



Montecito Sanitary District

1042 Monte Cristo Lane
Santa Barbara, CA 93108

A Public Service Agency

Phone: (805) 969-4200
www.montsan.org

AGENDA

For the Special Meeting of
The Finance Committee on:
Wednesday, June 12, 2024

The special meeting of the Finance Committee will begin at **1:30 p.m. on June 12, 2024** in the District's Board Room at 1042 Monte Cristo Lane.

The public may attend the meeting in person or participate remotely via Zoom using the following virtual meeting details:

By visiting: <https://us02web.zoom.us/j/84566118543>

Or by calling: 1-669-900-6833

Meeting ID: 845 6611 8543

1. CALL TO ORDER/ROLL CALL

2. PUBLIC COMMENT

Public comment is **limited to 3 minutes**, can only be on agenda items, and is at the discretion of the Committee Chair. For further instructions, please see [Instructions for Public Comment](#) on the District's website.

3. NEW BUSINESS

A. MAY PAYABLES

The Committee will review the payables for the period May 1, 2024 through May 31, 2024.

B. FY2023-24 PROPOSED BUDGET

It is recommended that the Finance Committee members:

- i) Receive a presentation from the General Manager and the District Administrator on the Draft FY2024-2025 Budget Memo, FY 2024-2025 Operations & Maintenance Budget, and FY 2024-2025 Capital Improvement Programs budget; and
- ii) Make any recommendations for finalizing the FY2023-2024 Budget for presentation at the June 19, 2024 Regular Board Meeting.

4. ITEMS FOR THE NEXT COMMITTEE AGENDA

5. ADJOURNMENT

The Americans with Disabilities Act provides that no qualified individual with a disability shall be excluded from participation in, or denied the benefits of, the District's programs, services or activities because of any disability. If you need special assistance to participate in this meeting, please contact the District Office at 805-969-4200. Notification at least

twenty-four (24) hours prior to the meeting will enable the District to make appropriate arrangements.

This agenda was posted on the District website, and at the Montecito Sanitary District Bulletin Board in accordance with the requirements of the Brown Act. Attested by:



Stephen Williams
District Administrator/Clerk of the Board



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BOARD LIST OF PAYABLES – MAY 2024

<u>CHECK DATE</u>	<u>SUMMARY & TYPE</u>	<u>BATCH TOTAL</u>
05/17/2024	ACCOUNTS PAYABLE	164,576.36
	Subtotal	\$ 164,576.36
05/17/2024	CAPITAL IMPROVEMENT PROJECTS	84,322.82
	Subtotal	\$ 84,322.82
05/12/2024	PAYROLL	96,937.91
05/26/2024	PAYROLL	96,943.91
	Subtotal	\$ 193,881.82
	<u>TOTAL</u>	<u>\$ 442,781.00</u>

*All Invoices were reviewed and approved by Department Managers

**All Invoices and Payments were reviewed and approved and checks signed by the General Manager

***Board Treasurer, Edwin Martin, approved all payables by email prior to check mailing

Check History Report
Sorted By Check Number
Activity From: 5/1/2024 to 5/31/2024
MONTECITO SANITARY DISTRICT (MSD)

Bank Code: B OPERATING CASH (MBT)				
Check Number	Check Date	Name	Check Amount	Description
0000029277	5/17/2024	AMAZON CAPITAL SERVICES	1,161.29	Keyboard, Monitors, Cables, Mini Refrigerator, Headlamps, Tape
0000029278	5/17/2024	A-OK POWER EQUIPMENT-SB	130.57	Hedge Trimmer Repair
0000029279	5/17/2024	AT&T MOBILITY	23.24	Office Data Port-April
0000029280	5/17/2024	BARTLETT, PRINGLE & WOLF, LLP	12,427.00	June 2023 Financial Audit-March
0000029281	5/17/2024	BASHAN, WILLIAM (or) BETH	2,300.00	Deposit Refund-659 Hodges Lane
0000029282	5/17/2024	BIG GREEN CLEANING COMPANY	2,603.00	Janitorial Services-May
0000029283	5/17/2024	CANON FINANCIAL SERVICES INC	146.53	Canon Copier Lease Payment-May
0000029284	5/17/2024	CED ROYAL INDUSTRIAL SOLUTIONS	632.76	Lift Station VFD Controller
0000029285	5/17/2024	CINTAS CORPORATION #684	4,638.63	Uniforms, Towels, Mats, Disposable Gloves-Cleaning/Rental-Mar/Apr
0000029286	5/17/2024	CINTAS	217.72	Replenish First Aid Supplies
0000029287	5/17/2024	CLEAN WATER SOCAL	1,800.00	Annual Membership Dues
0000029288	5/17/2024	COLANTUONO, HIGHSMTIH &	3,847.50	Legal Counsel Services-April
0000029289	5/17/2024	COMPUVISION COMMUNICATIONS	6,790.16	Workstation Replacement-Felix, IT Services, Acrobat License 1 user
0000029290	5/17/2024	CALIFORNIA WATER ENVIRONMENT	653.00	Staff Certification and Membership Renewals
0000029291	5/17/2024	DOCU PRODUCTS	10.19	Copier Maintenance Agreement-May
0000029292	5/17/2024	DXP ENTERPRISES, INC	1,274.95	Belt Press Feed Pump Parts
0000029293	5/17/2024	ENGEL & GRAY, INC	5,899.53	Biosloids Hauling, Bin Rental-April
0000029294	5/17/2024	ENVIRONMENTAL SCIENCE	14,138.29	Engineering for the Coastal Hazards Monitoring Plan-March
0000029295	5/17/2024	FELIX, MARCO	225.00	Boot Allowance
0000029296	5/17/2024	FISHER SCIENTIFIC	810.60	Lab Testing Supplies
0000029297	5/17/2024	FRONTIER	1,361.85	Phone Service for Lift Station 1, 2, 4, and WWTP-April
0000029298	5/17/2024	GLS COMPANIES	780.00	Landscape Service-April
0000029299	5/17/2024	GRAINGER	915.28	Flange Gaskets, Thread Sealant, Tie-Down Straps, Strut Channel
0000029300	5/17/2024	HACH COMPANY	575.39	Lab Testing Supplies
0000029301	5/17/2024	HASA	14,570.18	Sodium Hypochlorite
0000029302	5/17/2024	KIMBALL MIDWEST	812.00	Valve Replacement Flange Bolt Kits
0000029303	5/17/2024	LABARGE, PIERRE (or) ALLISON	468.84	Reimbursement for Pool Cleanup at 350 San Ysidro Road
0000029304	5/17/2024	LORI'S MOBILE NOTARY &	62.00	New Administrative Tech II Fingerprinting
0000029305	5/17/2024	MARBORG INDUSTRIES	968.94	Refuse Disposal/Recycling/Portable Restroom Rental- April
0000029306	5/17/2024	MONTECITO BANK & TRUST	2,864.07	Gas Detector Parts, Lab Water, Notary Exam Fees, Board Lunches
0000029307	5/17/2024	MCCORMIX CORP	1,681.51	Vehicle Fuel and Oil 04/15-04/30/24
0000029308	5/17/2024	MICHAEL VIETTONE CIVIL ENG	350.00	Engineering Services for 664 Oak Grove Drive Sewer Extension
0000029309	5/17/2024	MUNICIPAL MAINT EQUIPMENT	754.92	4-Way Control Valve for Vac-Con
0000029310	5/17/2024	MOTION INDUSTRIES, INC	1,390.30	A/B Blower Filters, Tube Replacement Bulbs
0000029311	5/17/2024	MOUNTAIN SPRING WATER	285.60	Bottled Drinking Water, Cooler Rental-April
0000029312	5/17/2024	MONTECITO WATER DISTRICT	669.20	Water Service-April
0000029313	5/17/2024	MONTECITO WATER DISTRICT	2,154.28	Water Truck Usage; Oct-Dec and Jan-Mar
0000029314	5/17/2024	MYKRANTZ, DONALD	3,084.00	Deposit Refund - 722 Knapp Drive
0000029315	5/17/2024	O'CONNOR PEST CONTROL WEST	150.00	Rodent Control at WWTP
0000029316	5/17/2024	OILFIELD ENVIRONMENTAL &	157.50	Outside Lab Analyses
0000029317	5/17/2024	PAYCHEX OF NEW YORK, LLC	381.70	Payroll Services-April
0000029318	5/17/2024	PLUMBERS DEPOT, INC	1,895.32	Collection Tools
0000029319	5/17/2024	POLYDYNE, INC	4,832.59	Polymer for Belt Press
0000029320	5/17/2024	PURETEC INDUSTRIAL WATER	465.67	Quarterly Water Softener Tank Rental, Sodium Tank Exchange
0000029321	5/17/2024	RALPH ANDERSEN & ASSOCIATES	2,500.00	Salary Survey Progress Payment
0000029322	5/17/2024	RINGCENTRAL, INC.	706.46	Phone Service-April
0000029323	5/17/2024	ROLLINS, CAROLE	1,656.10	Travel Expense Reimbursement
0000029324	5/17/2024	ROTTENBERG, ROBERT (or) RANA	2,300.00	Deposit Refund - 2420 Sycamore Canyon Road
0000029325	5/17/2024	SAFEGUARD BUSINESS SYSTEMS	88.14	Bank Deposit Slips
0000029326	5/17/2024	SANSUM CLINIC	516.00	Pre-Employment Physical for new Administrative Tech II

0000029327	5/17/2024	SANTA BARBARA FASTENERS, INC	40.74	Parts for Roller Drum and A/B Blower
0000029328	5/17/2024	SOUTHERN CALIFORNIA EDISON CO	17,942.69	Electric Service-April
0000029329	5/17/2024	SOCAL GAS	261.77	Gas Service-April
0000029330	5/17/2024	STAPLES	28.87	Office Supplies
0000029331	5/17/2024	STREAMLINE	375.00	Website Hosting Services-May
0000029332	5/17/2024	TAFT ELECTRIC COMPANY	568.96	On-Call Electrical/Instrumentation Services
0000029333	5/17/2024	THE WIDROE GROUP	6,666.66	Administrative Tech II Recruitment Progress Payment
0000029334	5/17/2024	TRI-COUNTY OFFICE FURNITURE	765.08	New Office Chair for Administrative Tech II
0000029335	5/17/2024	TRUE HORIZON, LLC	5,765.00	Deposit Refund for 1510-1516 East Mountain Drive
0000029336	5/17/2024	UNIVAR SOLUTIONS	6,680.50	Sodium Bisulfite
0000029337	5/17/2024	UNDERGROUND SERVICE ALERT	141.25	75 Dig Alert Tickets for April
0000029338	5/17/2024	USA BLUE BOOK	1,605.20	Odor Neutralizing Supplies for Lift Station 5, Collection Tools
0000029339	5/17/2024	LOS ANGELES TRUCK CENTERS, LLC	729.92	Vac-Con Service Parts
0000029340	5/17/2024	VENTURA AIR CONDITIONING CO.	750.00	Preventative Maintenance of the Lab HVAC System
0000029341	5/17/2024	VERIZON BUSINESS	1,041.92	Collection/Operations iPad Tablets-March/April
0000029342	5/17/2024	WATER SYSTEMS CONSULTING, INC.	9,805.00	Sewer Model Development-March/April
0000029343	5/17/2024	ZWORLD GIS	2,280.00	GIS Development, Support, Maintenance-May
Bank B Total:			<u>164,576.36</u>	

Bank Code: G CAPITAL IMPROVEMENT CASH (MBT)

Check Number	Check Date	Name	Check Amount	Description
0000001462	5/17/2024	ASPECT ENGINEERING GROUP	10,191.55	CIP No. T003; SCADA Implementation Services
0000001463	5/17/2024	BEST CONTRACTING SERVICES, INC.	60,521.63	CIP No. F001; Admin/Ops Roof Replacement
0000001464	5/17/2024	FAMCON PIPE & SUPPLY, INC	1,783.50	CIP No. CMAN; Manhole Frames and Covers
0000001465	5/17/2024	FILIPPIN ENGINEERING	1,470.00	CIP No. C002; Construction Management for Hwy 101 Sewer Main Slip Lining Project
0000001466	5/17/2024	SOUTHLAND WATER TECHNOLOGIES	9,356.14	CIP No. LEME; Mission Box Replacements
Bank G Total:			<u>83,322.82</u>	
Report Total:			<u><u>247,899.18</u></u>	



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FISCAL YEAR 2024-25 PROPOSED BUDGET MEMO

MISSION STATEMENT

“To protect the 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.”

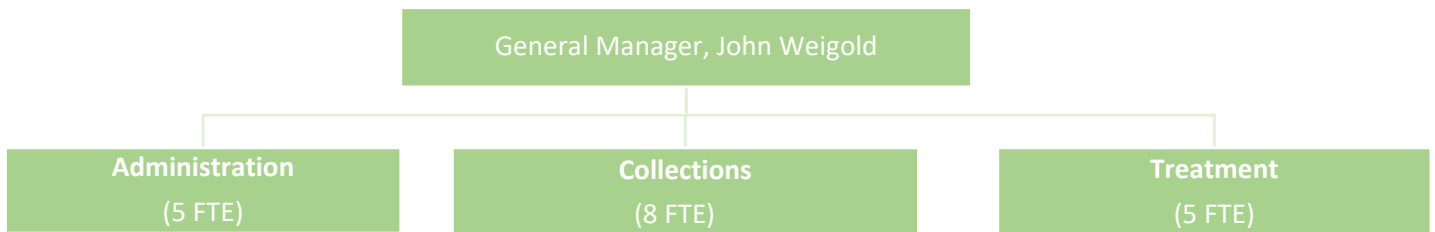
PURPOSE

The District was organized in 1947 pursuant to the Sanitary District Act of 1923 (Division 6 of the California Health and Safety Code) to provide for the collection, treatment and disposal of wastewater to residents within its service area. The District has a service area of approximately 8.9 square miles and an estimated population of approximately 9,000 people. The District currently serves approximately 3,185 properties.

The wastewater collection system includes approximately 77 miles of gravity sewer mains, five lift stations and 2.2 miles of sewer forcemains. The collection system's underground network of pipes range in size from 6-inch to 21-inch in diameter. The majority of the facilities were installed between 1961 and 1969.

Wastewater is conveyed to the District's Wastewater Treatment Plant for treatment. The Treatment Plant, which has a capacity to treat an average of 1.5 million gallons per day, provides full secondary treatment that includes conventional activated sludge tanks, secondary clarification, and disinfection. In 2023, the wastewater treatment reliably treated approximately 556,000 gallons per day and discharged the effluent through the 1,500 foot long ocean outfall.

ORGANIZATION



BUDGET STRUCTURE

Montecito Sanitary District utilizes an Enterprise Fund accounting method, appropriate for the type of utility service business that the District operates. The budget is a non-appropriated budget which supports funding the Districts’ critical operations and capital improvement program. The flexible budget varies according to system demands and level of activity within the District on a year to year basis.

**DISTRICT RECOMMENDED OPERATIONS AND MAINTENANCE
 BUDGET SUMMARY**

Source of Funds		Use of Funds	
Operating Revenues	\$ 6,680,000	Salaries and Benefits	\$ 3,459,700
Non-Operating Revenues	\$ 1,145,000	Operating Expenses	\$ 2,278,500
Total Source of Funds	\$ 7,825,000	Total Use of Funds	\$ 5,738,200

OPERATION & MAINTENANCE REVENUES

The District has five main types of revenues, three of which are Operating and the other two are Non-Operating. A description of these revenues are as follows:

Operating Revenues:

- **Sewer Service Charges:** The District’s primary source of revenues comes from Sewer Service Charges. The County of Santa Barbara collects these funds from the District’s customers on their annual property tax statements, and the District receives the total amount of Sewer Service Charges revenue reported to the County each year. Sewer Service Charges constitute approximately 91% of total District revenues and 97% of its total operating revenue. This revenue source is relatively stable as any increases would come in the form of an increase to the number of connections or a rate increase. No rate increase is proposed for the upcoming Fiscal Year and amounts are allocated to the District twice during the fiscal year, typically in November and April.
- **Connection Fees:** Connection Fees are established to reimburse existing customers for their investment in the wastewater collection and treatment capacity. As new customers connect to the District facilities, their connection fees contribute to future capacity upgrades. The District’s current connection fee is \$8,400 per equivalent residential unit (per Resl No. 2022-944).
- **Other Services:** The District also receives revenue in the form of miscellaneous fees for services such as plan check, processing agreements, engineering review and inspections. Total fees received for Fiscal Year 2023-2024 are projected to be around \$75,000.

Non-Operating Revenues:

- **Property Tax:** The District’s second highest form of revenue comes from one-half of the 1% of 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. This revenue source is also relatively flat as it increases/decreases with the total assessed value of properties within District boundaries. Amounts are allocated to the District twice during the fiscal year along with the Sewer Service Charges, typically in November and April.

Montecito Sanitary District
 Fiscal Year 2024-2025 Proposed Budget Memo

	2023-24 Approved	2023-24 Projected	Difference	2024-25 Proposed
Operating Revenues				
Service Charges	\$ 6,650,000	\$ 6,464,148	\$ (185,852)	\$ 6,500,000
Connection Fees	125,000	226,071	101,071	125,000
Other Services	75,000	48,078	(26,922)	55,000
Total Operating Revenues	\$ 6,850,000	\$ 6,738,297	\$ (111,703)	\$ 6,680,000
Nonoperating Revenues				
Property Taxes	\$ 725,000	\$ 765,890	\$ 40,890	\$ 795,000
Interest Income	\$ 175,000	\$ 372,131	\$ 197,131	\$ 350,000
Total Nonoperating Revenues	\$ 900,000	\$ 1,138,022	\$ 238,022	\$ 1,145,000
Total Revenues	\$ 7,750,000	\$ 7,876,318	\$ 126,318	\$ 7,825,000

REVENUE PROJECTIONS

Overall, Staff is projecting an increase in total budget revenues of approximately \$75,000 in Fiscal Year 2024-25 when compared to Fiscal Year 2023-24 primarily attributed to the following:

- \$175,000 increase in interest income based on higher percentage yields from reserve funds offset by lower cash balances in our Capital Improvement Projects funds.
- \$150,000 decrease in Sewer Service Charges based on lower than anticipated water usage figures for commercial properties.
- \$67,000 increase in Property Tax Revenue to align with current County of Santa Barbara estimates.
- \$20,000 decrease in Other Services revenues based on historical trends

OPERATION & MAINTENANCE EXPENDITURES

The Districts’ Operations & Maintenance expenditures account for all the routine business expenses related to operating the treatment plant, including: Salaries and Benefits, Insurances, Maintenance and Repairs, Good and Supplies, Professional Services provided by external parties, Administrative Fees, Plant and Lab Operating Costs, Safety, Training, and Travel Costs, and Utilities.

EXPENDITURE PROJECTIONS

The District’s Operations & Maintenance costs, along with the District’s Capital Improvement Program, make up the vast majority of the District’s overall expenditures for the Fiscal Year. The following sections includes a discussion of Fiscal Year 2023-2024 year-end projections and Fiscal Year 2024-2025 anticipated expenditures.

Montecito Sanitary District
 Fiscal Year 2024-2025 Proposed Budget Memo

	2023-24 Approved Budget	2023-24 Projected Actuals	Difference	2024-25 Proposed Budget	2023-24 Increase or (Decrease)
Operating Expenditures					
Salaries and Benefits	\$ 3,289,900	\$ 2,975,126	\$ 314,774	\$ 3,459,700	\$ 169,800
Insurance	119,200	133,663	(14,463)	145,200	26,000
Maintenance & Repairs	185,000	303,012	(118,012)	218,000	33,000
Goods & Supplies	138,500	113,531	24,969	136,000	(2,500)
Professional Services	352,000	251,037	100,963	297,000	(55,000)
Administrative Costs	400,000	382,248	17,752	373,000	(27,000)
Plant & Lab Operating Costs	635,000	537,147	97,853	735,300	100,300
Safety, Training, & Travel	48,500	38,674	9,826	57,500	9,000
Utilities	302,500	279,683	22,817	316,500	14,000
Total Operating Expenditures	\$ 5,470,600	\$ 5,014,120	\$ 456,480	\$ 5,738,200	\$ 267,600

Current Fiscal Year 2023-24

District staff is projecting the Fiscal Year End Operating and Maintenance Fund expenditures to be approximately **\$5,014,120**, or **91.7%** of the budgeted amount.

Next Fiscal Year 2024-2025

Operating Expenditures: For **Fiscal Year 2024-25**, District staff is proposing an Operating Budget to cover anticipated expenditures of total operating expenditures of **\$5,713,200**, an increase of **5.7%**. A summary of the proposed operating budget and high-level discussion are as follows:

Salaries and Benefits Summary

- **6100 – Regular Salaries** - \$131,000 increase in regular salaries based on the District being fully staffed and implementation of a 4% COLA pursuant to SEIU Local 620 and Management terms.
- **6270 – Standby Pay** - \$21,600 increase to account for higher use of Standby Pay rather than Comp Time Off based on new SEIU Local 620 agreement.
- **6400 – CalPERS Contribution** - \$15,000 increase to CalPERS contributions based on the District being fully staffed and increases in reportable wages.
- **6600 – Group Medical Insurance** - \$25,000 decrease in Group Medical Insurance to align with projected medical premiums. Medical premiums have not increased at the same rate as operating and labor costs over the past couple of years.
- **6620 – Workers’ Compensation** - \$8,000 increase in Workers’ Compensation costs based on guidance from our insurance provider.

Net Result: These are the main factors that comprise the increase of approximately **\$169,800** in Salaries and Benefits when compared to **Fiscal Year 2023-24**.

Operating Expenditures Summary

- **7090 – Pooled Liability Insurance** - \$8,000 increased based on estimates provided by ACWA/JPIA
- **7091 – Property Insurance** - \$14,000 increase based on estimates provided by ACWA/JPIA
- **7094 – Public Entity Physical Damage** - \$4,000 increase based on estimates provided by ACWA/JPIA
- **7121 – Property Maintenance** - \$31,000 increase mostly attributable to safety projects to undertake in the next fiscal year that have been deferred
- **7430 – Memberships** - \$10,000 decrease after determining one of our memberships would not be renewed
- **7461 – Professional Services: Legal** - \$25,00 decrease in anticipated General Counsel legal fees
- **7650 – Election Expenses** - \$8,000 increase as we are in an election year and will pay administrative fees to the County of Santa Barbara who runs the election
- **7653 – Chemicals for Plant** - \$0 increase based on a newly negotiated contract with Univar to supply both of our chemicals, saving us 5% based on current rates
- **7645 – NPDES Permit Requirements: Operations** - The District will be undergoing Phase II of the required Coastal Hazards Monitoring Plan pursuant to new requirements of the District's NPDES permit. This project is expected to cost around \$100,000.
- **7670 – Special Projects** - \$40,000 decrease based on several projects being completed in the prior fiscal year and the District will be focused on the Wastewater Treatment Plan project
- **7671 – Asset Management** - \$89,800 increase to continue working on our Asset Management softwares, namely GIS upgrades and our Computerized Maintenance Management System (CMMS) implementation. The District also budgeted its Water Systems Sewer Model contract in this line item, which is anticipated to cost around \$45,000.
- **7763 – Electricity** - \$10,000 increase in anticipation of slightly higher electricity rates

Net Result: These are the main factors that comprise the increase of approximately **\$97,800** in Operating Expenditures when compared to **Fiscal Year 2023-24**.

The full, detailed chart of the Operations and Maintenance Budget is provided in **Attachment A – FY2024-25 Operating Budget - Proposed**. Below are some of the notable line items with some background on what costs are incorporated into them:

- **7461 – Professional Services – Legal** – This line item will now only budget and track costs for the District's General Legal Counsel (Colantuono Highsmith & Whatley). Staff laid the groundwork for several District needs during the prior fiscal year so we anticipate utilizing less legal time in the coming fiscal year.
- **7466 – Professional Services – Human Resources** – This line budgets for and tracks costs for Human Resources legal support by Price, Postel and Parma for Human Resource Special under a retainer agreement. In the prior fiscal year this is also where our Salary Study came out of, so with the
- **7430 – Memberships** – In preparation for the budget, District Staff have reviewed all professional memberships and their dues that constitute the budgeted amount for **Fiscal Year 2024-25**. Some of the organizations the District is a member of result in discounts for technical trainings, conferences or certification testing, while others support the District by lobbying and representing the Districts' interest in state legislation.

Montecito Sanitary District
Fiscal Year 2024-2025 Proposed Budget Memo

- **7645 – NPDES Permit Requirements – Operations** – The District received its updated National Pollution Discharge Elimination System (NPDES) permit in Fiscal Year 2022-23. Included with that new permit are updated requirements for the District to complete, in which Fiscal Year 2024-25 will see the District undertake Phase II of the Coastal Hazards Monitoring Plan. This is estimated to cost around \$100,000 and will be due near the end of the fiscal year.
- **7671 – Asset Management** – This line item includes services to upgrade and consolidate the District’s Geographic Information Systems and begin implementation a Computerized Maintenance Management System (CMMS) for the collection and treatment operations. The District has historically used a combination of in-house software systems and paper work orders to track work completed and plan out future work. Implementing a CMMS for the District’s asset management program should increase efficiency by upgrading workflows, support record retention, and facilitate succession planning.

CAPITAL IMPROVEMENT PROGRAM EXPENDITURES

Current Fiscal Year 2023-24

The District is projected to spend approximately \$1,951,786 of Capital Replacement (CIP) funds by **June 30, 2024**, well under the budgeted amount of \$6,995,000. The District’s main CIP projects during the Fiscal Year was completing the Highway 101 Sewer Crossing and Roundabouts projects, design work for its 4 FEMA project sites, CIP Collection System Projects in **Fiscal Year 2023-24** included the completion of the Lilac/Oak Grove Sewer Main Extension Project, and the Administration/Operations Roof Replacement project. Several projects at the end of the Fiscal Year are being awarded and going out to bid, so CIP work will be moving pretty quickly in the beginning of next fiscal year.

Next Fiscal Year 2023-24

The District is proposing CIP schedule for **Fiscal Year 2024-25** that focuses the attention back to the infrastructure of the District. In prior fiscal years District resources have been diverted mainly to the CalTRANS Highway 101 widening project (Sewer Crossing and Roundabouts) and the Lilac/Oak Grove Sewer Main Extension project, leaving previously identified District CIP Projects to be pushed off to later dates. During the current fiscal year staff laid the groundwork to determine the maintenance/upgrade/development of critical infrastructure pertaining to the Wastewater Treatment Plant and design work is anticipated to begin during the second quarter of **Fiscal Year 2024-25**.

The following summary table is a high-level breakdown of the proposed capital expenditures for the upcoming Fiscal Year. It is important to note that the figures in the summary table include both soft costs (planning, design, and construction management), as well as construction, equipment purchases and some contingency to account for minor changes in scope or purchasing factors such as inflation. It is also important to note that these projects include any outsourcing of engineering services needed to ensure these projects move forward.

A brief description of each project included in the six CIP programs is provided below. A full breakdown of the proposed CIP Budget can be seen in **Attachment B – FY2024-25 CIP Budget – Proposed**.

Montecito Sanitary District
 Fiscal Year 2024-2025 Proposed Budget Memo

Program	2024/2025 Budget
Collections	\$ 3,272,000
Lift Stations	\$ 510,000
Treatment & Laboratory	\$ 1,524,000
Facilities	\$ 235,000
Sewer Main Extensions	\$ 150,000
Total	\$ 5,691,000

Collections Program

- **C001** - Collection System Master Plan - Develop a comprehensive gameplan to efficiently prioritize and address collection system maintenance items.
- **C003** – 2025 Sewer Main CIPP Lining:Design – Begin design work on the Districts’ main influent pipe that feeds our treatment plant.
- **C005** - Manhole Lining Project – Staff is proposing to rehab approximately 95 manholes that have been identified as higher priority in the coming fiscal year. By grouping the work together the District should see cost efficiencies gained, primarily through decrease mobilization and demobilization costs.
- **C009** - Emergency Bypass Pumper – This is a rollover from the prior year as the pump ordered won’t arrive until the next fiscal year.
- **C010** - FEMA Rehabilitation – The Board has been given reports on four project areas requiring rehab work after the January Winter Storm. The District is eligible for FEMA Reimbursement for these projects and staff has been working diligently with FEMA to ensure eligibility.
- **C011 - Tractor** – The District needs to replace its tractor that assists in Collections System maintenance.
- **C012 - CCTV Camera and Transporter** – The camera and the transporter arm on the Districts’ CCTV van needs to be replaced.
- **C013 - Combination Cleaner** – This is a rollover from the prior fiscal year as the Combination Cleaner ordered had an 18-month delivery window. The District anticipates receipt of the vehicle in the fourth quarter of Fiscal Year 2024-25.
- **CMAN - Manhole Adjustments** – This is miscellaneous budget set aside for mandatory manhole adjustments required when the City or County repaves roads and necessitates the lowering and/or raising of manholes as a result. There’s no way of anticipating how much will be needed.
- **CEME - Collection O/M Emergencies** – Miscellaneous budget set aside for Collections System emergency events. Ideally this money would not be utilized in the fiscal year.

Lift Station Program

- **L001 - Channel Lift Station Improvement** – Address needed improvement to the Channel Lift Station that recently failed in Fiscal Year 2022-23. This budget is for only the lift station component of the project.
- **L004** - Bonneymede Lift Station Electrical Controls Upgrade –
- **L005** - Posilipo Lift Station Improvement
- **L007** - Smartcover Upgrades – Upgrade three smartcovers to better monitor flow at critical sites.
- **LEME** - Lift Station Emergency Repairs - Miscellaneous budget set aside for lift station emergency events. Ideally this money would not be utilized in the fiscal year.

Treatment & Laboratory Program

- **T001 - Wastewater Treatment Plant Project – Design and Engineering** – This project will identify the path forward for the Treatment Plant (upgrade vs. new vs. treatment process selection) and get us to 30% design for construction to begin in **Fiscal Year 2025-26**.
- **T012 - Clarifier Maintenance** – This is a rollforward from the prior year. Maintenance work on the District’s four clarifiers started in the current fiscal year and will be completed in the first quarter of **Fiscal Year 2024-25**.
- **T014 - Laboratory Dishwasher** – The current dishwasher is past its useful life and needs to be replaced. It is vital in the District’s routine testing as required by our permit.
- **T015 - Diffusers** – The District needs to begin replacing its diffusers. Installation will be handled by staff.
- **T016 - Ras-Was Program Logic Control (PLC) Upgrade** –
- **T017 - Flow Meters** –
- **TEQU - Treatment Equipment** – This miscellaneous budget is set aside for emergency equipment needed for the Treatment Plant. If no emergency equipment is needed no money will be spent.
- **TEME - Treatment O/M Emergencies** - Miscellaneous budget set aside for Treatment System emergency events. Ideally this money would not be utilized in the fiscal year.
- **TSCA - SCADA Maintenance** - The District will continue to improve its Supervisory Control and Data Acquisition (SCADA) system for critical and basic treatment processes. Work began in the current fiscal year and was planned to take a couple years to tap out the existing system, develop the plan and then implement additional functionality when new equipment is installed.

Facilities Maintenance Program

- **F004 - Administration Building Improvements** – Staff is looking into new carpet and a couple other small upgrades to the Administration Building.
- **F007 - Seismic and Materials Study** – This work started in the current fiscal year and will be completed by the second quarter of **Fiscal Year 2024-25** and will be instrumental in helping shape what direction the Board decides to go with as it relates to the Wastewater Treatment Plan project.

Sewer Main Extension Program

- **S001 - Septic-to-Sewer Strategic Plan** – Staff is proposing hiring a consultant to help develop a comprehensive Septic-to-Sewer Strategic Plan with input from the Board.

2017 SEWER REFUNDING REVENUE BONDS – CALIFORNIA SPECIAL DISTRICTS ASSOCIATION (CSDA) FINANCE CORPORATION

In May 2017 the District refunded its 2007 Certificates of Participation (COP) This refunding decreased the maturity term by seven years, removed the requirement for a reserve fund, and took advantage of lower interest rates.

The District will make two payments on its bond during **Fiscal Year 2024-25** totaling \$930,700. Of this total \$735,000 will be applied to principal and \$195,700 will be applied to interest. After all **Fiscal Year 2024-25** payments are made the remaining balance of the bond will be \$4,235,000 and the bond is expected to be paid off by July 1, 2030.

ANNUAL DEPRECIATION FUNDING

Annually, the Board considers contributing to the District’s Capital Replacement Fund. Typically, this contribution has been based on the prior fiscal year’s annual depreciation expense. The Fiscal Year 2024-25 contribution will be based on the Fiscal Year 2023-24 Financial Audit and is anticipated to be around \$1,275,000. It should be noted that 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.

FY 2024-25 PROJECTED OPERATIONS & MAINTENANCE AND CIP CASH POSITION

Taking into account the projected remaining expenditures for Fiscal Year 2023-24 and the proposed budget for Fiscal Year 2024-25, the District’s projected cash position for its Operations and Maintenance fund and Capital Replacement fund are as follows:

	Operations and Maintenance Funds		
	2023-24 Projected	2024-25 Projected	Difference
Beginning Cash Balance	\$ 10,860,567	\$ 11,516,825	\$ 656,258
Plus: Revenues	7,876,318	7,825,000	(51,318)
Less: Expenditures	(5,014,120)	(5,738,200)	(724,080)
Less: Bond Payments	(934,100)	(930,700)	3,400
Less: Capital Replacement Fund Contribution	(1,271,840)	(1,275,000)	(3,160)
Projected Ending Cash Balance	\$ 11,516,825	\$ 11,397,925	\$ (118,900)

	Capital Replacement Funds		
	2023-24 Projected	2024-25 Projected	Difference
Beginning Cash Balance	\$ 6,618,268	\$ 5,938,322	\$ (679,946)
Plus: Revenues	1,271,840	1,275,000	3,160
Less: Expenditures	(1,951,786)	(5,691,000)	(3,739,214)
Projected Ending Cash Balance	\$ 5,938,322	\$ 1,522,322	\$ (4,416,000)

The District anticipates a cash balance of approximately **\$11,397,925** in its Operations and Maintenance funds and **\$1,522,322** in its Capital Replacement funds at 6/30/2025, based on the proposed budgetary figures presented in **Attachments A and B**.

In summary, the District will head into Fiscal Year 2024-25 in great financial shape, and based on staff projections, will continue to be so at the culmination of the fiscal year. At each quarterly financial update staff will inform the Finance Committee and the Board of Directors of any significant variations (both positive and negative to the fiscal condition of the District) that arise during the year and seek guidance on how to address such items.

Attachments:

Attachment A – FY2024-25 Operating Budget – Proposed

Attachment B – FY2024-25 CIP Budget – Proposed

OPERATING BUDGET FOR FISCAL YEAR 2024-25 - PROPOSED

A/C No	DESCRIPTION	BASED ON ACTUAL EXPENSES THROUGH 5/31/2024				FY2024-25 Proposed Budget
		FY2023-24 Approved Budget	Actual Expense	Balance Remaining	Projected Year End	
6100	Regular Salaries	2,099,000	1,741,090	357,910	1,899,371	2,230,000
6105	Board Salaries	45,000	24,948	20,052	27,216	45,000
6108	Auto Allowance - GM	3,600	3,300	300	3,600	3,600
6270	Standby Pay	33,000	46,200	(13,200)	50,400	54,600
6300	Overtime	30,000	19,446	10,554	21,214	30,000
6400	CalPERS Contribution	415,000	374,245	40,755	408,268	430,000
6410	Employee Benefits	60,000	52,322	7,678	57,078	65,000
6500	FICA / Social Security Contribution	135,000	109,918	25,082	119,911	145,000
6510	Medicare Contribution	32,000	26,107	5,893	28,481	34,000
6520	Unemployment Tax - SUI	3,500	2,395	1,105	2,613	3,500
6600	Group Medical Insurance	300,000	229,290	70,710	250,135	275,000
6605	Retirement Medical Benefits	20,000	16,512	3,488	18,013	23,000
6610	Life Insurance	7,300	4,250	3,050	4,636	6,500
6615	Short / Long Term Disability	26,000	14,467	11,533	15,782	26,000
6620	Worker's Compensation	50,000	44,958	5,042	49,045	58,000
6640	Dental Insurance	19,000	8,714	10,286	9,506	19,000
6650	Uniform Allowance	11,500	9,035	2,465	9,856	11,500
Total Salaries and Benefits		\$ 3,289,900	\$ 2,727,199	\$ 562,701	\$ 2,975,126	\$ 3,459,700

7090	Pooled Liability Insurance	80,000	73,846	6,154	80,559	88,000
7091	Property Insurance	28,000	36,131	(8,131)	39,415	42,000
7093	Crime Policy	1,200	891	309	972	1,200
7094	Public Entity Physical Damage	10,000	11,656	(1,656)	12,716	14,000
7110	New Employee Physicals/Expenses	2,500	1,000	1,500	1,091	2,500
7121	Property Maintenance	70,000	189,089	(119,089)	206,278	101,000
7122	Vehicle Maintenance	15,000	4,219	10,781	4,602	15,000
7126	Coll - Equipment Rental	1,000	-	1,000	-	1,000
7127	Coll - Safety Equipment	8,000	653	7,843	712	8,000
7129	Lift Station Parts	30,000	44,313	(14,313)	48,342	32,000
7133	VacCon Equipment / Repairs	15,000	6,103	8,897	6,658	15,000
7134	CCTV Equipment / Repairs	15,000	14,473	527	15,789	15,000
7135	Private Lateral Replacement Incentive	-	-	-	-	-
7136	Miscellaneous Collection Tools/Supplies	10,000	12,187	(2,187)	13,295	10,000
7138	Jetter Truck Equipment / Repairs	6,000	4,637	-	5,059	6,000
7150	Mechanical Maintenance	5,000	1,490	3,510	1,625	5,000

OPERATING BUDGET FOR FISCAL YEAR 2024-25 - PROPOSED

A/C No	DESCRIPTION	BASED ON ACTUAL EXPENSES THROUGH 5/31/2024				FY2024-25 Proposed Budget
		FY2023-24 Approved Budget	Actual Expense	Balance Remaining	Projected Year End	
7200	General Operating Supplies	10,000	9,021	979	9,841	10,000
7201	Drinking, Bottled Water	2,500	1,921	579	2,096	2,500
7202	Gloves	8,000	5,385	2,615	5,874	8,000
7205	Community & Employee Goodwill	6,000	3,250	2,750	3,545	6,000
7220	Mailing / Shipping Expenses	5,000	350	4,650	382	5,000
7430	Memberships	50,000	23,285	26,715	25,402	40,000
7440	Miscellaneous Expenses	2,500	758	1,742	827	2,500
7450	Office Expenses	15,000	9,333	5,667	10,181	15,000
7452	Scanning & Shredding	10,000	-	10,000	-	10,000
7454	Books / Subscriptions / Study Guides	2,000	505	1,495	551	2,000
7456	Computer Hardware/Software/Licensing	37,500	48,152	(10,652)	52,529	45,000
7461	Prof Services - Legal	100,000	48,363	51,637	52,760	75,000
7462	Prof Services - Accounting	45,000	28,208	16,792	30,772	40,000
7463	Prof Services - Engineering	100,000	6,148	93,853	6,706	100,000
7464	Prof Services - Computer	60,000	83,587	(23,587)	91,186	60,000
7466	Prof Services - Human Resources	12,000	58,313	(46,313)	63,614	12,000
7467	Prof Services - Special Legal Counsel	25,000	-	-	-	-
7500	Public Outreach/Education	10,000	4,682	5,319	5,107	10,000
7506	Administrative Fees	30,000	19,178	10,822	20,921	30,000
7508	Collection/Treatment Fines	10,000	-	10,000	-	10,000
7510	Contracted Services/Labor	95,000	137,609	(42,609)	150,119	95,000
7530	Notices / Ads for Publication	3,000	463	2,538	505	3,000
7610	Furniture & Fixtures	10,000	1,476	8,524	1,610	15,000
7641	NPDES Permit Requirements - Lab	17,000	11,451	5,549	12,492	17,000
7645	NPDES Permit Requirements - Operations	100,000	92,883	7,117	101,327	100,000
7650	Election Expenses	-	-	-	-	8,000
7652	Biosolids Disposal	65,000	56,072	8,928	61,169	70,000
7653	Chemicals for Plant	300,000	260,000	40,000	283,636	300,000
7654	Generator Servicing - Plant	10,000	868	9,132	947	10,000
7655	Hazardous Materials Disposal	2,000	291	1,709	317	2,000
7656	Plant Equipment Rental	5,000	-	5,000	-	5,000
7657	Plant Maintenance Materials	90,000	68,004	21,996	74,186	90,000
7658	Plant Maintenance Projects	5,000	-	5,000	-	5,000
7659	Safety Expenses	5,000	596	4,404	650	5,000
7661	Polymer	10,000	4,833	5,167	5,272	10,000
7662	Small Tools/ Equipment - Plant	4,000	1,368	2,632	1,493	4,000

OPERATING BUDGET FOR FISCAL YEAR 2024-25 - PROPOSED

A/C No	DESCRIPTION	BASED ON ACTUAL EXPENSES THROUGH 5/31/2024				FY2024-25 Proposed Budget
		FY2023-24 Approved Budget	Actual Expense	Balance Remaining	Projected Year End	
7670	Special Projects	120,000	85,031	34,969	92,761	80,000
7671	Asset Management	97,000	58,675	38,325	64,009	186,800
7700	Laboratory Consumables & Small Equipment	32,000	33,216	(1,216)	36,236	35,500
7702	Laboratory Equipment Maintenance	10,000	4,354	5,646	4,750	12,000
7703	Contract Laboratory Analyses	10,000	4,705	5,295	5,133	10,000
7722	Board Training/Conf. Registration	2,500	1,300	1,200	1,418	2,500
7723	Board Meetings/Travel Expenses	1,000	3,397	(2,397)	3,706	5,000
7724	Staff Training/Conf. Registration	15,000	5,968	9,032	6,510	15,000
7725	Staff Travel Expenses	10,000	9,957	43	10,862	15,000
7726	Staff Certifications/Licenses	8,000	2,931	5,069	3,197	8,000
7727	OSHA Required Training	5,000	6,297	(1,297)	6,870	5,000
7728	Safety Boot Allowance	4,500	2,123	2,377	2,317	4,500
7729	Apparel and Uniforms	2,500	1,303	1,197	1,422	2,500
7731	Local Meeting Expenses	2,500	3,478	(978)	3,794	2,500
7740	Fuel and Oil	25,000	19,067	5,933	20,800	25,000
7761	Water	10,000	13,000	(3,000)	14,182	10,000
7762	Natural Gas	5,500	2,434	3,066	2,655	5,500
7763	Electricity	215,000	185,780	29,220	202,670	225,000
7766	Trash & Recycling Service	17,000	8,986	8,014	9,802	17,000
7767	Communications	18,000	14,951	3,049	16,310	22,000
7768	Telephone - Cellular	12,000	12,159	(159)	13,264	12,000
Total Operating Expenses		\$ 2,180,700	\$ 1,869,078	\$ 285,755	\$ 2,038,995	\$ 2,278,500
Total Expenses		5,470,600	4,596,277	848,456	5,014,120	5,738,200

FY 2024-25 Capital Improvement Program (CIP) Budget - Proposed

Collections:

Project No.	Description	Estimated Cost	2024/2025 Budget
C001	Collection System Master Plan	\$ 175,000	\$ 175,000
C003	2025 Sewermain CIPP Lining - Design	\$ 135,000	\$ 135,000
C005	Manhole Lining Project	\$ 650,000	\$ 650,000
C009	Emergency Bypass Pumper - Rollover	\$ 60,000	\$ 60,000
C010	FEMA Rehabilitation - Design/Permitting	\$ 125,000	\$ 125,000
C010	FEMA Rehabilitation - Construction	\$ 1,100,000	\$ 1,100,000
C011	Tractor	\$ 150,000	\$ 150,000
C012	CCTV Camera and Transporter	\$ 65,000	\$ 65,000
C013	Combination Cleaner - Rollover	\$ 662,000	\$ 662,000
CMAN	Manhole Adjustments	\$ 75,000	\$ 75,000
CEME	Collection O/M Emergencies	Unknown	\$ 75,000
Collections Total			\$ 3,272,000

Lift Stations:

Project No.	Description	Estimated Cost	2024/2025 Budget
L001	Channel Lift Station Improvement	\$ 300,000	\$ 300,000
L004	Bonnymede Lift Station Electrical Controls Upgrade	\$ 75,000	\$ 75,000
L005	Posilipo Lift Station Improvement	\$ 39,000	\$ 39,000
L007	Smartcover Upgrades	\$ 21,000	\$ 21,000
LEME	Lift Station Emergency Repairs	Unknown	\$ 75,000
Lift Stations Total			\$ 510,000

Treatment & Laboratory:

Project No.	Description	Estimated Cost	2024/2025 Budget
T001	Wastewater Treatment Plant Project - Design and Engineering	\$ 1,000,000	\$ 1,000,000
T012	Clarifier Maintenance - Rollover	\$ 220,000	\$ 160,000
T014	Laboratory Dishwasher	\$ 11,000	\$ 11,000
T015	Diffusers	\$ 43,000	\$ 43,000
T016	Ras-Was Program Logic Control (PLC) Upgrade	\$ 70,000	\$ 70,000
T017	Flow Meters	\$ 40,000	\$ 40,000
TEQU	Treatment Equipment	\$ 50,000	\$ 50,000
TEME	Treatment O/M Emergencies	Unknown	\$ 100,000
TSCA	SCADA Maintenance	\$ 50,000	\$ 50,000
Treatment & Laboratory Total			\$ 1,524,000

Facilities:

Project No.	Description	Estimated Cost	2024/2025 Budget
F004	Administration Building Improvements	\$ 30,000	\$ 30,000
F007	Siesmic and Materials Study	\$ 233,497	\$ 205,000
Facilities Total			\$ 235,000

Sewer Main Extensions:

Project No.	Description	Estimated Cost	2024/2025 Budget
S001	Septic to Sewer Strategic Plan	\$ 150,000	\$ 150,000
Sewer Main Extensions Total			\$ 150,000

Program	2024/2025 Budget
Collections	\$ 3,272,000
Lift Stations	\$ 510,000
Treatment & Laboratory	\$ 1,524,000
Facilities	\$ 235,000
Sewer Main Extensions	\$ 150,000
Total	\$ 5,691,000