted (i.e., cash)

The Statement of Net Position includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

The Statement of Revenues, Expenses and Changes in Net Position presents information which shows how the District's net position changed during the year. All of the current year's revenues and expenses are recorded when the underlying transaction occurs, regardless of the timing of the related cash flows. The statement of revenues, expenses and changes in net position measures the success of the District's operations over the past year and determines whether the District has recovered its costs through user fees and other charges.

The Statement of Cash Flows provides information regarding the District's cash receipts and cash disbursements during the year. This statement reports cash activity in four categories:

- Operations
- Non-capital financing
- Capital and related financing
- Investing

This statement differs from the statement of revenues, expenses and changes in net position because the statement of cash flows accounts only for transactions that result in cash receipts or cash disbursements.

The notes to the financial statements provide a description of the accounting policies used to prepare the financial statements and present material disclosures required by generally accepted accounting principles that are not otherwise present in the financial statements.

Financial Highlights

- The District's net position increased 3.94% or \$1,455,111 to \$38,404,085 in fiscal year 2019-2020. In the prior year, the District's net position increased 33.05% or \$9,177,489 to \$36,948,974.
- The District's operating revenues decreased by 4.78% and operating expenses increased by 8.29% in FY 2019-2020. In the prior year, operating revenues increased by 2.28% and operating expenses increased by 5.92%.

**MONTECITO SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Financial Analysis of the District

The following is a summary of the District's statement of net position:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>% Change FY 2019- 2020 and 2018-2019</u>	<u>% Change FY 2018- 2019 and 2017-2018</u>
<u>Assets:</u>					
Current assets	\$ 18,011,843	\$ 16,808,783	\$ 14,770,800	7.16%	13.80%
Noncurrent assets:					
Restricted assets	-	-	1,819,022	100.00%	-100.00%
Capital assets	32,483,854	32,868,151	26,022,049	-1.17%	26.31%
Total Assets	<u>50,495,697</u>	<u>49,676,934</u>	<u>42,611,871</u>	<u>1.65%</u>	<u>16.58%</u>
<u>Deferred Outflows of Resources:</u>					
Deferred pensions	683,867	691,323	772,653	-1.08%	-10.53%
Deferred OPEB	27,894	20,936	28,630	33.23%	-26.87%
Total Deferred Outflows	<u>711,761</u>	<u>712,259</u>	<u>801,283</u>	<u>-0.07%</u>	<u>-11.11%</u>
<u>Liabilities:</u>					
Current liabilities	1,366,390	1,594,451	3,083,962	-14.30%	-48.30%
Long term liabilities	11,209,013	11,605,751	12,287,846	-3.42%	-5.55%
Total Liabilities	<u>12,575,403</u>	<u>13,200,202</u>	<u>15,371,808</u>	<u>-4.73%</u>	<u>-14.13%</u>
<u>Deferred Inflows of Resources:</u>					
Deferred pensions	145,967	146,576	171,457	-0.42%	-14.51%
Deferred OPEB	-	3,238	-	-100.00%	100.00%
Deferred gain on refunding debt	82,003	90,203	98,404	-9.09%	-8.33%
Total Deferred Inflows	<u>227,970</u>	<u>240,017</u>	<u>269,861</u>	<u>-5.02%</u>	<u>-11.06%</u>
<u>Net Position:</u>					
Net investment in capital assets	23,400,970	23,112,979	15,609,587	1.25%	48.07%
Unrestricted	15,003,115	13,835,995	12,161,898	8.44%	13.77%
Total Net Position	<u>\$ 38,404,085</u>	<u>\$ 36,948,974</u>	<u>\$ 27,771,485</u>	<u>3.94%</u>	<u>33.05%</u>

% Change calculated by current year less prior year number and divided by prior year number.

FY 2018-19 Capital Assets includes new Miramar Lift Station dedicated in January 2019.

**MONTECITO SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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The following is a summary of the District's statement of revenues, expense and changes in net position for the years ended June 30, 2020 and 2019:

	Fiscal Year Ended June 30, 2020	Fiscal Year Ended June 30, 2019	Fiscal Year Ended June 30, 2018	% Change FY 2019- 2020 and 2018-2019	% Change FY 2018- 2019 and 2017-2018
Operating revenues	\$ 6,477,103	\$ 6,802,327	\$ 6,650,774	-4.78%	2.28%
Operating expenses	5,832,724	5,386,384	5,085,375	8.29%	5.92%
Operating income	644,379	1,415,943	1,565,399	-54.49%	-9.55%
Nonoperating revenue	913,109	1,012,302	1,984,768	-9.80%	-49.00%
Nonoperating expense	144,856	230,739	1,648,039	-37.22%	-86.00%
Non-operating income (loss)	768,253	781,563	336,729	-1.70%	-132.10%
Excess of revenue over expenses	1,412,632	2,197,506	1,902,128	-35.72%	15.53%
Capital contributions	42,479	6,979,983	413,207	-99.39%	1589.22%
Change in net position	1,455,111	9,177,489	2,315,335	-84.14%	296.38%
Net position, beginning of year	36,948,974	27,771,485	25,565,790	33.05%	8.63%
Prior period adjustment	-	-	(109,640)	0.00%	-100.00%
Net position, beginning of year, as restated	36,948,974	27,771,485	25,456,150	33.05%	9.10%
Net position, end of year	<u>\$ 38,404,085</u>	<u>\$ 36,948,974</u>	<u>\$ 27,771,485</u>	<u>3.94%</u>	<u>33.05%</u>

FY 2019-20 decrease in operating revenues due to decreased residential connections and sanitary service charges.

FY 2018-19 Capital contributions include the new Miramar Lift Station and Force Main dedicated January 2019, and sewer main extension reimbursements.

FY 2017-18 Nonoperating revenue/expenses include Thomas Fire Debris Flow expenses and reimbursements.

**MONTECITO SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Sources of Revenue

The following is a table of the Districts revenues broken down by major source:

<u>Revenue Category</u>	<u>2019-2020</u>	<u>2018-2019</u>	<u>2017-2018</u>	<u>% Change FY 2019- 2020 and 2018-2019</u>	<u>% Change FY 2018- 2019 and 2017-2018</u>
Service charges	\$ 6,256,696	\$ 6,580,922	\$ 6,224,822	-4.9%	5.7%
Connection fees	119,564	168,745	346,379	-29.1%	-51.3%
Other services	100,843	52,660	79,573	91.5%	-33.8%
Operating revenue	<u>6,477,103</u>	<u>6,802,327</u>	<u>6,650,774</u>	<u>-4.8%</u>	<u>2.3%</u>
Investment income	309,612	398,279	82,045	-22.3%	385.4%
Property taxes	603,497	596,725	590,994	1.1%	1.0%
Grant revenue for disaster costs	-	17,298	1,311,729	-100.0%	-98.7%
Nonoperating revenue	<u>913,109</u>	<u>1,012,302</u>	<u>1,984,768</u>	<u>-9.8%</u>	<u>-49.0%</u>
Total revenue	<u>\$ 7,390,212</u>	<u>\$ 7,814,629</u>	<u>\$ 8,635,542</u>	<u>-5.4%</u>	<u>-9.5%</u>

Grant revenue for disaster costs in 2017-2018 includes accrued FEMA reimbursement for January 9, 2018 Debris Flow disaster.

Sewer Service Charge (SSC)

The major source of revenue for the District is the Sewer Service Charges (SSC). The fiscal year (FY) 2019-2020 sewer service charges revenue decreased approximately 4.9% from the prior FY 2018-2019. The District's total annual SSC revenue for FY 2019-2020 was \$6,256,696; which amounted to 84.7% of the total revenues and 96.6% of the total operating revenue. The District's total annual SSC revenue for FY 2018-2019 was \$6,580,922; which amounted to 84.2% of the total revenues and 96.7% of the total operating revenue.

The District maintains a Teeter Plan agreement with the County of Santa Barbara. Under this agreement, the County guarantees payment to the District. The County collects these funds from the District's customers on their annual property tax statements, and the District receives the total amount of SSC revenue reported to the County each year.

Future Rate Increases

On May 9, 2016 the Board of Directors approved a 3-year planned rate increase structure for sewer service charges that went into effect beginning in FY 2016-17 and ran through FY 2018-19. On October 9, 2017 the Board of Directors approved to amend the fee schedule. All rate increases were validated and approved by following the procedures and requirements of Proposition 218. At this time there are no future planned rate increases.

**MONTECITO SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Connection Fees

The connection fees collected on District permits are charges for connection to the District's sanitary sewer system, necessary to cover or recoup infrastructure costs incurred to provide service. Connection fees collected for the FY 2019-2020 and FY 2018-2019 were \$119,564 and \$168,745, respectively. The decrease in connection fees received in FY 2019-2020 is due to several large projects that occurred in the previous fiscal years, but not in the current year. The decrease in connection fees in FY 2019-20 from FY 2018-19 is reflected in decreased operating revenues on page 8.

Investment Income

The District's current approved investment policy, under Resolution No. 2013-883, states that it shall be the policy of the District to invest funds, with maximum security through diversification and prudence, in a manner which will provide the highest investment return, while meeting the daily cash flow demands of the entity and conforming to all statutes governing the investments of District funds.

In keeping with that policy, the District Board chose to distribute the District's monies between two investment vehicles: the Santa Barbara County Investment Pool, and the Local Agency Investment Fund (LAIF) which is a State of California controlled investment pool. Funds are readily available from either pool. The Santa Barbara County Pool consists of Sewer Service Charges, Property Tax Income, and Interest. The LAIF account consists of originally funded reserves and accumulated interest. District practice has been to draw from the Santa Barbara County Pool for operating funds.

Interest revenues received within FY 2019-2020 from the two investment pools was \$257,455. Investment income for the FY 2019-2020 also reflects a fair market value adjustment of \$52,157 from the two investment pools.

Property Tax

The District receives one half of 1% of the total property tax revenue that is collected by the County of Santa Barbara for parcels within its service area whether or not they are a customer of the District. The property tax revenue is inclusive of secure, unsecured, unitary, and supplemental property taxes. In FY 2019-2020 this property tax revenue amounted to \$603,497.

Operating Expenses

The District's operating expenses (not including depreciation) for FY 2019-2020 were \$4,613,911 and for FY 2018-2019 were \$4,175,648. This is an overall increase for FY 2019-2020 in actual operating expenses of 10.5%. For FY 2018-2019 there was an increase in actual operating expenses of 7.0%. Depreciation expense for FY 2019-2020 was \$1,218,813 and for FY 2018-2019 was \$1,210,736.

**MONTECITO SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Expenditure increases or decreases in fiscal year 2019-2020 versus fiscal year 2018-2019 were as follows:

Expense Category	Expenses FY 2019/2020	Expenses FY 2018/2019	FY 2019/2020 Expense Increase (Decrease)	Difference	Comments/Justification
Personnel (Salaries, Payroll Taxes, WC Insurance, and Benefits)	\$ 3,278,112	\$ 2,911,833	\$ 366,279	12.6%	FY 19-20 Increase in CalPERS unfunded liability payment, new Treatment Operator hired in December 2019.
Pooled Liability and Other CSRMA Insurance Programs	67,965	65,101	2,864	4.4%	FY 19-20 Included deductible payment on insurance claim
Maintenance, Repairs, Operating Supplies/Equip, and Contracted Services	632,371	636,036	(3,665)	-0.6%	FY 19-20 Decrease in private lateral replacement rebates, treatment chemicals, biosolid disposal, plant maintenance materials
Utilities, Telephone, Fuel and Oil	203,618	201,194	2,424	1.2%	FY19-20 Utility services for new Miramar lift station (phone & electrical)
Research & Monitoring	27,155	23,520	3,635	15.5%	FY 19-20 Included lab equipment purchases
Office Expenses, Special Projects, and Misc. Administrative Costs	112,730	37,248	75,482	202.6%	FY 19-20 Sewer modeling, recycled waterpilot project
Professional Services, Administrative Fees, and Memberships	262,638	266,174	(3,536)	-1.3%	FY 19-20 Fewer professional and administrative services available due to business closures for COVID-19
Training, Safety, and Travel Expenses	29,322	34,542	(5,220)	-15.1%	FY 19-20 Less Board travel/conferences
Subtotals	4,613,911	4,175,648	438,263	10.5%	
Depreciation	1,218,813	1,210,736	8,077	0.7%	FY 19-20 New assets added
Totals	\$ 5,832,724	\$ 5,386,384	\$ 446,340	8.3%	

**MONTECITO SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Expenditure increases or decreases in fiscal year 2018-2019 versus fiscal year 2017-2018 were as follows:

Expense Category	Expenses FY 2018/2019	Expenses FY 2017/2018	FY 2018/2019 Expense Increase (Decrease)	Difference	Comments/Justification
Personnel (Salaries, Payroll Taxes, WC Insurance, and Benefits)	\$ 2,911,833	\$ 2,792,547	\$ 119,286	4.3%	FY 17-18 Portion of engineering salary expensed to Developer funded project; FY 18-19 added permanent weekend treatment operator
Pooled Liability and Other CSRMA Insurance Programs	65,101	73,010	(7,909)	-10.8%	FY 17-18 Included deductible payment on insurance claim
Maintenance, Repairs, Operating Supplies/Equip, and Contracted Services	636,036	546,125	89,911	16.5%	FY 18-19 Increase in private lateral replacement rebates, treatment chemicals, biosolid disposal, plant maintenance materials
Utilities, Telephone, Fuel and Oil	201,194	183,575	17,619	9.6%	FY17-18 Generator usage due to Thomas Fire resulted in decrease in electricity usage
Research & Monitoring	23,520	31,605	(8,085)	-25.6%	FY 17-18 Included lab equipment purchases
Office Expenses, Special Projects, and Misc. Administrative Costs	37,248	30,692	6,556	21.4%	FY 18-19 Sewer modeling, recycled waterpilot project
Professional Services, Administrative Fees, and Memberships	266,174	210,263	55,911	26.6%	FY 18-19 5 year ocean sampling test, single audit for FEMA claim, increase in legal fees
Training, Safety, and Travel Expenses	34,542	35,925	(1,383)	-3.8%	FY 18-19 Less Board travel/conferences
Subtotals	4,175,648	3,903,742	271,906	7.0%	
Depreciation	1,210,736	1,181,633	29,103	2.5%	FY 18-19 New assets added
Totals	\$ 5,386,384	\$ 5,085,375	\$ 301,009	5.9%	

Certificates of Participation (COPs) – California Special Districts Association (CSDA) Finance Corporation – 2007 Series UU

Due to an urgent need for capital improvement project funds in FY 2006-07 the District worked with CSDA to seek funding through the issuance of COPs. The Board saw this as a means to ensure the District would have the funds necessary to complete a list of capital projects deemed to be mission critical to the District's efforts to provide the service expected and mandated by federal and state regulations, and to ensure the environmental health and safety of the community which the District serves. On March 1, 2007 the CSDA Finance Corporation issued Certificates of Participation (COPs) in the amount of \$14,765,000 (see Note 6). The Acquisition Fund was established from these funds in 2007 with a beginning balance of \$10,533,493. All of those funds were spent on Board approved Mission Critical Projects by June 30, 2016. The COPs were refunded in May 2017.

2017 Sewer Refunding Revenue Bonds – California Special Districts Association (CSDA) Finance Corporation

The 2007 Certificates of Participation (COPs) used for capital improvement projects became eligible for "Current Refunding" after the initial call date in April 2017. In January 2017 the District engaged Fieldman, Rolapp & Associates, independent financial advisors, to analyze the opportunity for refunding the 2007 COPs. The analysis showed the District could decrease the maturity term by seven years, remove the requirement for a reserve fund, and take advantage of lower interest rates, resulting in savings of approximately \$4 million. In May 2017 the District refunded the COPs by using \$1,121,862 available cash, \$957,824 COP reserve funds, and issuing new 2017 Sewer Refunding Revenue Bonds in the amount of \$10,020,000 (see Note 6). During the fiscal year ending June 30, 2020, the District made principal payments totaling \$605,000 against the debt. As of June 30, 2020 the remaining principal balance was \$8,260,000 and unamortized premium balance was \$740,882.

Annual Depreciation Funding

On May 26, 2009, the Board authorized the creation of a separate fund for depreciation. Effective July 1, 2009, the County Auditor-Controller's office established a fund titled Montecito Sanitary Capital Replacement Fund and as of June 30, 2020 there was \$7,384,139 in this fund. Annually the Board considers contributing to this fund. Typically, the annual amount contributed is based on the prior fiscal year's annual depreciation expense. The District may withdraw monies from the Capital Replacement Fund at any time to fund Capital projects or to meet any operational needs of the District.

Annual Audited Financial Statements

At the end of each fiscal year, the District is audited by an independent certified public accounting firm qualified to perform government accounting audits. The financial statements consist of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District's entire financial position. These statements provide a detailed look at specific financial activities. This annual report consists of two parts; management's discussion and analysis (this section) and a series of basic financial statements.

**MONTECITO SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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The basic financial statements include the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows, followed by various and specific notes to those financial statements.

Additionally, the financial report includes required supplementary information, as well as other supplemental information as noted in the table of contents.

Contacting the District's Financial Management

This financial report has been prepared to provide the District's customers, creditors, and other interested parties with a general overview of the District's finances and to demonstrate the District's accountability of the money it receives. If you have any questions about this report or need additional financial information, contact Elizabeth Byrne, District Administrator/Clerk to the Board, at 1042 Monte Cristo Lane, Santa Barbara, CA 93108, or by telephone at (805) 969-4200.

MONTECITO SANITARY DISTRICT
STATEMENT OF NET POSITION
June 30, 2020 and 2019

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	2020	2019
ASSETS		
Current Assets:		
Cash and investments (Note 2 and 3)	\$ 17,874,324	\$ 16,631,986
Receivables	57,209	93,322
Prepaid expenses	80,310	83,475
Total current assets	18,011,843	16,808,783
Capital Assets:		
Depreciable:		
Plant and equipment	54,161,471	53,247,028
Less accumulated depreciation	(22,567,754)	(21,348,941)
	31,593,717	31,898,087
Non-depreciable:		
Construction in progress	783,637	863,564
Land and improvements	106,500	106,500
Net capital assets (Note 2 and 4)	32,483,854	32,868,151
Total Assets	50,495,697	49,676,934
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pensions (Note 8)	683,867	691,323
Deferred postemployment health care benefits (Note 9)	27,894	20,936
Total deferred outflows of resources	711,761	712,259
Total assets and deferred outflows of resources	\$ 51,207,458	\$ 50,389,193

MONTECITO SANITARY DISTRICT
STATEMENT OF NET POSITION
June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 120,168	\$ 409,724
Accrued salaries and benefits	97,544	84,889
Accrued interest	333,118	338,973
Customer deposits	210,560	170,865
Current portion of long-term debt (Note 6)	605,000	590,000
	<u>1,366,390</u>	<u>1,594,451</u>
Long-Term Liabilities:		
Compensated absences payable (Note 5)	273,879	242,947
Long-term debt, net of current portion (Note 6)	8,395,882	9,074,970
Net pension liability (Note 8)	2,317,190	2,094,365
Post-employment health care benefits liability (Note 9)	222,062	193,469
	<u>11,209,013</u>	<u>11,605,751</u>
Total Liabilities	<u>12,575,403</u>	<u>13,200,202</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred pensions (Note 8)	145,967	146,576
Deferred postemployment health care benefits (Note 9)	-	3,238
Deferred gain on refunding debt	82,003	90,203
	<u>227,970</u>	<u>240,017</u>
Total deferred inflows of resources	<u>227,970</u>	<u>240,017</u>
Total liabilities and deferred inflows of resources	<u>12,803,373</u>	<u>13,440,219</u>
NET POSITION		
Net investment in capital assets	23,400,970	23,112,979
Unrestricted, designated for retirement benefits obligation	169,032	150,661
Unrestricted, designated for capital replacement	7,384,139	6,979,263
Unrestricted, designated for reserves	2,010,142	1,675,811
Unrestricted, designated for recycled water	1,091,916	-
Unrestricted	4,347,886	5,030,260
	<u>38,404,085</u>	<u>36,948,974</u>
Total Net Position	<u>\$ 38,404,085</u>	<u>\$ 36,948,974</u>

MONTECITO SANITARY DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Years Ended June 30, 2020 and 2019

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	2020	2019
Operating Revenues:		
Service charges	\$ 6,256,696	\$ 6,580,922
Connection fees	119,564	168,745
Other services	100,843	52,660
Total operating revenues	6,477,103	6,802,327
Operating Expenses:		
Sewage collection	1,934,291	1,808,869
Sewage treatment	2,480,324	2,318,739
Sewage disposal	58,000	56,613
Administrative	1,360,109	1,202,163
Total operating expenses	5,832,724	5,386,384
Income from operations	644,379	1,415,943
Nonoperating Revenue (Expense):		
Investment income	309,612	398,279
Property taxes	603,497	596,725
Other income	100,156	14,579
Grant reimbursements for disaster relief and recovery	-	17,298
Interest expense	(245,012)	(245,318)
Total nonoperating revenue	768,253	781,563
Excess of revenue over expenses	1,412,632	2,197,506
Capital contributions		
Contributed subsurface lines	42,479	6,979,983
Total capital contributions	42,479	6,979,983
Change in net position	1,455,111	9,177,489
Net position, beginning of year	36,948,974	27,771,485
Net position, end of year	\$ 38,404,085	\$ 36,948,974

MONTECITO SANITARY DISTRICT
STATEMENT OF CASH FLOWS
For the Fiscal Years Ended June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Cash received from customers	\$ 6,521,494	\$ 5,152,002
Cash payments to vendors for goods and services	(1,628,045)	(1,012,804)
Cash payments for employees services and benefits	(2,986,456)	(2,853,369)
Net cash provided by operating activities	<u>1,906,993</u>	<u>1,285,829</u>
Cash Flows from Noncapital Financing Activities:		
Property taxes	603,497	596,725
Grants	-	1,460,271
Other	100,156	31,877
Net cash provided by noncapital financing activities	<u>703,653</u>	<u>2,088,873</u>
Cash Flows from Capital and Related Financing Activities:		
Purchase of capital assets	(834,516)	(1,498,702)
Interest payments	(327,300)	(345,000)
Extension reimbursements	42,479	439,240
Principal payments on long term debt	(590,000)	(575,000)
Net cash used by capital and related financing activities	<u>(1,709,337)</u>	<u>(1,979,462)</u>
Cash Flows from Investing Activities:		
Investment income received	341,029	361,062
Net cash provided by investing activities	<u>341,029</u>	<u>361,062</u>
Net increase in cash and restricted cash	1,242,338	1,756,302
Cash and restricted cash – beginning of year	<u>16,631,986</u>	<u>14,875,684</u>
Cash and restricted cash – end of year	<u>\$ 17,874,324</u>	<u>\$ 16,631,986</u>

**MONTECITO SANITARY DISTRICT
STATEMENT OF CASH FLOWS
For the Fiscal Years Ended June 30, 2020 and 2019**

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	<u>2020</u>	<u>2019</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 644,379	\$ 1,415,943
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	1,218,813	1,210,736
Change in assets and liabilities:		
Accounts receivable	4,696	128,947
Prepaid insurance	3,165	(14,660)
Deferred pension outflow	498	89,024
Accounts payable	(289,556)	299,073
Accrued salaries and benefits	12,655	9,090
Accrued interest	(5,855)	(33,402)
Customer deposits	39,695	39,750
Miramar restricted deposit	-	(1,819,022)
Compensated absences	30,932	31,280
Net pension liability	222,825	(27,928)
Postemployment health care benefits	28,593	(21,358)
Deferred pension inflow	(3,847)	(21,644)
Net cash provided by operating activities	<u>\$ 1,906,993</u>	<u>\$ 1,285,829</u>

MONTECITO SANITARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

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Note 1 – Reporting Entity

Montecito Sanitary District was organized in 1947, pursuant to the Sanitary District Act of 1923, to provide sewage collection and treatment for residents within the District's geographical boundaries.

The District is governed by a board of directors consisting of five members elected at large. The Directors receive fees for attendance at Board and Committee meetings. The District employs a General Manager/District Engineer and such other personnel as are required to meet its responsibilities.

Note 2 – Summary of Significant Accounting Policies

Accounting Policies

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants (AICPA).

Accounting Basis

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs, including depreciation, of providing goods and services on a continuing basis be financed or recovered primarily through user charges. The accounts are maintained and these financial statements are presented on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when they are earned and expenses recognized when they are incurred. An enterprise fund is accounted for on the "flow of economic resources" measurement focus. This means that all assets and liabilities, whether current or long term, are included on the statement of net position.

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and the producing and delivering of goods in connection with the District's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The financial statements of the District have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Budget

The District prepares an annual budget which estimates major sources of revenue to be received during the fiscal year, as well as estimated expenditures needed for operation of District facilities. The budget is filed with Santa Barbara County (the County). The Board of Directors has the power to amend the budget during the year.

Note 2 – Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include restricted and unrestricted cash and restricted and unrestricted certificates of deposit with original maturities of three months or less.

Receivables

Receivables are primarily comprised of sewer service fees collected by the County of Santa Barbara and interest earned on investments but not yet paid.

Property, Plant and Equipment

Capital assets purchased by the District are recorded at cost. Contributed or donated capital assets are recorded at fair value when acquired. Prior to the adoption of GASB 89 during fiscal year June 30, 2020, interest incurred during the construction period of an asset was capitalized as part of the cost.

Depreciation

Capital assets purchased by the District are depreciated over their estimated useful lives (ranging from 5-80 years) under the straight-line method of depreciation.

Accumulated Vacation, Compensated Time Off and Sick Leave

Accumulated unpaid employee vacation, compensated time off, and sick leave benefits are recognized as liabilities of the District.

Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,” and GASB Statement No. 65, “Items Previously Reported as Assets and Liabilities,” the District recognizes deferred outflows and inflows of resources.

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the District that is applicable to a future reporting period.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the District that is applicable to a future reporting period.

Net Position

Net position represents the difference between assets and deferred outflows, and liabilities and deferred inflows, and is classified into three components as follows:

Note 2 – Summary of Significant Accounting Policies (Continued)

Net Position (Continued)

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds.

Restricted – This component of net position consists of assets which are legally restricted by outside parties for use for a specific purpose.

Unrestricted – This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.” Dedicated net position represents unrestricted assets which are segregated by the Board of Directors for specific future uses.

When an expense is incurred for purposes for which both unrestricted and restricted resources are available for use, it is the District's policy to apply restricted assets first, then unrestricted resources.

Revenue Recognition – Property Taxes and Services Charges

Property taxes and user sewer service charges are collected on the tax rolls of the County of Santa Barbara. The District receives an allocation of general property taxes. Sewer service charges are based upon the total number of equivalent residential units (ERU's) connected to the sewers of the District. Commercial properties are charged based upon loading factors and water consumption. The property taxes and service charges are recognized when they have been collected by the County and are available for distribution to the District.

Property taxes in the State of California are administered for all local agencies at the county level, and consist of secured, unsecured, and utility tax rolls. The following is a summary of major policies and practices relating to property taxes:

Property Valuations – are established by the Assessor of the County of Santa Barbara (County) for the secured and unsecured property tax rolls; the utility property tax roll is valued by the State Board of Equalization. Under the provisions of Article XIII A of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978), properties are assessed at 100% of full value. From the base assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

Tax Collections – are the responsibility of the County Tax Collector. Taxes and assessments on secured and utility rolls which constitute a lien against the property, may be paid in two installments: the first is due on November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the County for late payments.

Note 2 – Summary of Significant Accounting Policies (Continued)

Revenue Recognition – Property Taxes and Services Charges (Continued)

During the fiscal year ended June 30, 1994, the District adopted the “Teeter Plan” as defined in the Revenue and Taxation Code. Under this plan, the District is guaranteed 99.6% of the secured property tax apportionment each year. The District is also assured of receiving 95% of the unsecured property tax apportionment for each fiscal year by July 31 of the following fiscal year. The remaining 5% is placed in a Tax Loss Reserve Fund which will be used to offset future tax sale losses incurred by the County. Additionally, the District is assured of receiving 100% of its sewer service charges for each fiscal year.

Tax Levy Apportionments – Due to the nature of the District-wide maximum levy, it is not possible to identify general purpose tax rates for specific entities. Under State legislation adopted subsequent to the passage of Proposition 13, apportionments to local agencies are made by the County Auditor-Controller based primarily on the ratio that each agency represented of the total District-wide levy for the three years prior to fiscal year 1979. The District’s apportionment is ½ of 1% of the total property tax revenue that is collected by the County of Santa Barbara for parcels within its service area.

Property Tax Administration Fees – The State of California FY 90-91 Budget Act, authorized counties to collect an administrative fee for collection and distribution of property taxes. Property taxes are recorded as net of administrative fees withheld during the fiscal year.

Tax Levies – are limited to 1% of full value which results in a tax rate of \$1.00 per \$100 assessed valuation, under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.

Tax Levy Dates – are attached annually on January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property as they exist at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

Connection Fees

Connection fees are one-time capacity charges imposed at the time a structure is connected to the District’s system, or an existing connection is expanded or increased. These funds are restricted and may be used to finance the expansion or upgrade of existing facilities that will benefit new customers including collection system improvements and treatment system upgrades.

Annual Appropriations Limit

The District is exempt from the annual appropriations limit required by Senate Bill 813 (Chapter 1025, Statutes of 1987) in accordance with California Constitution Article XIII B. This exemption is based on a tax rate not greater than 12-1/2 cents per \$100 of assessed valuation in 1978.

Note 2 – Summary of Significant Accounting Policies (Continued)

Grant Receivable and Revenue

The District recognizes grant revenue when the qualifying expenditures are incurred, all eligibility requirements have been met, and collection of the grant funds is probable. Receipt of funds under the grant is dependent on the approval of submitted expenditures. An allowance for estimated disallowed costs is reflected in the receivable balance.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Significant estimates used in preparing these financial statements include useful lives of capitalized assets and the liability for pension and postretirement healthcare benefits. It is at least reasonably possible that the significant estimates used will change within the next year.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Montecito Sanitary District's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For this report, the following timeframes are used:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the total OPEB liability of the District and additions to/deductions from the District's OPEB liability have been determined on the same basis. For this purpose, MSD recognizes benefit payments when due and payable in accordance with the benefit terms. For this report, the following timeframes are used:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

MONTECITO SANITARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

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Note 2 – Summary of Significant Accounting Policies (Continued)

Future Governmental Accounting Standards Board (GASB) Pronouncements

The Governmental Accounting Standards Board Statements listed below will be implemented in future financial statements. These statements will be evaluated by the District to determine if they will have a material impact to the financial statements once effective.

Statement No. 87	<i>"Leases"</i>	The requirements of this statement are effective for periods beginning after December 15, 2021. (FY 22/23)
Statement No. 89	<i>"Accounting for Interest Cost Incurred Before the End of a Construction Period"</i>	The requirements of this statement are effective for periods beginning after December 15, 2020. The District early implemented during fiscal year ended June 30, 2020.

Note 3 – Cash and Investments

Cash and investments are classified in the accompanying financial statements at June 30, 2020 and 2019 as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Unrestricted:		
Cash and investments, undesignated	\$ 7,219,095	\$ 7,826,251
Cash designated for retirement benefits	169,032	150,661
Cash designated for capital replacement	7,384,139	6,979,263
Cash designated for reserves	2,010,142	1,675,811
Cash designated for recycled water	1,091,916	-
Total cash and investments	<u>\$ 17,874,324</u>	<u>\$ 16,631,986</u>

Cash and investments as of June 30, 2020 and 2019 consist of the following:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Cash on hand	\$ 250	\$ 250
Deposits held with financial institutions	1,424,228	278,695
Cash with fiscal agent	768,650	762,500
Local Agency Investment Fund	2,010,142	1,675,811
Santa Barbara County Investment Pool	13,671,054	13,914,730
Total cash and investments	<u>\$ 17,874,324</u>	<u>\$ 16,631,986</u>

Note 3 – Cash and Investments (Continued)

Investments Authorized by the District's Investment Policy

The District's investment policy authorizes investments selected on the basis of credit worthiness, financial strength, experience, and minimal capitalization. The District shall select only licensed brokers and dealers in good standing with the California Department of Securities, the Securities and Exchange Commission, the National Association of Securities Dealers, or other applicable self-regulatory organizations. The District is prohibited from investing in any funds in inverse floaters, range notes, interest-only strips derived from mortgage pools, or any investment which may result in a zero interest accrual if held to maturity. It is the District policy to diversify its investment portfolio to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer, or a specific class of securities.

The primary objectives of the District's investment activities in priority order are: safety, liquidity, and return on investments. Investments shall be chosen with judgment and care, considering the probable safety of their capital as well as the probable income to be derived. Although the District has pre-authorized investment categories per Resolution No. 2013-883, the only investments in practice are those in the local government investment pool administered by the State of California Local Agency Investment Fund (LAIF) and the Santa Barbara County Investment Pool.

Investments

The District participates in LAIF and the Santa Barbara County Investment Pool. LAIF and the Santa Barbara County Investment Pool are regulated by the California Government Code.

The District's investment in LAIF is reported in the accompanying financial statements at amounts based on the District's pro-rata share of the value provided by LAIF for the entire LAIF portfolio. The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on the amortized cost basis. LAIF invests some of its portfolio in derivatives. Detailed information on derivative investments held by this pool is not readily available. The fair value of LAIF is approximately equal to the value of the pool shares.

The District's investment in the Santa Barbara County Investment Pool is reported in the accompanying financial statements at the amounts based upon the District's pro-rata share of the value provided by the Santa Barbara County Investment Pool for the entire Santa Barbara County Investment Pool portfolio, which is recorded on the amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by the Santa Barbara Investment Pool. The fair value of the Santa Barbara Investment Pool is approximately equal to the value of the pool shares.

Note 3 – Cash and Investments (Continued)

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

None of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF and the Santa Barbara County Investment Pool).

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District did not have any investments that are considered highly sensitive to changes in interest rates at June 30, 2020 and 2019.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity as of June 30, 2020 and 2019.

MONTECITO SANITARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

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Note 3 – Cash and Investments (Continued)

Disclosures Relating to Interest Rate Risk (Continued)

<u>Investment Type</u>	June 30, 2020				
	Carrying Amount	12 Months or Less	13-24 Months	25-60 Months	More than 60 Months
Local Agency Investment Fund	\$ 2,010,142	\$ 2,010,142	\$ -	\$ -	\$ -
Santa Barbara County Investment Pool	13,671,054	13,671,054	-	-	-
Total Investments	\$ 15,681,196	\$ 15,681,196	\$ -	\$ -	\$ -

<u>Investment Type</u>	June 30, 2019				
	Carrying Amount	12 Months or Less	13-24 Months	25-60 Months	More than 60 Months
Local Agency Investment Fund	\$ 1,675,811	\$ 1,675,811	\$ -	\$ -	\$ -
Santa Barbara County Investment Pool	13,914,730	13,914,730	-	-	-
Total Investments	\$ 15,590,541	\$ 15,590,541	\$ -	\$ -	\$ -

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent 5% or more of total District investments.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of rating by a nationally recognized statistical rating organization.

Presented below is the minimum rating required by the California Government Code and the District's investment policy, and the actual rating as of June 30, 2020 and 2019 for each investment type.

MONTECITO SANITARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

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Note 3 – Cash and Investments (Continued)

<u>Investment Type</u>	2020					
	Carrying Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End		
				AAA	AA	Not Rated
Local Agency Investment Fund	\$ 2,010,142	N/A	\$ 2,010,142	\$ -	\$ -	\$ -
Santa Barbara County Investment Pool	13,671,054	N/A	13,671,054	-	-	-
Total Investments	<u>\$ 15,681,196</u>		<u>\$ 15,681,196</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Investment Type</u>	2019					
	Carrying Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End		
				AAA	AA	Not Rated
Local Agency Investment Fund	\$ 1,675,811	N/A	\$ 1,675,811	\$ -	\$ -	\$ -
Santa Barbara County Investment Pool	13,914,730	N/A	13,914,730	-	-	-
Total Investments	<u>\$ 15,590,541</u>		<u>\$ 15,590,541</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Fair Value of Investments

The following investments are recognized at amortized cost at June 30, 2020 and 2019, respectively.

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Local Agency Investment Fund	\$ 2,010,142	\$ 1,675,811
Santa Barbara County Investment Pool	13,671,054	13,914,730
Total Investments	<u>\$ 15,681,196</u>	<u>\$ 15,590,541</u>

MONTECITO SANITARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

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Note 4 – Schedule of Capital Assets

A schedule of changes in capital assets and depreciation for the fiscal year ended June 30, 2020, is shown below:

	Balance July 1, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
Subsurface Lines	\$29,432,906	\$ -	\$ -	\$ 26,048	\$29,458,954
Collection Facilities	9,460,395	-	-	49,016	9,509,411
Treatment Facilities	13,495,117	44,403	-	794,976	14,334,496
Disposal Facilities	532,466	-	-	-	532,466
Administrative Facilities	326,144	-	-	-	326,144
	<u>53,247,028</u>	<u>44,403</u>	<u>-</u>	<u>870,040</u>	<u>54,161,471</u>
Accumulated Depreciation	(21,348,941)	(1,218,813)	-	-	(22,567,754)
	<u>31,898,087</u>	<u>(1,174,410)</u>	<u>-</u>	<u>870,040</u>	<u>31,593,717</u>
Construction in Progress	863,564	790,113	-	(870,040)	783,637
Land and Improvements	<u>106,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>106,500</u>
Net capital assets	<u>\$32,868,151</u>	<u>\$ (384,297)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$32,483,854</u>

A schedule of changes in capital assets and depreciation for the fiscal year ended June 30, 2019, is shown below:

	Balance July 1, 2018	Additions	Deletions	Transfers	Balance June 30, 2019
Subsurface Lines	\$27,377,364	\$1,424,054	\$ -	\$ 631,488	\$29,432,906
Collection Facilities	4,252,686	5,180,989	-	26,720	9,460,395
Treatment Facilities	13,446,726	-	-	48,391	13,495,117
Disposal Facilities	532,466	-	-	-	532,466
Administrative Facilities	326,144	-	-	-	326,144
	<u>45,935,386</u>	<u>6,605,043</u>	<u>-</u>	<u>706,599</u>	<u>53,247,028</u>
Accumulated Depreciation	(20,138,205)	(1,210,736)	-	-	(21,348,941)
	<u>25,797,181</u>	<u>5,394,307</u>	<u>-</u>	<u>706,599</u>	<u>31,898,087</u>
Construction in Progress	118,368	1,451,795	-	(706,599)	863,564
Land and Improvements	<u>106,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>106,500</u>
Net capital assets	<u>\$26,022,049</u>	<u>\$6,846,102</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$32,868,151</u>

MONTECITO SANITARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

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Note 5 – Compensated Absences

Employees are entitled to accumulate up to 120 working days of sick leave, at the rate of eight hours per month for full time employees, and pro-rated for part-time employees. If employees retire under the District’s retirement program, or voluntarily resign after twenty or more years of service, they would receive full compensation for any unused sick leave, paid at their current salary level. If employees voluntarily resign with less than twenty years of service, they would receive one-half to three quarters of their unused sick leave, depending on the years of service completed.

Employees are also entitled to accumulate vacation leave at a rate of two to five weeks per year, depending on the number of years of service completed. Such accumulated leave cannot exceed two times the employee’s annual entitlement. Employees are entitled to accumulate Personal Time Off (PTO) at a rate of six days per year. Accumulated PTO cannot exceed six days. Vacation and PTO leave is fully vested at all times and will be paid to employees upon termination of employment.

Eligible employees may request the option of selecting compensatory time off (CTO) for overtime hours worked during any workweek in lieu of overtime pay. All CTO hours will be subject to payout at the time of employment separation.

In accordance with accounting principles generally accepted in the United States of America, the liability is reflected on the statement of net position and the current fiscal year allocation has been expensed.

Note 6 – Long-Term Debt

The long-term debt liabilities of the District are as follows:

	Balance June 30, 2019	Additions	Retirements/ Amortization	Balance June 30, 2020
2017 Sewer Refunding Revenue Bonds	\$ 8,850,000	\$ -	\$ (590,000)	\$ 8,260,000
Unamortized premiums	814,970	-	(74,088)	740,882
Total 2017 Sewer Refunding Revenue Bonds	<u>9,664,970</u>	<u>-</u>	<u>(664,088)</u>	<u>9,000,882</u>
Current portion of long-term debt	<u>590,000</u>			<u>605,000</u>
Net long-term debt	<u>\$ 9,074,970</u>	<u>\$ -</u>	<u>\$ (664,088)</u>	<u>\$ 8,395,882</u>

CSDA Finance Corporation Certificates of Participation 2007 Series UU

The CSDA Finance Corporation Certificates of Participation 2007 Series UU (“2007 COPs”) were issued March 1, 2007 in the aggregate principal amount of \$14,765,000. Interest was payable semi-annually each January 1 and July 1, commencing July 1, 2007.

MONTECITO SANITARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

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Note 6 – Long-Term Debt (Continued)

CSDA Finance Corporation Certificates of Participation 2007 Series UU (Continued)

On May 3, 2017 the District deposited \$12,797,633 with an escrow agent to provide for payment when due (through July 1, 2017) of all principal and interest with respect to the 2007 COPs. The deposit amount was obtained by using \$1,121,862 available cash, \$957,824 COP reserve funds, and through the issuance of new 2017 Sewer Refunding Revenue Bonds. On July 1, 2017, the final payment from the escrow account was made, and the entire outstanding aggregate principal amount and interest of the 2007 COPs was refunded.

2017 Sewer Refunding Revenue Bonds

The 2017 Sewer Refunding Revenue Bonds (“2017 Bonds”) were issued May 1, 2017 in the aggregate principal amount of \$10,020,000 and a premium of \$963,147. The costs of issuance and the underwriter’s discount were \$165,000 and \$100,200, respectively. The Bonds consist of serial certificates in the principal amount of \$10,020,000 bearing interest rates ranging from 2-5%, with the final installment payment due July 1, 2030. Interest is payable semi-annually each January 1 and July 1, commencing July 1, 2017.

The District is required to use the proceeds from the bonds to 1) prepay the District’s obligations under the installment purchase contract, dated as of March 1, 2007, between the District and the CSDA Finance Corporation, and 2) to pay certain costs of issuing the 2017 Bonds.

The refunding resulted in decreased total debt service payments from \$19,409,316 to \$12,805,980. This decreased cash flow created an economic gain of approximately \$2,091,000 when discounted at the 2017 Bonds’ effective interest rate of 2.7436644%. Total annual requirements to amortize the 2017 Bonds are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
FY 2020-2021	605,000	327,300	932,300
FY 2021-2022	635,000	303,100	938,100
FY 2022-2023	655,000	277,700	932,700
FY 2023-2024	685,000	251,500	936,500
FY 2024-2025	710,000	224,100	934,100
FY 2025-2026 to 2029-2030	4,065,000	607,600	4,672,600
FY 2030-2031	905,000	27,150	932,150
Total	\$ 8,260,000	\$ 2,018,450	\$ 10,278,450

Debt service payments in any one fiscal year will not exceed \$940,200.

Note 7 – Deferred Compensation Plan

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The District makes no employer contributions into this plan.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the employees and therefore are not reflected in the financial statements of the District.

Note 8 – Defined Benefit Pension Plan

General Information about the Pension Plans

Plan Descriptions – All eligible full time employees are required to participate in Montecito Sanitary District’s Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and local government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website. Eligible employees hired after January 1, 2013 that are considered new members as defined by the Public Employees’ Pension Reform Act (PEPRA) are participating in the PEPRA Miscellaneous Plan.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, as discussed above. Members with five years of total service are eligible to retire at age 50 or 52 if in the PEPRA Miscellaneous Plan with statutorily reduced benefits. An optional benefit regarding sick leave is included in the District retirement contract with CalPERS. Any unused sick leave accumulated at the time of retirement will be converted to credited service at a rate of 0.004 years of service for each day of sick leave. All members are eligible for non-duty disability benefits after 10 years of service. The system also provides for the Optional Settlement 2W Death Benefit, as well as the 1959 Survivor Benefit. The cost of living adjustments for all plans are applied as specified by the Public Employees’ Retirement Law.

MONTECITO SANITARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

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Note 8 – Defined Benefit Pension Plan (Continued)

The Plans' provisions and benefits in effect at June 30, 2020 and 2019 are summarized as follows:

	For the Year Ended June 30, 2020		For the Year Ended June 30, 2019	
	Miscellaneous Plan		Miscellaneous Plan	
	Prior to January 1, 2013	On or after January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
Hire date				
Benefit formula	2% @ 55	2% @ 62	2% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	50 - Minimum	52 - Minimum	50 - Minimum	52 - Minimum
Monthly benefits, as a % of eligible compensation	1.4% to 2.4%	1.0% to 2.5%	1.4% to 2.4%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.75%	7.00%	6.25%
Required employer contribution rates	10.22%	6.99%	9.41%	6.84%
Required employer contribution rates for payment on all UAL amortization bases	8.77%	0.29%	6.78%	2.51%

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Montecito Sanitary District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

The District's contribution to the Plan for the years ended June 30, 2020 and 2019 were \$316,708 and \$271,498, respectively. Of the total contributions made for the years ended June 30, 2020 and 2019, \$133,335 and \$110,977, respectively, were required contributions for the unfunded liability.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

The District's net pension liability for all Plans is measured as the proportionate share of the net pension liability. As of June 30, 2020 and 2019, the District reported a liability of \$2,317,190 and \$2,094,365, respectively, for its proportionate shares of the net pension liability of all Plans. The net pension liability of all of the Plans is measured as of June 30, 2019, and the total pension liability for all Plans used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures.

MONTECITO SANITARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

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Note 8 – Defined Benefit Pension Plan (Continued)

The District’s proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS’ website, at www.calpers.ca.gov. The District’s proportionate share of the net pension liability for all Plans with an actuarial valuation date of June 30, 2018 and 2017 (and measurement date of June 30, 2019 and 2018, respectively) were as follows:

For the Year Ended June 30, 2020	
	Miscellaneous
Proportion - June 30, 2018	0.05557%
Proportion - June 30, 2019	0.05786%
Change - Increase (Decrease)	0.00229%

For the Year Ended June 30, 2019	
	Miscellaneous
Proportion - June 30, 2017	0.05384%
Proportion - June 30, 2018	0.05557%
Change - Increase (Decrease)	0.00173%

For the years ended June 30, 2020 and 2019, the District recognized pension earnings (expense) of \$548,518 and \$300,019, respectively. At June 30, 2020 and 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2020		June 30, 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 316,708	\$ -	\$ 271,498	\$ -
Differences between actual and expected experience	160,939	(12,469)	80,357	(27,345)
Changes in assumptions	110,494	(39,169)	238,764	(58,516)
Changes in employer’s proportion and difference between the employer’s contributions and the employer’s proportionate share of contributions	95,726	(53,817)	90,350	(60,715)
Net differences between projected and actual earnings on plan investments	-	(40,512)	10,354	-
	\$ 683,867	\$ (145,967)	\$ 691,323	\$ (146,576)

MONTECITO SANITARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

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Note 8 – Defined Benefit Pension Plan (Continued)

Employer contributions of \$316,708 reported at June 30, 2020 as deferred outflows of resources related to contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. During the fiscal year ended June 30, 2019, \$271,498 of employer contributions that was reported in deferred outflows of resources was recognized as a reduction to the net pension liability.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30:	Amount
2021	\$ 189,096
2022	(4,154)
2023	28,064
2024	8,186
2025	-
Thereafter	-
	\$ 221,192

Actuarial Assumptions – The total pension liabilities in the June 30, 2018 and 2017 actuarial valuations were determined using the following actuarial assumptions:

	For the Year Ended June 30, 2020	For the Year Ended June 30, 2019
	Miscellaneous	Miscellaneous
Valuation Date	30-Jun-18	30-Jun-17
Measurement Date	30-Jun-19	30-Jun-18
Actual Cost Method	Entry-Age Normal Cost Method in accordance with the requirements of GASB Statement No. 68	Entry-Age Normal Cost Method in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Payroll Growth	2.75%	3.00%
Projected Salary Increase	Varies by entry age and service (1)	Varies by entry age and service (1)
Investment Rate of Return	7.15%	7.15%
Mortality	Derived using CalPERS' Membership Data for all Funds	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.5% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter	Contract COLA up to 2.5% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

- (1) Depending on age, service and type of employment
(2) Net of pension plan investment expenses, including inflation

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

MONTECITO SANITARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

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Note 8 – Defined Benefit Pension Plan (Continued)

Change of Assumption – During the measurement period ended June 30, 2019, demographic assumptions and inflation rate were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. Further details of the Experience Study can be found on the CalPERS website. Deferred inflows of resources for changes of assumptions represents the unamortized portion of the changes of assumptions related to prior measurement periods.

Discount Rate – The discount rate used to measure the total pension liability was 7.15 percent for all Plans. To determine whether the municipal bond rate should be used in the calculation of a discount rate for all plans, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund, including PERF C. The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

Long-term Expected Rate of Return – The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds’ asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

Asset Class	For the Year Ended June 30, 2020			For the Year Ended June 30, 2019		
	Net Strategic Allocation	Real Return Years 1-10 (a)	Real Return Years 11+ (b)	Net Strategic Allocation	Real Return Years 1-10 (a)	Real Return Years 11+ (b)
Global Equity	50.00%	4.80%	5.98%	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%	1.00%	0.00%	-0.92%

(a) An expected inflation of 2.00% used for this period

(b) An expected inflation of 2.92% used for this period

MONTECITO SANITARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

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Note 8 – Defined Benefit Pension Plan (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents Montecito Sanitary District’s proportionate share of the net pension liability for all Plans, calculated using the discount rate for all Plans, as well as what Montecito Sanitary District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

For the Year Ended June 30, 2020		For the Year Ended June 30, 2019	
Miscellaneous		Miscellaneous	
1% Decrease	6.15%	1% Decrease	6.15%
Net Pension Liability	\$ 3,619,783	Net Pension Liability	\$ 3,330,717
Current Discount Rate	7.15%	Current Discount Rate	7.15%
Net Pension Liability	\$ 2,317,190	Net Pension Liability	\$ 2,094,365
1% Increase	8.15%	1% Increase	8.15%
Net Pension Liability	\$ 1,241,992	Net Pension Liability	\$ 1,073,777

Pension Plan Fiduciary Net Position – Detailed information about all pension plan fiduciary net positions is available in the separately issued CalPERS financial reports.

Note 9 – Post-Employment Health Care Benefits

Plan Description

For employees hired before July 1, 2010, the District provides retiree medical coverage to eligible current employees and one dependent as defined by the plan. Under the Plan, retired employees who attain age 55 with at least ten years of service are eligible to receive benefits until reaching age 65. The District pays 100% of the health insurance benefits’ monthly premium. The dependent of an eligible retiree is also eligible to receive benefits from this plan, and benefits continue until they are Medicare eligible or are no longer considered a dependent under the Patient Protection and Affordable Care Act (PPACA). When the retired employee reaches age 65 the retired employee and the dependent are no longer covered. In accordance with Montecito Sanitary District Board of Directors action taken on June 4, 2010, any employee hired by the District after July 1, 2010 is not eligible for post-employment health care benefits.

Employees Covered

As of the June 30, 2019 actuarial valuation, current and former employees that were covered by the benefit terms under the OPEB Plan are displayed in the table below:

Participating active employees	3
Inactive employees currently receiving benefits	1
Total	4

Note 9 – Post-Employment Health Care Benefits (Continued)

Funding Policy

The contribution requirements of plan members and the District are established and may be amended by the District and its board of directors. The required contribution is based on projected pay-as-you-go financing requirements. Currently, the District has \$169,032 of designated net position set aside to be used to fund the post-employment health care obligation, and plans to set aside \$15,000 each July until adequate funds have been established. The District pays 100% of costs on behalf of the eligible participants.

Actuarial Assumptions

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	OPEB Plan
Actual Cost Method	Entry-Age Actuarial Cost Method in accordance with the requirements of GASB Statement No. 75
Actuarial Assumptions:	
Discount Rate	
Measurement Date - 2019	3.50%
Measurement Date - 2018	3.80%
Inflation	2.75%
Salary Increases (1)	2.75%
Investment Rate of Return	
Measurement Date - 2019	3.50%
Measurement Date - 2018	3.80%
Mortality	2009 CalPERS Active Mortality for Miscellaneous Employees; 2009 CalPERS Retiree Mortality for Miscellaneous Employees
Pre-Retirement Turnover	2009 CalPERS Turnover for Miscellaneous Employees
Healthcare Trend Rate	4% per year

(1) Benefits are not dependent upon salary

MONTECITO SANITARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

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Note 9 – Post-Employment Health Care Benefits (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability as 3.5%. The projection of cash flows used to determine the discount rate assumed that District contributions will be sufficient to fully fund the obligation over a period not to exceed 30 years. Based on those assumptions, the OPEB Plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

The District accrued the net OPEB obligation of \$222,062 and \$193,469 as of June 30, 2020 and 2019, which is included on the Statement of Net Position with accrued salaries and benefits. The following table shows the components of the District’s annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the District’s net OPEB obligation for plan benefits for the years ended June 30, 2020 and 2019:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balance at June 30, 2019 <i>(Measurement Date June 30, 2018)</i>	\$ 193,469	\$ -	\$ 193,469
Changes Recognized for the Measurement Period:			
Service cost	9,315	-	9,315
Interest on Total OPEB Liability	7,008	-	7,008
Contributions - Employer	-	20,936	(20,936)
Changes in Assumptions	29,554		29,554
Experience Gains/Losses	10,132		10,132
Benefit Payments & Refunds	(20,936)	(20,936)	-
Expected Minus actual Benefit Payments	(6,480)		(6,480)
Net Changes	<u>28,593</u>	<u>-</u>	<u>28,593</u>
Balance at June 30, 2020 <i>(Measurement Date June 30, 2019)</i>	<u>\$ 222,062</u>	<u>\$ -</u>	<u>\$ 222,062</u>

MONTECITO SANITARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

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Note 9 – Post-Employment Health Care Benefits (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019.

Net OPEB Liability		
Current		
1% Decrease (2.5%)	Discount Rate (3.5%)	1% Increase (4.5%)
\$ 237,081	\$ 222,062	\$ 207,422

The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019.

Net OPEB Liability		
Trend 1% Lower (3.0%)	Valuation Trend (4.0%)	Trend 1% Higher (5.0%)
\$ 210,553	\$ 222,062	\$ 230,974

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss.

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2020 and 2019, the District recognized OPEB expense of \$20,149 and \$10,510, respectively.

MONTECITO SANITARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

DRAFT

Note 9 – Post-Employment Health Care Benefits (Continued)

As of the fiscal year ended June 30, 2020 and 2019, the District reported deferred outflows of resources and deferred inflows or resources related to OPEB from the following sources:

	June 30, 2020		June 30, 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 1,752	\$ -	\$ 20,936	\$ -
Differences between expected and actual experience	-	-	-	-
Changes in assumptions	22,984	-	-	3,238
Experience gains/losses	3,158	-		
Net differences between projected and actual earnings on plan investments	-	-	-	-
Total	<u>\$ 27,894</u>	<u>\$ -</u>	<u>\$ 20,936</u>	<u>\$ 3,238</u>

At June 30, 2020, the District reported deferred outflows of resources of \$1,752 related to contributions made subsequent to the measurement date. This will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended June 30:	
2021	\$ 3,826
2022	3,826
2023	3,826
2024	3,898
2025	3,898
Thereafter	6,868
	<u>\$ 26,142</u>

Note 10 – Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disaster.

The District participates in the California Sanitation Risk Management Authority (CSRMA), which arranges for and provides general liability, property damage, workers' compensation and employee dishonesty liability insurance to its member agencies. The District pays a premium commensurate with the level of coverage requested.

Business Risk

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the District operates. It is unknown how long these conditions will last and what the complete financial effect will be to the District. The inherent risk and volatility of financial markets during the pandemic make it reasonably possible that the District is vulnerable to the risk of a near-term impact.

Note 11 – Commitments and Contingencies

In the ordinary course of conducting business, various legal matters may be pending, however, in the opinion of the District's management, the ultimate disposition of these matters will have no significant impact on the financial position of the District.

Note 12 – Subsequent Events

Subsequent events have been evaluated through November 12, 2020, the date that the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**MONTECITO SANITARY DISTRICT
A COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
LAST 10 YEARS***

DRAFT

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF MONTECITO SANITARY DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY**

	As of June 30,					
	2020	2019	2018	2017	2016	2015
Valuation date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Measurement date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Proportion of the net pension liability	0.0226%	0.0217%	0.0214%	0.0208%	0.0190%	0.0198%
Proportionate share of the net pension liability	\$ 2,317,190	\$ 2,094,365	\$ 2,122,293	\$ 1,801,193	\$ 1,307,464	\$ 1,229,008
Covered payroll	\$ 1,854,359	\$ 1,729,391	\$ 1,669,379	\$ 1,534,968	\$ 1,450,789	\$ 1,065,779
Proportionate share of the net pension liability as percentage of covered payroll	124.96%	121.10%	127.13%	117.34%	90.12%	115.32%
Plan fiduciary net position as a percentage of the total pension liability	76.07%	77.09%	75.88%	77.39%	82.57%	83.46%

Notes to Schedule:

Benefit changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2019 measurement date.

Net Pension liability as a percentage of covered payroll demonstrates the relative size of the unfunded liability by expressing it in terms of current personnel expenditures.

* Fiscal year 2015 was the 1st year of implementation.

**MONTECITO SANITARY DISTRICT
A COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
LAST 10 YEARS***

DRAFT

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF MONTECITO SANITARY DISTRICT'S CONTRIBUTIONS**

	As of June 30,					
	2020	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 316,708	\$ 271,498	\$ 227,170	\$ 207,913	\$ 181,148	\$ 140,543
Contributions in relation to the actuarially determined contributions	\$ 316,708	\$ 271,498	\$ 227,170	\$ 207,913	\$ 181,148	\$ 140,543
Contribution deficiency (excess)	-	-	-	-	-	-
Covered payroll	\$ 1,899,496	\$ 1,854,359	\$ 1,729,391	\$ 1,669,379	\$ 1,534,968	\$ 1,450,789
Contributions as a percentage of covered payroll	16.67%	14.64%	13.14%	12.45%	11.80%	9.69%

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year 2019-2020 were derived from the June 30, 2017 funding valuation report.

* Fiscal year 2015 was the 1st year of implementation.

**MONTECITO SANITARY DISTRICT
OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2020
LAST 10 YEARS***

DRAFT

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:			
Service cost	\$ 9,315	\$ 9,066	\$ 8,823
Interest on the total OPEB liability	7,008	7,686	7,668
Experience gains/losses	10,132	-	-
Assumption changes	29,554	(3,900)	-
Benefit payments	<u>(27,416)</u>	<u>(34,210)</u>	<u>(32,894)</u>
Net change in total OPEB liability	28,593	(21,358)	(16,403)
Total OPEB liability - beginning	<u>193,469</u>	<u>214,827</u>	<u>231,230</u>
Total OPEB liability - ending (a)	<u>\$ 222,062</u>	<u>\$ 193,469</u>	<u>\$ 214,827</u>
 Fiduciary Net Position			
Employer contributions	\$ 20,936	\$ 34,210	\$ 32,894
Net investment income	-	-	-
Administrative expense	-	-	-
Benefit payments	<u>(20,936)</u>	<u>(34,210)</u>	<u>(32,894)</u>
Net change in fiduciary net position	-	-	-
Total fiduciary net position- beginning	<u>-</u>	<u>-</u>	<u>-</u>
Total fiduciary net position - ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Net OPEB asset - ending (a) - (b)	\$ 222,062	\$ 193,469	\$ 214,827
 Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%
 Covered - employee payroll	\$ 408,782	\$ 397,821	\$ 384,664
 Net OPEB asset as a percentage of covered-employee payroll	54.32%	48.63%	55.85%
 Measurement date	06/30/19	06/30/18	06/30/17
Valuation date	06/30/18	06/30/17	06/30/17

Notes to Schedule:

- * Historical information is required only for measurement periods for which GASB 75 is applicable. Future year's information will be displayed up to 10 years as information becomes available.

SUPPLEMENTARY INFORMATION

MONTECITO SANITARY DISTRICT BOARD OF DIRECTORS

<u>NAME</u>	<u>POSITION</u>	<u>TERM EXPIRES</u>
Thomas Bollay	President	December 2020
Jeff Kerns	Vice President	December 2020
Thomas Kern	Treasurer	December 2020
Ellwood T. Barrett, II	Secretary	December 2022
Dana Newquist	Director	December 2022

MONTECITO SANITARY DISTRICT
STATEMENT OF OPERATING EXPENSES - BY DEPARTMENT
For the Fiscal Year Ended June 30, 2020

DRAFT

	<u>Collection</u>	<u>Treatment</u>	<u>Disposal</u>	<u>Administrative</u>	<u>2020</u>	<u>2019</u>
Salaries and Benefits:						
Salaries	\$ 559,369	\$ 804,563	\$ -	\$ 661,840	\$ 2,025,772	\$ 1,915,469
Stand-by pay	16,470	16,470	-	-	32,940	32,850
Overtime	2,578	1,462	-	-	4,040	3,712
Retirement contribution	228,992	233,692	-	198,551	661,235	405,493
Payroll tax	51,832	51,815	-	43,424	147,071	139,344
Group insurance	145,921	146,225	-	114,908	407,054	414,965
Total Salaries and Benefits	<u>1,005,162</u>	<u>1,254,227</u>	<u>-</u>	<u>1,018,723</u>	<u>3,278,112</u>	<u>2,911,833</u>
Supplies and Services:						
Insurance	26,891	34,363	-	6,711	67,965	65,101
Maintenance	82,406	339,820	-	3,949	426,175	452,887
Operating supplies	3,691	5,405	-	960	10,056	8,025
Office supplies	1,725	2,352	-	8,190	12,267	14,293
Memberships	1,227	1,732	-	36,813	39,772	35,476
Employee/Community goodwill	37	171	-	504	712	2,488
Miscellaneous	-	8,151	-	-	8,151	8,537
Office expense	(48)	1,418	-	950	2,320	884
Legal services	-	-	-	30,721	30,721	34,233
Consulting services	-	-	-	28,249	28,249	41,543
NPDES permit expenses	-	51,504	-	-	51,504	72,078
Other professional services	18,256	-	-	69,450	87,706	58,062
Administrative fees	4,183	1,426	-	19,077	24,686	24,782
Research and monitoring	-	27,155	-	-	27,155	23,520
Contract services	45,512	62,165	49,928	7,482	165,087	145,979
Publications and notices	-	-	-	436	436	1,336
Minor equipment purchases	9,828	5,820	-	15,405	31,053	29,145
Training and safety	12,851	9,582	-	1,537	23,970	21,041
Travel and meeting costs	2,072	3,227	-	53	5,352	13,501
Fuel and oil	9,363	4,414	-	-	13,777	23,749
Utilities and telephone	36,199	139,484	-	14,158	189,841	177,445
Special projects	-	-	-	88,844	88,844	9,710
Depreciation	674,936	527,908	8,072	7,897	1,218,813	1,210,736
Total Supplies and Services	<u>929,129</u>	<u>1,226,097</u>	<u>58,000</u>	<u>341,386</u>	<u>2,554,612</u>	<u>2,474,551</u>
Totals, June 30, 2020	<u>\$ 1,934,291</u>	<u>\$ 2,480,324</u>	<u>\$ 58,000</u>	<u>\$ 1,360,109</u>	<u>\$ 5,832,724</u>	
Totals, June 30, 2019	<u>\$ 1,808,869</u>	<u>\$ 2,318,739</u>	<u>\$ 56,613</u>	<u>\$ 1,202,163</u>		<u>\$ 5,386,384</u>

MONTECITO SANITARY DISTRICT
STATEMENT OF OPERATING EXPENSES - BY DEPARTMENT
For the Fiscal Year Ended June 30, 2019

DRAFT

	<u>Collection</u>	<u>Treatment</u>	<u>Disposal</u>	<u>Administrative</u>	<u>2019</u>	<u>2018</u>
Salaries and Benefits:						
Salaries	\$ 552,344	\$ 714,462	\$ -	\$ 648,663	\$ 1,915,469	\$ 1,799,681
Stand-by pay	16,425	16,425	-	-	32,850	32,940
Overtime	1,574	2,138	-	-	3,712	27,398
Retirement contribution	140,379	140,371	-	124,743	405,493	451,410
Payroll tax	48,148	46,490	-	44,706	139,344	135,957
Group insurance	164,316	149,100	-	101,549	414,965	345,161
Total Salaries and Benefits	<u>923,186</u>	<u>1,068,986</u>	<u>-</u>	<u>919,661</u>	<u>2,911,833</u>	<u>2,792,547</u>
Supplies and Services:						
Insurance	25,955	32,742	-	6,404	65,101	73,010
Maintenance	113,411	334,763	-	4,713	452,887	366,628
Operating supplies	3,047	3,984	-	994	8,025	8,277
Office supplies	1,891	2,465	-	9,937	14,293	16,873
Memberships	1,531	1,716	-	32,229	35,476	34,211
Employee/Community goodwill	81	-	-	2,407	2,488	541
Miscellaneous	-	8,537	-	-	8,537	-
Office expense	170	19	-	695	884	1,025
Legal services	-	-	-	34,233	34,233	12,002
Consulting services	-	-	-	41,543	41,543	29,761
NPDES permit expenses	-	72,078	-	-	72,078	37,258
Other professional services	7,819	-	-	50,243	58,062	74,232
Administrative fees	2,899	1,097	-	20,786	24,782	22,799
Research and monitoring	-	23,520	-	-	23,520	31,605
Contract services	52,881	36,691	48,541	7,866	145,979	144,905
Publications and notices	-	-	-	1,336	1,336	510
Minor equipment purchases	6,663	499	-	21,983	29,145	26,315
Training and safety	8,364	10,612	-	2,065	21,041	24,778
Travel and meeting costs	3,974	4,271	-	5,256	13,501	11,147
Fuel and oil	9,723	14,026	-	-	23,749	16,247
Utilities and telephone	33,556	129,362	-	14,527	177,445	167,328
Special projects	-	-	-	9,710	9,710	11,743
Depreciation	613,718	573,371	8,072	15,575	1,210,736	1,181,633
Total Supplies and Services	<u>885,683</u>	<u>1,249,753</u>	<u>56,613</u>	<u>282,502</u>	<u>2,474,551</u>	<u>2,292,828</u>
Totals, June 30, 2019	<u>\$ 1,808,869</u>	<u>\$ 2,318,739</u>	<u>\$ 56,613</u>	<u>\$ 1,202,163</u>	<u>\$ 5,386,384</u>	
Totals, June 30, 2018	<u>\$ 1,712,932</u>	<u>\$ 2,175,941</u>	<u>\$ 46,944</u>	<u>\$ 1,149,558</u>		<u>\$ 5,085,375</u>

RESOLUTION NO. 2020-928

A RESOLUTION AMENDING ALL PREVIOUSLY ADOPTED PURCHASING REGULATIONS IN THEIR ENTIRETY TO REGULATE PURCHASES OF GOODS, SUPPLIES AND SERVICES.

The Board of Directors for the Montecito Sanitary District (the “District”) does resolve as follows:

SECTION 1. All previously adopted regulations governing purchasing including, without limitation, Resolution No. 1982-611 (adopted August 9, 1982) are amended in their entirety to read as follows:

PURCHASING

Section 010. Purpose.

These regulations are adopted for the purpose of authorizing District officers to procure services, supplies, and equipment and establishing how such actions may occur. Nothing in this resolution is intended to, nor does it, apply to public works projects as defined by state law.

Section 020. Definitions.

Unless the contrary is stated or clearly appears from the context, the following definitions will govern the construction of the words and phrases used in this resolution:

- A. “Contract” may include a purchase order or professional services agreement as the context may dictate.
- B. “General Services” means services that are manual or routine in nature as opposed to services that are predominately intellectual and varied in character or require specialized knowledge of an advanced type generally acquired from study at an institution of higher learning.
- C. “Professional Services” means those services provided to the District by independent consultants that are predominantly intellectual and varied in character – as opposed to manual or routine in nature – which require specialized knowledge of an advanced type generally acquired from study at an institution of higher learning, and entail the exercise of a wide degree of discretion and judgment when performing the services (e.g., lawyers, engineers, architects, certified public accountants and land-use planners).
- D. “Purchase” includes renting, leasing, purchasing, licensing, or a trade of supplies.
- E. “Supplies” includes general services; equipment; materials; goods, parts;

miscellaneous commodities; and other office supplies. "Supplies" does not include professional services.

Section 030 Purchasing agent.

The General Manager is designated as the District's purchasing agent. The General Manager may delegate purchasing agent responsibilities to another appointed agent in writing. Supplies for the District must be purchased in accordance with this resolution, any administrative regulations promulgated pursuant to this resolution, and such additional regulations that the Board of Directors may adopt by written resolution. The duties of the purchasing agent may be combined with those of any other office or position and include, without limitation, the following:

- A. Purchasing or contracting for supplies required by the District.
- B. Promulgating administrative policies and procedures to implement the purposes of this resolution as approved by the General Manager in writing.
- C. Facilitating the inspection of all supplies purchased under this resolution to determine their quality and ensure conformance with District specifications.
- D. Recommending the transfer of surplus or unused supplies and equipment as needed.
- E. Selling or disposing of supplies cannot be used by the District or which have become unsuitable for District use.
- F. Performing such other tasks as may be necessary for the proper conduct of purchasing of supplies.

Section 040 Purchasing.

Except as otherwise provided in this resolution all purchases and contracts for supplies must be accomplished either by or through the purchasing agent.

Section 050 Exceptions to bidding.

Bidding is not required for the following:

- A. Emergency Purchasing. During a declared state of local emergency, bidding is not required. The General Manager must provide a report to the Board of Directors in accordance with applicable law regarding such emergency purchases.
- B. Convenience. When the supply can be obtained from only one vendor or there are circumstances demonstrating only one vendor is best qualified to provide the supplies.

- C. Best Value. The General Manager may select the lowest responsible bidder based on objective criteria for evaluating the qualifications of bidders with the resulting selection representing the best combination of price and qualifications along with the nature of the goods, supplies, or equipment.
- D. Cooperative Purchasing. Where the purchasing agent identifies a cooperative competitive bidding procedure, being prepared by and processed through another local, state, or federal governmental agency, the purchasing agent may join into an existing written purchase contract through a competitive bidding process prepared by and awarded by another local, state or federal governmental agency.
- E. Supplies less than \$5,000. Purchases made for supplies with an estimated value of less than \$5,000 may be purchased on the open market without bidding requirements.

Section 060 Bidding.

Purchases made for supplies with an estimated value of between \$5,000 and \$60,000 require the following:

- A. Purchases must, whenever possible, be based upon at least three bids and be awarded to the lowest responsible bidder.
- B. Bids may be obtained either verbally or in writing.
- C. The General Manager may require that supplies purchased pursuant to this section be formally bid and awarded. Before requiring such bidding, the General Manager must promulgate administrative policies and procedures, in a form approved by the general counsel, establishing such formal bidding procedures.

Section 070 Purchasing – Above \$60,000.

Purchases made for supplies with an estimated value of \$60,000 or more require the following:

- A. Notice Inviting Bids. Notices inviting informal bids must be posted at the District's administrative office and be distributed (either electronically or otherwise) at least 10 days before the deadline for submitting bids to all vendors on the District's list for the supplies being sought and to such other vendors as the purchasing agent deems appropriate. The notice soliciting bids must describe the supplies needed in general and generic terms, identify security required for the bid, how bid specifications can be obtained, and designate the deadline and place for submitting informal bids. The purchasing agent is responsible for soliciting sealed bids from all responsible prospective vendors whose names are on the bidders' list maintained by the requesting department.

- B. Bidder's Security. The purchasing agent may require bidders to secure bids and performance in a manner approved by the purchasing agent and in a form approved by the General Counsel. Unsuccessful bidders are entitled to the return of bid security within 60 days after the date of the award. When deemed necessary by the purchasing agent, bidders' security may be prescribed in the notices inviting bids. Bidders are entitled to return of bid security; provided, that a successful bidder forfeits his bid security upon refusal or failure to execute the contract within 10 days after the notice of award of contract has been mailed, unless the District is responsible for the delay. If a successful bidder refuses to comply with, or fails to execute, a contract issued by the District within 10 days after being awarded the contract, the District may cancel the award and retain any bid security. Compliance with contract requirements includes, without limitation, submission of insurance documentation. Should this occur, the Board of Directors may award the contract to the next lowest responsible bidder.
- C. Performance Bonds. The Board of Directors or purchasing agent may require a performance bond in an amount reasonably necessary to protect the best interests of the District. If the Board of Directors or purchasing agent requires a performance bond, the form and amount of the bond will be described in the notice inviting bids.
- D. Bid Opening Procedure. Sealed bids must be submitted to the purchasing agent in an envelope clearly marked as a bid along with the bidder's name and project number written on the outside. The purchasing agent will open properly submitted bids at the time and place stated in the notice inviting bids. A written record and tabulation must be made at the time all bids are received and then opened. Bids received after the time specified in the notice inviting bids will not be accepted.
- E. Board Approval. All bids received as part of the formal bidding process must be submitted to the Board of Directors by the purchasing agent. The Board of Directors may reject all bids or award the purchase contract to the best qualified bidder whose bid or proposal fulfills the purpose intended according to criteria designated in the solicitation, provided that the contract award amount is within the unencumbered appropriation for that item. The Board of Directors may waive any minor bid irregularities. If the District does not receive any bids, the Board of Directors may:
1. Abandon the purchase;
 2. Authorize rebidding the purchase on an informal basis; or
 3. Authorize purchasing the supplies on a direct negotiated contract.
- F. Tie Bids. If two or more bids received are for the same total amount or unit price, quality and service being equal, the Board of Directors may accept one of them or accept the lowest bid made by negotiation with the tie bidders at the time of or after the bid opening.

Section 080 Lowest responsible bidder.

- A. For the purposes of this resolution, in addition to price, “lowest responsible bidder” will be determined based on consideration of the following factors:
 - 1. The ability, capacity and skill of the bidder to perform the contract or provide the supplies;
 - 2. Whether the bidder has the facilities to perform the contract or provide the supplies promptly, or within the time specified, without delay or interference;
 - 3. The character, integrity, reputation, judgment, experience and efficiency of the bidder;
 - 4. The bidder’s record or performance of previous contracts or services;
 - 5. The previous and existing compliance by the bidder with laws and ordinances relating to the contract;
 - 6. The sufficiency of the financial resources and ability of the bidder to perform the contract; and
 - 7. The quality, availability and adaptability of the supplies to the particular use required.

- B. In addition to the foregoing, for the purpose of calculating the lowest responsible bidder, preference will be awarded to local vendors, when the following criteria are met:
 - 1. The vendor is a person or legal entity with a place of business within the District and a valid current business license issued by the District; and
 - 2. The difference between bids from the local vendor and those outside the District is less than the current sales tax benefit the District would receive.

Section 090 Professional services.

The General Manager may contract for professional services in an amount not to exceed \$60,000. Professional services costing more than \$60,000 must be purchased by the Board of Directors. The manner by which all professional services are selected and contracted may be governed by administrative policy and procedures promulgated by the General Manager and approved as to form by the general counsel.

Section 100 Segmentation Prohibited.

It is a violation of this resolution to knowingly take action to separate purchases into smaller units or segments solely for the purpose of evading the competitive formal or informal bidding requirements set forth in this resolution.

Section 110 Binding Contracts.

The District is not bound by any contract unless the contract is in writing, approved as to form by the general counsel, and signed on behalf of the District by an officer or officers as set forth in this resolution. Any such officer must sign a contract on the District's behalf when directed to do so by the Board of Directors.

Section 120 Signature Authority. The following officers are authorized to sign contracts on the District's behalf:

- A. The Chairperson of the Board;
- B. The General Manager when directed to do so by the Board of Directors, resolution, or ordinance; or
- C. The General Manager for contracts less than \$25,000.

SECTION 2. *Environmental Review.* The this resolution is exempt from review under the California Environmental Quality Act (California Public Resources Code §§ 21000, *et seq.*, "CEQA") and CEQA regulations (14 California Code of Regulations §§ 15000, *et seq.*) because it consists only of revisions and clarifications to existing purchasing regulations and procedures related thereto. Adoption of this resolution will not have the effect of deleting or substantially changing any regulatory standards or required findings.

SECTION 3. Repeal of any provision of the District's regulations, or any other District resolution or ordinance herein will not affect any penalty, forfeiture, or liability incurred before, or preclude prosecution and imposition of penalties for any violation occurring before, this resolution's effective date. Any such repealed part will remain in full force and effect for sustaining action or prosecuting violations occurring before the effective date of this resolution.

SECTION 4. If any part of this resolution or its application is deemed invalid by a court of competent jurisdiction, the Board of Directors intends that such invalidity will not affect the effectiveness of the remaining provisions or applications and, to this end, the provisions of this resolution are severable.

SECTION 5. *Electronic Signatures.* This Resolution may be executed with electronic signatures in accordance with Government Code §16.5. Such electronic signatures will be treated in all respects as having the same effect as an original signature.

SECTION 6. The Clerk of the Board is directed to certify the passage and adoption of this resolution; cause it to be entered into the District's records; make a note of the passage and

adoption in the records of this meeting.

SECTION 7. This resolution will take effect immediately.

PASSED AND ADOPTED this 12th day of November 2020.

Thomas Bollay, Board President

ATTEST:

Elizabeth Byrne, Clerk of the Board

APPROVED AS TO FORM:

Karl H. Berger, General Counsel

RESOLUTION NO. 2020-929

**A RESOLUTION ELECTING TO BECOME SUBJECT TO THE
UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING ACT**

**THE MONTECITO SANTITARY DISTRICT BOARD OF DIRECTORS
RESOLVES AS FOLLOWS:**

SECTION 1. The Board of Directors finds and declares as follows:

- A. Pursuant to Public Contract Code §20160, *et seq.*, public entities in California must competitively bid all public projects in excess of \$5,000 in accordance with state-mandated formal bidding procedures.
- B. In 1983, the California Legislature adopted the Uniform Public Contract Cost Accounting Act (commencing with Public Contract Code § 22000) to provide for a uniform cost accounting standard for construction work performed or contracted by local agencies and further providing an alternative method for bidding and awarding contracts for public projects.
- C. Public Contract Code § 22030 provides that any public entity that desires to utilize the alternative procedures for bidding and contracting for public projects must elect, by resolution, to become subject to the uniform construction cost accounting procedures set forth in the Act and must notify the State Controller of its election.
- D. The District desires to become subject to the uniform construction cost accounting procedures set forth in Public Contract Code §§ 22000, *et seq.*
- E. Public Contract Code § 22034 requires each public agency that elects to become subject to the uniform construction cost accounting procedures to enact an informal bidding ordinance that complies with the requirements set forth in Public Contract Code § 22034.
- F. The District adopted an ordinance enacting informal bidding procedures consistent with the Uniform Public Construction Cost Accounting Act.

SECTION 2. The Board of Directors of the Montecito Sanitary District elects under Public Contract Code § 22030 to become subject to the uniform construction accounting procedures set forth in Public Contract Code §§ 22010, *et seq.*

SECTION 3. The Clerk of the Board is directed to inform the California State Controller forthwith of the District's election to become subject to the Uniform Public Construction Cost Accounting Act.

SECTION 4. This Resolution does not affect any penalty, forfeiture, or liability incurred before, or preclude prosecution and imposition of penalties for any violation occurring before, this Resolution's effective date. Any such amended part will remain in full force and effect for sustaining action or prosecuting violations occurring before the effective date of this Resolution.

SECTION 5. If any part of this Resolution or its application is deemed invalid by a court of competent jurisdiction, the Board of Directors intends that such invalidity will not affect the effectiveness of the remaining provisions or applications and, to this end, the provisions of this Resolution are severable.

SECTION 6. To the extent that any other resolution pertaining to the District's election to become subject to the Uniform Public Construction Cost Accounting Act is incorporated into this Resolution, it is superseded in its entirety.

SECTION 7. *Electronic Signatures.* This Resolution may be executed with electronic signatures in accordance with Government Code § 16.5. Such electronic signatures will be treated in all respects as having the same effect as an original signature.

SECTION 8. The President, or presiding officer, is hereby authorized to affix his signature to this Resolution signifying its adoption by the Board of Directors of the Montecito Sanitary District, and the Clerk of the Board, or her duly appointed deputy, is directed to attest thereto.

SECTION 9. This Resolution will become effective immediately upon adoption.

PASSED, APPROVED, AND ADOPTED BY THE BOARD OF DIRECTORS OF THE MONTECITO SANITARY DISTRICT ON THIS 12th DAY OF NOVEMBER 2020.

_____, Chairperson

ATTEST:

Betsy Byrne, Clerk of the Board

APPROVED AS TO FORM:

Karl H. Berger, General Counsel

ORDINANCE NO. 16

AN ORDINANCE ADOPTING BIDDING AND CONTRACTING REQUIREMENTS FOR PUBLIC WORKS CONTRACTS IN THE MONTECITO SANITARY DISTRICT.

The Board of Directors of the Montecito Sanitary District (the “District”) does ordain as follows:

SECTION 1: The Board of Directors finds and determines as follows:

- A. By Resolution No. 16, adopted November 12, 2020, the District opted to become subject to the Uniform Public Construction Cost Accounting Act (Public Contract Code §§ 22000, *et seq.*; the “Act”);
- B. The Clerk of the Board will notify the California State Controller regarding the District’s adoption of Resolution No. 16; and
- C. In order to take advantage of the informal bidding procedures set forth in the Act, Public Contract Code (“PCC”) § 22034 requires that the District adopt an ordinance establishing bidding procedures for public projects.

SECTION 2: New bidding and contracting requirements are adopted for public works projects as follows:

PUBLIC WORKS CONTRACTS

PW010:	Purpose.
PW020:	Applicability.
PW030:	Definitions.
PW040:	Soliciting Bids and Awarding Contracts.
PW050:	Qualified Contractors.
PW060:	Notice Inviting Bids.
PW070:	Bid Security.
PW080:	Bid Opening.
PW090:	Award.
PW100:	Bonds and Insurance.

PW01 Purpose.

These regulations are adopted pursuant to Public Contract Code § 22034, and any succeeding or related statutes, for the purpose of implementing the informal bid procedures set forth in the Uniform Public Construction Cost Accounting Act (Public Contract Code §§ 22000, *et seq.*).

PW02 Applicability.

These regulations may be used for public projects with a value equal to or less than the amounts set forth in Public Contract Code § 22032, and will be increased automatically as authorized in any successor statute or regulation, or, when applicable, as established pursuant to Public Contract Code § 22020.

PW03 Definitions.

Unless the contrary is stated or clearly appears from the context, the definitions in Public Contract Code § 22002 and set forth below will govern the construction of the words and phrases used in this ordinance:

“General Manager” means the General Manager or designee.

PW04 Soliciting Bids and Awarding Contracts.

The General Manager may solicit bids, award contracts up to \$60,000, and execute contracts for public projects without approval from the Board of Directors. Contracts for public projects costing more than \$60,000 and up to \$200,000 may be subject to informal bidding procedures and must be awarded by the Board of Directors. Contracts for public projects costing over \$200,000 require formal bidding procedures in accordance with the Public Contract Code and must be awarded by the Board of Directors.

PW05 Qualified Contractors.

The District will maintain a list of qualified contractors, identified according to categories of work. Any licensed contractor requesting to have its name placed on this list must be included. The list may be periodically revised to remove inactive names. A name may be deemed inactive if:

- A. Letters addressed to the contractor at its last known address are returned without a forwarding address;
- B. The contractor does not obtain plans for, or bid on, a public project for two years;
- C. The contractor’s license is revoked or suspended by the California State Licensing Board;
- D. The contractor removes its name; or
- E. For other good cause as determined by the General Manager.

Before removing a qualified contractor from the District's bid list, the General Manager must make a good faith attempt to notify the contractor regarding the removal.

PW06 Notice Inviting Bids.

- A. The notice inviting bids must describe the project in general terms, indicate how to obtain more detailed information regarding the project, and state the time and place for submitting bids.
- B. Unless the product or service is proprietary, not less than 10 calendar days before the date set for opening bids, the General Manager must notify contractors using one or both of the following methods:
 - 1. Mail notices to each contractor on the list for the category of work to be performed;
 - 2. Mail notices to each of the construction trade journals specified in Public Contract Code § 22036.

PW07 Bid Security.

- A. Bid Security is required for all bids on public projects when the public works director estimates that the price will exceed \$60,000. Bid security may be a bond issued by a licensed and duly qualified corporate surety, or the equivalent in cash, money order, cashier's check, certified check, unconditional letter of credit, or other form approved by the General Counsel. Nothing in this section prevents the District from requiring bid security on public projects less than \$60,000 when the General Manager believes such security is needed to protect the District's interests.
- B. Bid security must equal at least 10% of the bid amount.
- C. If the notice inviting bids requires a bid security, noncompliance or defective, inadequate, or incomplete security will render the bid nonresponsive.
- D. Bid security will be forfeited or paid to the District should the bidder fail to execute a contract within the time specified in the notice inviting bids.

PW08 Bid Opening.

The Clerk of the Board, or designee, will publicly open all bids in the presence of one or more witnesses at the time and place specified in the invitation for bids. Late, misplaced, or unsealed bids cannot be considered. If no bids are received, the District may proceed as set forth in Public Contract Code § 22038.

PW09 Award.

- A. The contract may be awarded to the lowest responsible bidder if the General Manager or Board of Directors considers the bid to be reasonable, sufficient funds are appropriated for the public project, and the bid is within the limits specified by Public Contract Code § 22032 or, if applicable, Public Contract Code § 22020.
- B. Should all qualified bids exceed the limits in Public Contract Code § 22032, the Board of Directors may, by adopting a resolution upon four-fifths vote, award the contract, provided the award is expressly authorized by Public Contract Code § 22034(d).
- C. Nothing in this section restricts the District from taking any action set forth in Public Contract Code § 22038.

PW10 Bonds and Insurance.

Contractors awarded a contract under this chapter are required to provide sureties and insurance in forms approved by the General Counsel and conforming with the contract documents.”

SECTION 3: This Ordinance is exempt from review under the California Environmental Quality Act (California Public Resources Code §§ 21000, *et seq.*, “CEQA”) and CEQA regulations (14 California Code of Regulations §§ 15000, *et seq.*) because it does not involve any commitment to a specific project which could result in a potentially significant physical impact on the environment; and constitutes an organizational or administrative activity that will not result in direct or indirect physical changes in the environment. Accordingly, this Ordinance does not constitute a “project” that requires environmental review (*see* specifically 14 CCR § 15378(b)(2, 5)).

SECTION 4: *Electronic Signatures.* This Ordinance may be executed with electronic signatures in accordance with Government Code §16.5. Such electronic signatures will be treated in all respects as having the same effect as an original signature.

SECTION 5: *Construction.* This Ordinance must be broadly construed in order to achieve the purposes stated in this Ordinance. It is the Board of Directors’ intent that the provisions of this

Ordinance be interpreted or implemented by the District and others in a manner that facilitates the purposes set forth in this Ordinance.

SECTION 6: *Severability.* If any part of this Ordinance or its application is deemed invalid by a court of competent jurisdiction, the Board of Directors intends that such invalidity will not affect the effectiveness of the remaining provisions or applications and, to this end, the provisions of this Ordinance are severable.

SECTION 7: The Clerk of the Board, or her duly appointed deputy, is directed to certify the passage and adoption of this Ordinance; cause it to be entered into the Montecito Sanitary District's book of original ordinances; make a note of the passage and adoption in the records of this meeting; and, within 15 days after the passage and adoption of this Ordinance, cause it to be published or posted in accordance with California law.

SECTION 8: This Ordinance will take effect on the 30th day following its final passage and adoption.

ORDINANCE NO. 16 HAD ITS FIRST READING ON NOVEMBER 12, 2020, ITS SECOND READING ON _____, AND WAS DULY PASSED, APPROVED, AND ADOPTED BY THE BOARD OF DIRECTORS OF THE MONTECITO SANITARY DISTRICT AT ITS REGULAR MEETING OF _____.

_____, Board President

ATTEST:

Elizabeth Byrne, Clerk of the Board

APPROVED AS TO FORM:

Karl H. Berger, General Counsel

MONTECITO SANITARY DISTRICT

MANAGER'S REPORT

for
Board Meeting

November 12, 2020

AGENDA ITEM 5. OLD BUSINESS

AGENDA ITEM 6. NEW BUSINESS

A. Financial Audit Report – Fiscal Year 2019-2020

Montecito Sanitary District's Fiscal Year 2019-20 Financial Statements audit draft report will be presented by Ms. Tracey Solomon of Bartlett Pringle & Wolff (BPW), LLP.

B. Purchasing Policy Revisions

Since the appointment of the Interim General Manager, a number of contracts were reviewed to determine how various projects should be implemented. This also prompted a review of the District's purchasing policies by the General Counsel.

A review of those policies shows that they were last adopted in 1982. In the nearly 40 years since that adoption, the State's and District's regulations and practices have evolved. It is highly desirable that the Board of Directors adopt the proposed draft purchasing policies to allow the District to contract for goods and services in an efficient, and legal, manner. Among other things, the proposed updated policies provide for clear definitions for the differences between goods and services, define the Purchasing Agent, outline the ranges for when bidding is informal and formal and set limits for professional service contract amounts.

Adoption of the resolution updating the Purchasing Policies will allow the District to be compliant with current laws regarding goods and services acquisition.

C. Public Works Projects

In addition to various professional service contracts and purchase contracts, the Interim General Manager reviewed pending public works projects. A review of the District's practices regarding public works projects shows that updates are desirable. In addition to revising the District's templates, it is also desirable to adopt regulations allowing the District to take advantage of informal bidding and contracting provisions within California law.

The Public Contract Code ("PCC") generally requires the District to employ a very formal and cumbersome competitive bidding process for all public projects valued at over \$5,000. "Public projects" as defined under PCC § 22002(c) include the construction, reconstruction, erection, alteration, renovation, improvement, demolition, painting or repainting, and repair of any publicly owned, leased, or operated facility. The \$5,000 threshold was established decades ago and has not been adjusted for inflation. It can be very difficult to secure lower value contracts through the formal bidding process at reasonable prices because contractors are simply

unwilling to expend the time, money and effort necessary to complete all the required paperwork and meet the bonding requirements for such small projects. Furthermore, the cost to the District to advertise a project regardless of its value is approximately \$5,000, making it an inefficient expense for projects of lower value. Consequently, the District will often receive a low number of bids or no response at all to solicitations for bids on these lower value projects.

The UPCCAA (PCC § 22000, *et seq.*), was established to provide uniform construction cost accounting procedures and bidding thresholds that account for escalating construction costs over time. Agencies can use the informal bidding procedures of the UPCCAA in lieu of the formal bidding procedures of the PCC provided they subscribe to uniform construction cost account policies and procedures developed by the California Uniform Construction Cost Accounting Commission. To avail itself of these alternative procedures, a local agency must (1) adopt a resolution electing to become subject to the UPCCAA and notify the State Controller of said election, and (2) adopt an ordinance enacting the informal bidding requirements set forth in the UPCCAA.

On January 1, 2019, AB 2249 became effective. AB 2249 allows the District to authorize the General Manager to approve projects and to by-pass bidding for projects less than \$60,000 (projects may be performed by District employees; by negotiated contract; or by purchase order); allows the Board of Directors to award contracts through informal bidding for projects between \$60,000 and \$200,000; and requires formal bidding procedures for any project over \$200,000.

Staff recommends that the dollar threshold of the District Manager’s contracting authority on public works projects be increased to \$60,000. A \$60,000 threshold is commensurate with the District’s ability to let public contracts under the UPCCAA without any bidding, formal or informal, and would obviate the need for Board of Director involvement in smaller public works contracts; as well as the attendant expense and delay associated with presenting these smaller items to the Board for its consideration.

D. Romero Canyon Road Sewer Main Extension- Status Report

On October 29, 2020 the District received the following bids for the Romero Canyon Road Sewer Main Extension project:

Tierra Contracting	\$287,100.00
Blois Construction	\$490,358.00
Grbcon, Inc.	\$675,493.00

Staff has determined that the low bid from Tierra Contracting is the lowest responsive bid from a responsible bidder.

The project includes the construction of 496 linear feet of 8-inch diameter PVC sewer main pipe to serve a total of eleven properties on Romero Canyon Road. This is the second extension up Romero Canyon Road and will serve 633 Romero Canyon Road to 657 Romero Canyon Road.

Letters were mailed to the property owners on October 30, 2020 to inform them of the bid results and the \$31,300 estimated amount that each property owner would be required to pay to

equally share in the construction cost for the sewer main extension project. To participate in the project, the property owners sign the agreement that was included with the letter. If the property owner is not interested in participating in the project, then they would sign the Deferred Participation form also included with the letter.

At the December Board meeting, staff will recommend that the Board consider the award of contract or reject all bids depending on the amount of participation the project receives from the property owners.

E. Electrical Rehabilitation Design Services

Southern California Edison (Edison) had an electrical surge on August 24, 2020 that damaged several switches and electrical components at the MSD treatment plant. Because the treatment plant's existing electrical system is not a grounded system and does not have a neutral wire, there was no way to protect some of the equipment from this surge. This project is needed because Edison will not install the ground into our existing equipment because it does not have the correct configuration to be able to install a new SCE meter that would work with the grounded system in order to meet the current electrical code requirements. Staff recommends moving the Edison meter to the outside wall of the Operations Building because there is not enough space where the current meter is located to install a new meter and main disconnect switch that is allowed by the electrical code. The existing Benjamin panel (old motor control center) is the original panel that was installed in 1961, replacement parts are no longer available, and our existing electrical meter and motor control centers do not meet current code.

The project includes removal of the existing Edison meter panel located inside the Operations Building, adding a new service electrical Edison meter and disconnect switch on the wall adjacent to the existing Edison transformer, adding a replacement automatic transfer switch panel that would replace the two outdated automatic transfer switches, replacing the existing Benjamin panel (outdated motor control center) with a new motor control center lineup, adding variable frequency drives to replace the starters for the blowers, and temporary power to the blowers while the new motor control center is being installed.

Design drawings and specifications are required so that the project can be bid in accordance with California law for the electrical rehabilitation construction. The estimated construction cost is approximately \$410,000.

Staff discussed this design contract and the future construction costs with the Finance Committee on November 5, 2020. The Finance Committee agreed with the necessity of the project, and recommended looking into expanding the project for moving all electrical from Treatment room to an outside location and new enclosure.

It is recommended that the Board authorize the Interim General Manager to execute a professional services contract, in a form approved by General Counsel, for \$12,800 to John Maloney, PE dba JMPE Electrical Engineering for design services for the Electrical Rehabilitation project. John Maloney is very knowledgeable of the electrical systems at the treatment plant and has worked with the District on numerous electrical design upgrades in the past 20 years. It is also recommended that the Board authorize an extra services allowance of

\$1,300 for the Interim General Manager to approve contract changes that may be necessary due to unforeseen conditions.

F. Existing Administration and Operations Building Improvements

i) Industrial Hygiene Investigation

An industrial hygiene investigation would include an assessment of the indoor air quality, mold and moisture presence, the HVAC system, electromagnetic frequency readings, noise levels, and asbestos presence in the existing Board room, offices, lunch room, and operations building work area. A report would identify and clarify issues present in those areas described above, provide recommendations on how to address the issues, and a rough cost estimate to correct the issues.

It is recommended that the Board authorize the Interim General Manager to execute a professional services contract, in a form approved by General Counsel, for \$13,000 to Citadel EHS for industrial hygiene assessment services.

ii) Industrial Hygiene cont'd.

It is also recommended that the Board authorize an extra services allowance of \$1,300 for Citadel EHS for the Interim General Manager to approve contract changes that may be necessary due to unforeseen conditions.

G. Information Items

The Interim General Manager will provide informational, nonactionable, updates regarding pending matters before the District. This will include an oral report regarding proceedings held in October before the Montecito Planning Commission.

H. Agreements to be Signed

None

AGENDA ITEM 7. OPERATIONS AND MAINTENANCE REPORTS

TREATMENT PLANT

<u>Treatment Data</u>	Current Year 9/28/2020 to 11/1/2020	Prior Year 10/21/19-11/03/19
Average daily flow	0.549 MGD	0.536 MGD
Average hypochlorite	143 GPD	145 GPD
Average bisulfite	76.5 GPD	95 GPD
Average effluent SS	1.91 mg/L	3.6 mg/L
Average effluent CBOD ₅	1.76 mg/L	2.6 mg/L
Median coliform	< 1.8 MPN / 100 mL	<1.8 MPN / 100 mL

- No violation of the NPDES permit during this reporting period
- The belt press was operated for 16.5 hours during this reporting period.

In addition to completing all daily treatment plant operational tasks and preventative maintenance duties, Operations staff and others performed the following work:

- One plant alarm call-out during this period.
 - 10/29/20- High Chlorine pump output, analyzer loss of flow.
- 09/28/20 – Drained and cleaned DAFT.
- 10/01/20 – Testing UF/RO activated carbon bag.
- Cleaned Ultra Filtration disc filters.
- 10/03/20- Cleaned SCE foot valve screen.
- 10/08/20- Tested all plant sump pumps.
- 10/08/20- Operators yearly hearing test.
- 10/09/20 – Cleaned IPS VFD filter fans.
- 10/10/20- Cleaned Deox sample lines.
- 10/12/20- Cleaned UF/RO conductivity, ph and ORP sensors.
- 10/13/20- JR Environmental Services ran annual calibration on flow meters and annual maintenance on composite samplers.
- 10/13/20- Drained and cleaned both chlorine contact chambers.
- 10/14/20- Taft Electric replaced ATS transformers.
- 10/16/20- Cleaned UF disc filters.
- 10/29/20-Marc Ciarlo completed UF/RO progress report.
- 10/29/20- Operations conducted OIT interviews.

Completed Preventative Maintenance duties:

- Rotated plant equipment
- Cleaned plant water wye screens every M/W/F
- Changed influent flow through channel grinders and remove grit from influent channel
- Collected plant equipment meter readings
- Cleaned secondary clarifier weirs and side walls
- Operated and exercised various valves throughout the treatment plant
- Performed treatment plant housekeeping

Completed Activated Sludge duties:

- Hosed clarifier weirs and skimmed grease in chlorine contact chambers twice each day
- Scrubbed effluent channel, hosed DAFT weirs and catwalk, and cleaned lower slip tubes
- Collected samples for Lab and set-up composite samplers
- Hose Rotary Drum Screen daily and dump screening M/W F.
- Skimmed grease and floatables in back channel and clarifiers

Completed Operator duties:

- Calibrated chlorine analyzers
- Collected Dissolved Oxygen levels in the Aeration Basins, Digesters, and Effluent channel
- Collected clarifier sludge depths
- Scoured Return Activated Sludge (RAS) sumps on Mon/Wed/Fri
- Cleaned chemical analyzer screens and probes
- Collected irrigation water meter readings

- Cleaned fixed DO probes once a week.
- Performed Treatment Plant system checks (SCADA, Mission Box, Mini Trends, Aeration Blowers, Influent Pump Station, Back-up generator, Chemical analyzers, Clarifiers and Contact Chamber motors and equipment, RAS/WAS pump station, Chemical feeders, Digester Blowers, DAFT, Polymer feed equipment, Ultra Filtration and Reverse Osmosis)
- Performed all required data collection and record keeping
- Maintained chemical levels for all analyzers
- Performed Pressure Decay Test on UF

TESTING LABORATORY

During this 35 day period the Laboratory Manager and Operators assigned to the Laboratory performed the following activities:

- Collected 277 samples
- Ran 378 tests plus 91 duplicate tests for NPDES permit compliance and process control
- Performed 47 calibrations on laboratory equipment and 684 quality control checks
- Made 6 liters of coliform media
- No samples to our contract lab for NPDES-required monthly testing
- Sent 15 samples to contract lab for Oil & Grease testing from the Recycled Pilot Project for process control in addition to conductivity and turbidity testing 3 times per week on-site.

During this reporting period Operations staff performed the following additional Laboratory activities:

- 2 Activated Sludge samples were analyzed under the microscope and 63 organisms were identified
- Prepared 8 gallons of reagents for chlorine analyzer

Other laboratory-related activities:

- Samples will be collected and sent to a contract lab on November 4th in accordance with a new California state order requiring wastewater treatment plants to begin quarterly sampling for per- and poly-fluoroalkyl (PFAS) compounds. Samples will be collected from plant influent, effluent, biosolids and recycled water brine for the purpose assessing their prevalence. PFAS are ubiquitous, man-made compounds found in humans and the environment as a result of the manufacture of such products as fire retardants, non-stick cookware, water-repellants and many more.
- The annual inspection of the marine effluent outfall is scheduled to be performed with Aquatic Bioassay Consultants before the end of the year as required by the District NPDES permit.
- Carole is training operator Michael Arce to replace Marc Ciarlo as the back-up technical manager in charge of the laboratory should Carole become unavailable. This designation is a requirement of California ELAP.

COLLECTION SYSTEM MAINTENANCE

Collection staff continued to work on the preventive maintenance plan for 2020 (see the enclosed reports.)

During the reporting period, Collection staff has also:

- Inspected 145 Manholes
- Marked locations of existing District facilities for Underground Service Alert requests
- Performed routine inspection and maintenance of District vehicles
- Performed routine inspection and maintenance at all five Collection System Lift Stations
- 9/28/20 District vehicles were broken into and tools were stolen.
- 10/1/20 through 10/2/20 Collection staff operated Bonnymede lift station on emergency power due to Edison equipment upgrade.
- 10/3/20 through 10/4/20 Collection staff operated Posilipo lift station on emergency power due to Edison equipment upgrade.
- 10/5/20 through 10/9/20 CalPortland replaced 16 manhole frame and covers due to County of Santa Barbara overlay project.
- 10/7/20 Collection staff call out for private lateral overflow at 430 Hot Springs Road.
- 10/8/20 Collection staff received acoustic testing and training.
- 10/13/20 Collection staff cleaned and vacuumed Posilipo lift station wet well.
- 10/15/20 Collection staff installed new Pamrex frame and cover on manhole on Fair Way Rd MH-1052-3A.
- 10/21/20 through 10/22/20 Clearwater Engineering replaced Posilipo force main vault on N Jameson lane.
- 10/29/20 Collection staff performed confined space entry in Posilipo lift station wet well to inspect force main.

Maintenance staff continued to work on the preventive maintenance plan for 2020.

During the reporting period, Maintenance staff has also:

- Performed routine inspection and maintenance of District Buildings and Equipment.
- 9/30/20 through 10/2/20 Maintenance staff performed temporary repairs on Rotary drum screen.
- 10/8/20 Maintenance staff repaired Chemical feed pump 1A.
- 10/13/20 Maintenance staff replaced gaskets on Aeration Basin manifold.
- 10/26/20 through 10/29/20 Maintenance staff installed new shower partitions in maintenance building locker room.
- 10/29/20 Priority Safety tested and calibrated all gas monitors.

TRAINING / OTHER ACTIVITIES

- Staff Completed the following trainings in Target Solutions for the month of October:
 - Coronavirus 103 - Managing Stress and Anxiety
 - Coronavirus 106 - DIY Cloth Face Coverings
- 10/8/2020 Operations, Facilities Maintenance, and Collections Staff participated in onsite hearing testing and training conducted at the District by Bio Acoustical Hearing
- 10/19/2020 – New Collection System Operator II began employment with the District: we welcomed Jose Flores to the team.
- 10/19/2020 through 10/22/2020 – New Hire Jose Flores completed 23 required training sessions for new MSD Collections staff

Collection System Cleaning and TV-ing History

			Length of	Length of	Length of	C - CLEAR L - LIGHT	R - ROOTS G - GREASE		Clear : No observable grease, roots or debris Light : .5 gallons of roots/ debris, small chunks of grease Medium : .5-1.5 gallons of roots/ debris, moderate chunks grease Heavy : 1.5 or more gallons of roots, debris or grease
Linear Feet Cleaned & Inspected		Esmt	Cleaning	TV-ing	Re-cleans	M - MEDIUM H - HEAVY	D - DEBRI		
September 28, 2020 through November 1, 2020			294,475	45,140	75,789				
Date	Location	(X)	Cleaning (Linear Feet)	TV-ing (Linear Feet)	Re-cleans (Linear Feet)	Condition Findings		X	Notes
9/28/2020	Lift Station Maintenance / USA								
9/28/2020	Birnam Woods Drive		130			L	R	1	Light Roots
9/28/2020	Birnam Woods Drive		266			C		1	Clear
9/28/2020	Crocker Sperry Drive	X	276			C		1	Clear
9/28/2020	Crocker Sperry Drive		400			L	R	1	Light Roots
9/28/2020	Crocker Sperry Drive		212			L	D	1	Light Debris
9/28/2020	Crocker Sperry Drive		370			C		1	Clear
9/28/2020	Crocker Sperry Drive	X	388			C		1	Clear
9/28/2020	Crocker Sperry Drive		264			C		1	Clear
9/28/2020	Birnam Woods Drive		292			L	D	1	Light Debris
9/28/2020	Birnam Woods Drive		218			C		1	Clear
9/28/2020	Forge Road		395			L	D	1	Light Debris
9/28/2020	Forge Road		237			C		1	Clear
9/28/2020	Birnam Woods Drive		260			L	D	1	Light Debris
9/28/2020	Birnam Woods Drive		197			L	D	1	Light Debris
9/28/2020	Packing House Road		246			L	R	1	Light Roots
9/28/2020	Crocker Sperry Drive	X	284			L	R	1	Light Roots
9/28/2020	Crocker Sperry Drive	X	183			L	R	1	Light Roots
9/28/2020	Birnam Woods Drive		107			C		1	Clear
9/29/2020	Crocker Sperry Drive		369			C		1	Clear
9/29/2020	Crocker Sperry Drive		262			C		1	Clear
9/29/2020	Crocker Sperry Drive		253			L	D	1	Light Debris
9/29/2020	Crocker Sperry Drive		271			C		1	Clear
9/29/2020	China Flat Road		194			C		1	Clear
9/29/2020	China Flat Road		210			C		1	Clear
9/29/2020	China Flat Road		132			C		1	Clear
9/29/2020	Sandy Place		198			C		1	Clear
9/29/2020	Sandy Place		320			C		1	Clear
9/29/2020	Sandy Place		156			C		1	Clear
9/29/2020	Crocker Sperry Drive	X	52			C		1	Clear
9/30/2020	East Gate Lane	X	226			C		1	Clear
9/30/2020	East Gate Lane	X	395			C		1	Clear
9/30/2020	East Gate Lane		334			C		1	Clear
9/30/2020	East Gate Lane		367			C		1	Clear
9/30/2020	East Gate Lane		359			C		1	Clear
9/30/2020	Forge Road		206			C		1	Clear
9/30/2020	Forge Road	X	145			C		1	Clear
9/30/2020	Boundary Drive		163			C		1	Clear
9/30/2020	Ten Acre Road	X	317			C		1	Clear
9/30/2020	Ten Acre Road		299			C		1	Clear
9/30/2020	Ten Acre Road		350			C		1	Clear
9/30/2020	Boundary Drive		270			C		1	Clear
9/30/2020	Boundary Drive	X	34			C		1	Clear
9/30/2020	Fife Lane	X	56			C		1	Clear
9/30/2020	Fife Lane	X	85			C		1	Clear
9/30/2020	Fife Lane	X	39			C		1	Clear
9/30/2020	Fife Lane	X	208			C		1	Clear
9/30/2020	Fife Lane	X	221			C		1	Clear
9/30/2020	Fife Lane	X	354			C		1	Clear
9/30/2020	Fife Lane		142			C		1	Clear
9/30/2020	Fife Lane		134			C		1	Clear
9/30/2020	Fife Lane		176			C		1	Clear
10/1/2020	Sheffield Drive	X	271			L	D	1	Light Debris
10/1/2020	Forge Road	X	391			L	D	1	Light Debris
10/1/2020	Boundary Drive	X	172			C		1	Clear
10/1/2020	Boundary Drive	X	181			C		1	Clear
10/1/2020	Boundary Drive	X	292			C		1	Clear
10/1/2020	Boundary Drive	X	115			C		1	Clear
10/1/2020	Inverness Lane	X	341			L	R	1	Light Roots
10/1/2020 11.12.2020	Inverness Lane		360			C		1	Clear

Collection System Cleaning and TV-ing History

			Length of	Length of	Length of	C - CLEAR	R - ROOTS		Clear : No observable grease, roots or debris
	Linear Feet Cleaned & Inspected	Esmt	Cleaning	TV-ing	Re-cleans	L - LIGHT	G - GREASE		Light : .5 gallons of roots/ debris, small chunks of grease
	September 28, 2020 through November 1, 2020		294,475	45,140	75,789	M - MEDIUM	D - DEBRI		Medium : .5-1.5 gallons of roots/ debris, moderate chunks grease
						H - HEAVY			Heavy : 1.5 or more gallons of roots, debris or grease
Date	Location	(X)	Cleaning (Linear Feet)	TV-ing (Linear Feet)	Re-cleans (Linear Feet)	Condition Findings		X	Notes
10/1/2020	Inverness Lane	X	119			C		1	Clear
10/1/2020	Lemon Ranch Road	X	344			C		1	Clear
10/1/2020	Lemon Ranch Road		92			C		1	Clear
10/1/2020	Lemon Ranch Road		296			C		1	Clear
10/1/2020	Lemon Ranch Road		199			C		1	Clear
10/2/2020	Lift Stations / USA / Vehicle Maintenance								
10/3/2020	Weekend								
10/4/2020	Weekend								
10/5/2020	Lift Station Maintenance / USA								
10/5/2020	Ashley Road	X			124	L	R	1	Light Roots
10/6/2020	Alston Road	X			150	L	R	1	Light Roots
10/6/2020	Middle Road				259	L	D	1	Light Debris
10/6/2020	Sycamore Canyon Road				261	L	D	1	Light Debris
10/6/2020	Sycamore Canyon Road				261	L	D	1	Light Debris
10/6/2020	Middle Road				259	L	D	1	Light Debris
10/6/2020	Middle Road				218	L	D	1	Light Debris
10/6/2020	Middle Road				241	L	D	1	Light Debris
10/6/2020	Mesa Road				203	L	D	1	Light Debris
10/6/2020	Middle Road				25	L	D	1	Light Debris
10/6/2020	Coast Village Road				279	C		1	Clear
10/6/2020	Coast Village Road				57	L	R	1	Light Roots
10/6/2020	Hill Road				324	L	R	1	Light Roots
10/6/2020	Monte Cristo Lane				248	C		1	Clear
10/6/2020	Hot Springs Road	X			212	L	R	1	Light Roots
10/6/2020	Picacho Lane				296	L	R	1	Light Roots
10/6/2020	Pimiento Lane				337	C		1	Clear
10/6/2020	School House Road	X			247	L	R	1	Light Roots
10/6/2020	Mesa Road				208	L	D	1	Light Debris
10/6/2020	La Vereda Lane				62	C		1	Clear
10/6/2020	La Vereda Lane				83	C		1	Clear
10/6/2020	La Vereda Lane				78	C		1	Clear
10/6/2020	La Vereda Road				93	L	D	1	Light Debris
10/6/2020	La Vereda Road				76	L	D	1	Light Debris
10/6/2020	La Vereda Road				72	L	D	1	Light Debris
10/6/2020	La Vereda Road				80	L	D	1	Light Debris
10/6/2020	La Vereda Road				144	L	D	1	Light Debris
10/6/2020	La Vereda Lane				217	C		1	Clear
10/6/2020	La Vereda Lane				65	C		1	Clear
10/6/2020	Miramar Avenue				363	L	D	1	Light Debris
10/6/2020	San Leandro Lane				278	L	D	1	Light Debris
10/6/2020	San Leandro Lane				276	L	D	1	Light Debris
10/6/2020	Woodley Road	X			162	L	R	1	Light Roots
10/7/2020	Park Lane	X	211			L	D	1	Light Debris
10/7/2020	Park Lane	X	285			L	D	1	Light Debris
10/7/2020	Park Lane	X	159			C		1	Clear
10/7/2020	Park Lane	X	317			C		1	Clear
10/7/2020	Park Lane	X	97			L	D	1	Light Debris
10/7/2020	Park Lane	X	184			L	D	1	Light Debris
10/7/2020	Park Lane	X	62			L	D	1	Light Debris
10/7/2020	Park Lane	X	282			C		1	Clear
10/7/2020	Park Lane	X	212			C		1	Clear
10/7/2020	Park Lane	X	205			C		1	Clear
10/7/2020	Park Lane	X	128			C		1	Clear
10/7/2020	N Jameson Lane		111			L	D	1	Light Debris
10/7/2020	N Jameson Lane		136			L	D	1	Light Debris
10/7/2020	N Jameson Lane		214			L	D	1	Light Debris
10/7/2020	N Jameson Lane		219			L	D	1	Light Debris
10/7/2020	N Jameson Lane		118			L	D	1	Light Debris
10/7/2020	N Jameson Lane	X	340			L	R	1	Light Roots
10/7/2020 11.12.2020	Sycamore Canyon Road				95	L	R	1	Light Roots

Collection System Cleaning and TV-ing History

			Length of	Length of	Length of	C - CLEAR	R - ROOTS		Clear : No observable grease, roots or debris
	Linear Feet Cleaned & Inspected	Esmt	Cleaning	TV-ing	Re-cleans	L - LIGHT	G - GREASE		Light : .5 gallons of roots/ debris, small chunks of grease
	September 28, 2020 through November 1, 2020		294,475	45,140	75,789	M - MEDIUM	D - DEBRI		Medium : .5-1.5 gallons of roots/ debris, moderate chunks grease
						H - HEAVY			Heavy : 1.5 or more gallons of roots, debris or grease
Date	Location	(X)	Cleaning (Linear Feet)	TV-ing (Linear Feet)	Re-cleans (Linear Feet)	Condition Findings		X	Notes
10/8/2020	Brooktree Road			148					No Problems
10/8/2020	Brooktree Road			160					No Problems
10/8/2020	Brooktree Road			92					Fine roots at joints
10/8/2020	Brooktree Road			125					Fine roots at joints
10/9/2020	Lift Stations / USA / Vehicle Maintenance								
10/10/2020	Weekend								
10/11/2020	Weekend								
10/12/2020	Lift Station Maintenance / USA								
10/12/2020	Butterfly Lane			246					Fine roots at joints
10/12/2020	Butterfly Lane			216					No Problems
10/12/2020	Butterfly Lane			134					Fine roots at joints
10/12/2020	Butterfly Lane			265					No Problems
10/12/2020	Butterfly Lane			240					No Problems
10/12/2020	Butterfly Lane			201					No Problems
10/12/2020	Butterfly Lane			216					No Problems
10/12/2020	Butterfly Lane			191					No Problems
10/12/2020	Butterfly Lane	X		146					Fine roots at joints
10/12/2020	Mesa Road			266					Fine roots at joints
10/12/2020	Mesa Road			242					No Problems
10/13/2020	Posillipo Lane	X	98			L	D	1	Light Debris
10/13/2020	High Road			221					Medium roots at joints
10/13/2020	High Road			191					No Problems
10/13/2020	Butterfly Lane	X		149					No Problems
10/13/2020	Butterfly Lane	X		206					No Problems
10/14/2020	San Ysidro Road				223	C		1	Clear
10/14/2020	San Ysidro Road				286	C		1	Clear
10/14/2020	San Ysidro Road				164	C		1	Clear
10/14/2020	San Ysidro Road				136	C		1	Clear
10/14/2020	San Ysidro Road				296	C		1	Clear
10/14/2020	San Ysidro Road				355	C		1	Clear
10/14/2020	San Ysidro Road				359	C		1	Clear
10/14/2020	San Ysidro Road				311	C		1	Clear
10/14/2020	San Ysidro Road				264	C		1	Clear
10/14/2020	San Ysidro Road				276	C		1	Clear
10/14/2020	Park Lane	X		97					No Problems
10/14/2020	Park Lane	X		184					No Problems
10/14/2020	Park Lane	X		62					No Problems
10/14/2020	Park Lane	X		179					No Problems
10/14/2020	Park Lane	X		240					No Problems
10/14/2020	Butterfly Lane	X		218					No Problems
10/14/2020	Butterfly Lane	X		235					No Problems
10/14/2020	Butterfly Lane	X		16					No Problems
10/14/2020	Butterfly Lane	X		203					No Problems
10/14/2020	Hermosillo Drive			228					Fine roots at joints
10/15/2020	Periwinkle Lane			55					Fine roots at joints
10/15/2020	Periwinkle Lane			214					Fine roots at joints
10/15/2020	Periwinkle Lane			258					No Problems
10/16/2020	Hodges Lane	X	245			L	R	1	Light Roots
10/16/2020	High Road				221	M	R	2	Medium Roots
10/16/2020	Lift Stations / USA / Vehicle Maintenance								
10/17/2020	Weekend								
10/18/2020	Weekend								
10/19/2020	Lift Station Maintenance / USA								
10/19/2020	Valley Club Road	X	62			C		1	Clear
10/19/2020	Valley Club Road	X	23			L	R	1	Light Roots
10/19/2020	Valley Club Road	X	185			L	R	1	Light Roots
10/19/2020	Valley Club Road	X	346			L	R	1	Light Roots
10/19/2020	Valley Club Road	X	344			L	R	1	Light Roots
10/19/2020	Valley Club Road	X	302			L	R	1	Light Roots
10/19/2020	Valley Club Road	X	301			L	D	1	Light Debris

Collection System Cleaning and TV-ing History

			Length of	Length of	Length of	C - CLEAR L - LIGHT	R - ROOTS G - GREASE		Clear : No observable grease, roots or debris Light : .5 gallons of roots/ debris, small chunks of grease Medium : .5-1.5 gallons of roots/ debris, moderate chunks grease Heavy : 1.5 or more gallons of roots, debris or grease
	Linear Feet Cleaned & Inspected	Esmt	Cleaning	TV-ing	Re-cleans	M - MEDIUM H - HEAVY	D - DEBRI		
	September 28, 2020 through November 1, 2020		294,475	45,140	75,789				
Date	Location	(X)	Cleaning (Linear Feet)	TV-ing (Linear Feet)	Re-cleans (Linear Feet)	Condition Findings		X	Notes
10/19/2020	Valley Club Road	X	315			L	D	1	Light Debris
10/19/2020	Valley Club Road	X	327			L	D	1	Light Debris
10/19/2020	Lemon Ranch Road	X	68			L	D	1	Light Debris
10/19/2020	Lemon Ranch Road	X	245			L	D	1	Light Debris
10/19/2020	Valley Club Road	X	296			L	D	1	Light Debris
10/19/2020	Valley Club Road	X	265			C		1	Clear
10/19/2020	Crocker Sperry Drive	X	250			C		1	Clear
10/20/2020	Miramar Avenue		178			C		1	Clear
10/20/2020	Miramar Avenue		241			L	D	1	Light Debris
10/20/2020	Miramar Avenue		268			L	D	1	Light Debris
10/20/2020	Miramar Avenue		339			C		1	Clear
10/20/2020	Eucalyptus Lane		249			L	D	1	Light Debris
10/20/2020	Eucalyptus Lane		246			L	D	1	Light Debris
10/20/2020	Eucalyptus Lane		244			L	R	1	Light Roots
10/20/2020	Jameson Lane	X	64			L	R	1	Light Roots
10/20/2020	Jameson Lane	X	170			C		1	Clear
10/20/2020	Jameson Lane	X	146			C		1	Clear
10/20/2020	Jameson Lane	X	219			C		1	Clear
10/20/2020	Jameson Lane	X	138			C		1	Clear
10/20/2020	Jameson Lane	X	141			C		1	Clear
10/20/2020	Jameson Lane	X	127			C		1	Clear
10/20/2020	Jameson Lane	X	50			C		1	Clear
10/20/2020	Jameson Lane	X	240			C		1	Clear
10/20/2020	Arroqui Street	X	47			L	R	1	Light Roots
10/20/2020	Arroqui Street	X	157			L	R	1	Light Roots
10/20/2020	Arroqui Street	X	341			L	R	1	Light Roots
10/20/2020	San Leandro Lane	X	101			L	R	1	Light Roots
10/20/2020	San Leandro Lane	X	124			L	R	1	Light Roots
10/20/2020	San Leandro Lane	X	126			L	R	1	Light Roots
10/20/2020	San Leandro Lane	X	195			C		1	Clear
10/20/2020	Arroqui Street	X	154			C		1	Clear
10/20/2020	Arroqui Street		198			L	R	1	Light Roots
10/20/2020	Arroqui Street	X	71			L	R	1	Light Roots
10/21/2020	Freehaven Drive	X	132			C		1	Clear
10/21/2020	Freehaven Drive		230			C		1	Clear
10/21/2020	Freehaven Drive		361			C		1	Clear
10/21/2020	Freehaven Drive		50			C		1	Clear
10/21/2020	Freehaven Drive		82			C		1	Clear
10/21/2020	Freehaven Drive		22			C		1	Clear
10/21/2020	Macademia Lane	X	106			C		1	Clear
10/21/2020	Macademia Lane	X	179			C		1	Clear
10/21/2020	Macademia Lane	X	267			C		1	Clear
10/21/2020	Macademia Lane		138			C		1	Clear
10/21/2020	Macademia Lane		281			C		1	Clear
10/21/2020	Cima Vista Lane		280			C		1	Clear
10/21/2020	Cima Vista Lane		280			C		1	Clear
10/21/2020	Cima Vista Lane		211			C		1	Clear
10/21/2020	Cima Vista Lane		141			C		1	Clear
10/21/2020	Cima Vista Lane	X	187			C		1	Clear
10/21/2020	Cima Vista Lane	X	110			C		1	Clear
10/21/2020	Cima Vista Lane	X	50			L	R	1	Light Roots
10/21/2020	Cima Vista Lane	X	99			C		1	Clear
10/21/2020	Cima Vista Lane	X	104			C		1	Clear
10/21/2020	Cima Vista Lane	X	106			C		1	Clear
10/21/2020	Cima Vista Lane	X	58			C		1	Clear
10/21/2020	Cima Vista Lane	X	85			C		1	Clear
10/21/2020	Cima Vista Lane	X	113			C		1	Clear
10/21/2020	Cima Vista Lane	X	265			C		1	Clear
10/21/2020	Cima Vista Lane	X	79			L	R	1	Light Roots
10/22/2020	11.12.2020 Creekside Road		343			C		1	Clear

Collection System Cleaning and TV-ing History

			Length of	Length of	Length of	C - CLEAR L - LIGHT	R - ROOTS G - GREASE		Clear : No observable grease, roots or debris Light : .5 gallons of roots/ debris, small chunks of grease Medium : .5-1.5 gallons of roots/ debris, moderate chunks grease Heavy : 1.5 or more gallons of roots, debris or grease
	Linear Feet Cleaned & Inspected	Esmt	Cleaning	TV-ing	Re-cleans	M - MEDIUM H - HEAVY	D - DEBRI		
	September 28, 2020 through November 1, 2020		294,475	45,140	75,789				
Date	Location	(X)	Cleaning (Linear Feet)	TV-ing (Linear Feet)	Re-cleans (Linear Feet)	Condition Findings		X	Notes
10/22/2020	Creekside Road		184			C		1	Clear
10/22/2020	Creekside Road		315			C		1	Clear
10/22/2020	Cima Del Mundo Road		315			C		1	Clear
10/22/2020	Cima Del Mundo Road		292			C		1	Clear
10/22/2020	Cima Del Mundo Road		194			C		1	Clear
10/22/2020	Cima Del Mundo Road		65			C		1	Clear
10/22/2020	Cima Del Mundo Road		61			C		1	Clear
10/22/2020	Cima Del Mundo Road		176			C		1	Clear
10/22/2020	Cima Del Mundo Road		156			C		1	Clear
10/22/2020	Cima Del Mundo Road		198			C		1	Clear
10/22/2020	Cima Del Mundo Road		127			C		1	Clear
10/22/2020	Cima Del Mundo Road		134			C		1	Clear
10/22/2020	Cima Del Mundo Road		128			C		1	Clear
10/22/2020	Cima Del Mundo Road		46			C		1	Clear
10/22/2020	Cima Del Mundo Road		133			C		1	Clear
10/22/2020	Cima Del Mundo Road		74			C		1	Clear
10/22/2020	Cima Del Mundo Road		58			C		1	Clear
10/22/2020	Cima Del Mundo Road		277			C		1	Clear
10/22/2020	Cima Del Mundo Road		85			C		1	Clear
10/22/2020	Cima Del Mundo Road		128			C		1	Clear
10/22/2020	Cima Del Mundo Road		68			C		1	Clear
10/22/2020	Cima Del Mundo Road		144			C		1	Clear
10/22/2020	Cima Del Mundo Road		368			C		1	Clear
10/22/2020	Cima Del Mundo Road		68			C		1	Clear
10/22/2020	Cima Del Mundo Road		83			C		1	Clear
10/22/2020	Cima Del Mundo Road		108			C		1	Clear
10/22/2020	Cima Del Mundo Road		65			C		1	Clear
10/22/2020	Cima Del Mundo Road		285			C		1	Clear
10/22/2020	Cima Del Mundo Road		238			C		1	Clear
10/22/2020	Cima Del Mundo Road		162			C		1	Clear
10/23/2020	Lift Stations / USA / Vehicle Maintenance								
10/24/2020	Weekend								
10/25/2020	Weekend								
10/26/2020	Lift Station Maintenance / USA								
10/26/2020	Ennisbrook Drive		228			C		1	Clear
10/26/2020	Ennisbrook Drive		241			C		1	Clear
10/26/2020	Ennisbrook Drive		154			C		1	Clear
10/26/2020	Ennisbrook Drive		342			C		1	Clear
10/26/2020	Ennisbrook Drive		195			L	D	1	Light Debris
10/26/2020	Ennisbrook Drive		286			L	D	1	Light Debris
10/26/2020	Ennisbrook Drive		348			L	D	1	Light Debris
10/26/2020	Ennisbrook Drive		249			C		1	Clear
10/26/2020	Jelinda Drive		214			C		1	Clear
10/26/2020	Jelinda Drive	X	278			C		1	Clear
10/26/2020	Jelinda Drive	X	270			C		1	Clear
10/26/2020	Meadowbrook Drive		344			C		1	Clear
10/26/2020	Meadowbrook Drive		349			C		1	Clear
10/26/2020	Jelinda Drive		375			C		1	Clear
10/26/2020	Jelinda Drive		218			C		1	Clear
10/26/2020	Meadowbrook Drive		304			C		1	Clear
10/26/2020	Meadowbrook Drive		277			C		1	Clear
10/26/2020	Meadowbrook Drive		384			C		1	Clear
10/26/2020	Meadowbrook Drive	X	48			C		1	Clear
10/26/2020	Meadowbrook Drive	X	258			C		1	Clear
10/27/2020	Jelinda Drive		213			L	R	1	Light Roots
10/27/2020	Penny Lane		186			C		1	Clear
10/27/2020	Penny Lane		240			C		1	Clear
10/27/2020	Penny Lane		61			C		1	Clear
10/27/2020	Penny Lane		113			C		1	Clear
10/27/2020	11.12.2020 Jelinda Drive		243			C		1	Clear

Collection System Cleaning and TV-ing History

			Length of	Length of	Length of	C - CLEAR	R - ROOTS		Clear : No observable grease, roots or debris
	Linear Feet Cleaned & Inspected	Esmt	Cleaning	TV-ing	Re-cleans	L - LIGHT	G - GREASE		Light : .5 gallons of roots/ debris, small chunks of grease
	September 28, 2020 through November 1, 2020		294,475	45,140	75,789	M - MEDIUM	D - DEBRI		Medium : .5-1.5 gallons of roots/ debris, moderate chunks grease
						H - HEAVY			Heavy : 1.5 or more gallons of roots, debris or grease
Date	Location	(X)	Cleaning (Linear Feet)	TV-ing (Linear Feet)	Re-cleans (Linear Feet)	Condition Findings		X	Notes
10/27/2020	Jelinda Drive		198				C	1	Clear
10/27/2020	Penny Lane		112				C	1	Clear
10/27/2020	Penny Lane		114				C	1	Clear
10/27/2020	Penny Lane		235				C	1	Clear
10/27/2020	Penny Lane		249				C	1	Clear
10/27/2020	Penny Lane		95				C	1	Clear
10/27/2020	Penny Lane		87				C	1	Clear
10/27/2020	Penny Lane	X	83				C	1	Clear
10/27/2020	Penny Lane	X	146				C	1	Clear
10/27/2020	Penny Lane	X	172				C	1	Clear
10/27/2020	Boeseke Parkway		267				C	1	Clear
10/27/2020	Boeseke Parkway		247				C	1	Clear
10/27/2020	Boeseke Parkway		365				C	1	Clear
10/27/2020	Aurora Drive		278				C	1	Clear
10/28/2020	Las Entradas Drive		170				C	1	Clear
10/28/2020	Las Entradas Drive		181				C	1	Clear
10/28/2020	Las Entradas Drive		311				C	1	Clear
10/28/2020	Las Entradas Drive		202				C	1	Clear
10/28/2020	Las Entradas Drive		228				C	1	Clear
10/28/2020	Las Entradas Drive		140				C	1	Clear
10/28/2020	Jelinda Drive		395				C	1	Clear
10/28/2020	Jelinda Drive		280				C	1	Clear
10/28/2020	Jelinda Drive		134				C	1	Clear
10/29/2020	Lift Station Maintenance								
10/30/2020	Lift Stations / USA / Vehicle Maintenance								
10/31/2020	Weekend								
11/1/2020	Weekend								
	Current period 9/28/20-11/1/20 Linear Feet		46924	5,845	9,241				
	Prior periods Linear Feet		294475	45,140	75,789				
	YTD Total Linear Feet		341,399	50,985	85,030				
	YTD Total Miles		64.7	9.7	16.1				