



Montecito Sanitary District

1042 Monte Cristo Lane
Santa Barbara, CA 93108

A Public Service Agency

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

BOARD LIST OF PAYABLES

<u>CHECK DATE</u>	<u>SUMMARY & TYPE</u>	<u>BATCH TOTAL</u>
04/08/2022	ACCOUNTS PAYABLE	30,300.49
04/22/2022	ACCOUNTS PAYABLE	60,669.54
	Subtotal	\$ 90,970.03
04/08/2022	CAPITAL IMPROVEMENT PROJECTS	54,374.04
04/08/2022	CAPITAL IMPROVEMENT PROJECTS- RECYCLED WATER FUND	700.84
04/22/2022	CAPITAL IMPROVEMENT PROJECT	398,829.00
	Subtotal	\$ 453,903.88
04/07/2022	PAYROLL	68,084.86
04/21/2022	PAYROLL	71,273.22
	Subtotal	\$ 139,358.08
	<u>TOTAL</u>	<u>\$ 684,231.99</u>

Board Treasurer, Don Eversoll approved all payables by email prior to mailing.

Check History Report
Sorted By Check Number
Activity From: 4/8/2022 to 4/8/2022
MONTECITO SANITARY DISTRICT (MSD)

Bank Code: B OPERATING CASH (MBT)

Check Number	Check Date	Name	Check Amount	Description
0000027390	4/8/2022	AMAZON CAPITAL SERVICES	185.94	Roads Signs, Lab Supplies, Keyboard, Mouse
0000027391	4/8/2022	AT&T MOBILITY	23.24	Office Wireless Data Port-March
0000027392	4/8/2022	BIG GREEN CLEANING COMPANY	2,321.00	Janitorial Services-April
0000027393	4/8/2022	CANON FINANCIAL SERVICES INC	272.61	Canon Copier Lease Payment-April
0000027394	4/8/2022	CALIFORNIA WATER ENVIRONMENT	192.00	Membership Dues Rollins
0000027395	4/8/2022	DATCO SERVICES CORPORATION	195.00	Quarterly DATCO Services
0000027396	4/8/2022	DOCU PRODUCTS	81.15	Copier Maintenance Agreement-April
0000027397	4/8/2022	FASTENAL COMPANY	9.54	Plant Maintenance Materials
0000027398	4/8/2022	FILIPPIN ENGINEERING	3,055.00	1510 E Mountain Drive Sewer Main Ext. Inspection Services
0000027399	4/8/2022	FISHER SCIENTIFIC	1,015.98	Lab Testing Supplies
0000027400	4/8/2022	GRAINGER	758.54	UF/RO Chemicals, Office Supplies, Floats, Duster
0000027401	4/8/2022	HACH COMPANY	63.59	Lab Testing Supplies
0000027402	4/8/2022	LARRY'S AUTO PARTS	839.30	Parts for Collections Trucks
0000027403	4/8/2022	LINGLE, DIANE	2,300.00	Deposit Refund-790 Buena Vista Avenue
0000027404	4/8/2022	MCCORMIX CORP	1,412.88	Diesel Oil, Vehicle Fuel 03/15-03/31/22
0000027405	4/8/2022	MOUNTAIN SPRING WATER	107.45	Bottled Drinking Water, Cooler Rental-March
0000027406	4/8/2022	OILFIELD ENVIRONMENTAL & COMPLIANCE	100.00	Outside Lab Analyses
0000027407	4/8/2022	PERRY FORD	80.19	Parts for Ford F-450
0000027408	4/8/2022	PITNEY BOWES GLOBAL FINANCIAL	143.84	Quarterly Postage Meter Lease Payment
0000027409	4/8/2022	PLUMBERS DEPOT, INC	35.82	Shipping for CCTV Camera Repair
0000027410	4/8/2022	PURETEC INDUSTRIAL WATER	64.03	Water Softener Sodium Tank Exchange
0000027411	4/8/2022	RINGCENTRAL, INC.	528.19	Phone Service-March
0000027412	4/8/2022	SAFEGUARD BUSINESS SYSTEMS	270.94	Receipt Books, Purchase Order Books
0000027413	4/8/2022	SBCO LAFCO, AUDITOR-CONTROLLER	5,967.00	Distribution of Annual LAFCO Budget 2021-22
0000027414	4/8/2022	S B HOME IMPROVEMENT CENTER	133.99	Plant Maintenance Materials
0000027415	4/8/2022	SOUTHERN CALIFORNIA EDISON CO	1,238.22	Electric Service for Lift Stations-March
0000027416	4/8/2022	SEWER EQUIPMENT COMPANY	194.10	Small Jetter Water Fill Pipe
0000027417	4/8/2022	STANDARD INSURANCE COMPANY	1,427.61	Short/Long Term Disability Insurance Premium-April
0000027418	4/8/2022	STREAMLINE	310.00	Website Management Services-April
0000027419	4/8/2022	TAFT ELECTRIC COMPANY	385.00	On-Call Electrical Services for Lift Station 4
0000027420	4/8/2022	UNIVAR SOLUTIONS	5,061.98	Plant Chemicals
0000027421	4/8/2022	UNDERGROUND SERVICE ALERT	226.25	Dig Alert Tickets-Dec/March
0000027422	4/8/2022	LOS ANGELES TRUCK CENTERS, LLC	113.31	Vac-Con Parts
0000027423	4/8/2022	VENTURA AIR CONDITIONING CO.	887.00	Lab HVAC UV Light Replacement
0000027424	4/8/2022	ZOOM COMMUNICATIONS, INC	299.80	Annual ZOOM Subscription
Bank B Total:			<u>30,300.49</u>	
Report Total:			<u><u>30,300.49</u></u>	

Check History Report
Sorted By Check Number
Activity From: 4/8/2022 to 4/8/2022
MONTECITO SANITARY DISTRICT (MSD)

Bank Code: G CIP CASH (MBT)

Check Number	Check Date	Name	Check Amount	Description
0000001317	4/8/2022	AERZEN USA CORP.	36,132.47	CIP No. 6-Positive Displacement Blowers
0000001318	4/8/2022	FILIPPIN ENGINEERING	17,160.00	CIP No. 9-Lilac/Oak Grove Sewer Main Inspection Services CIP No. 3-HWY 192 Manhole Adjustment Inspection Services
0000001319	4/8/2022	KAMAN INDUSTRIAL TECHNOLOGIES	1,081.57	CIP No. 6-Digester Blower Parts
Bank G Total:			<u>54,374.04</u>	
Report Total:			<u><u>54,374.04</u></u>	

Check History Report
Sorted By Check Number
Activity From: 4/8/2022 to 4/8/2022
MONTECITO SANITARY DISTRICT (MSD)

Bank Code: W RECYCLED WATER (MBT)

Check Number	Check Date	Name	Check Amount	Description
0000001035	4/8/2022	FRUIT GROWERS LABORATORY	400.00	CIP No. 17-Outside Lab Analyses for Recycled Water Irrigation Suitability
0000001036	4/8/2022	HACH COMPANY	300.84	CIP No. 17-Lab Testing Supplies for Recycled Water Feasibility Study
Bank W Total:			<u>700.84</u>	
Report Total:			<u><u>700.84</u></u>	

Check History Report
Sorted By Check Number
Activity From: 4/22/2022 to 4/22/2022
MONTECITO SANITARY DISTRICT (MSD)

Bank Code: B OPERATING CASH (MBT)

Check Number	Check Date	Name	Check Amount	Description
0000027425	4/22/2022	321 HOT SPRINGS ROAD, LLC	5,384.00	Deposit Refund - 321 Hot Springs Road
0000027426	4/22/2022	AT&T MOBILITY	121.33	Standby Cellphone, Data Port for Lift Station 4-March
0000027427	4/22/2022	AUTOZONE, INC	79.53	Golf Cart Repair Parts
0000027428	4/22/2022	BALBES, XORIN	2,300.00	Deposit Refund - 491 Pimiento Lane
0000027429	4/22/2022	BLACKBURN, ROSS	2,300.00	Deposit Refund - 1815 Fernald Point Lane
0000027430	4/22/2022	BOYD & ASSOCIATES	390.00	Quarterly Security Alarm Services
0000027431	4/22/2022	BREEZY 1031 LLC	927.00	Deposit Refund-1157 Glenview Road
0000027432	4/22/2022	BUSINESS RADIO LICENSING	170.00	FCC License Application Renewal
0000027433	4/22/2022	CABUGOS, PERRY	225.00	Safety Boot Allowance Reimbursement
0000027434	4/22/2022	ANN CAMOU	2,300.00	Deposit Refund - 1464 Monte Vista Road
0000027435	4/22/2022	CINTAS CORPORATION #684	850.27	Uniform, Towels, Mats-Cleaning/Rental-March
0000027436	4/22/2022	COLANTUONO, HIGHSMTIH & WHATLEY, PC	5,425.00	Legal Services-March
0000027437	4/22/2022	COMPUVISION COMMUNICATIONS	2,581.25	IT Services-March, Cloud Backup, NetAlert-May
0000027438	4/22/2022	CORT	44.00	Deed Report-March
0000027439	4/22/2022	CALIFORNIA WATER ENVIRONMENT	283.00	Membership, Certification Renewals
0000027440	4/22/2022	ENGEL & GRAY, INC	6,464.95	Biosolids Hauling-March
0000027441	4/22/2022	FISHER SCIENTIFIC	216.62	Lab Testing Supplies
0000027442	4/22/2022	FRONTIER	427.98	Phone Services for Lift Station 1,2,4, Plant Alarms
0000027443	4/22/2022	GRAINGER	1,428.47	Plant Maintenance Materials, Collection Tools
0000027444	4/22/2022	INTERNATIONAL ACCREDITATION SERVICES	4,500.00	3rd Party NPDES Required Lab Assessment
0000027445	4/22/2022	J COLLINS ENTERPRISES	600.00	SBS Pump Fail Rewrite PLC Code & Test
0000027446	4/22/2022	KAMAN INDUSTRIAL TECHNOLOGIES	346.23	Coupling Elements for Pumps
0000027447	4/22/2022	ROBERT KEEN	485.00	SWRCB Grade 5 Exam/Certificate Fee Reimbursement
0000027448	4/22/2022	MARBORG INDUSTRIES	3,364.28	Refuse Disposal/Recycling, Restroom Trailer Rental
0000027449	4/22/2022	MONTECITO BANK & TRUST	741.53	Microsoft Teams, Shipping, Training Registration, Distilled Water for Lab, Propane, Lab Sampling Supplies
0000027450	4/22/2022	MCCORMIX CORP	1,005.02	Vehicle Fuel 04/01-04/15/2022
0000027451	4/22/2022	MCMaster-CARR SUPPLY COMPANY	35.18	Dielectric Grease
0000027452	4/22/2022	MONTECITO WATER DISTRICT	981.02	Water Service-March
0000027453	4/22/2022	OILFIELD ENVIRONMENTAL & COMPLIANCE	90.00	Outside Lab Analyses
0000027454	4/22/2022	PAYCHEX OF NEW YORK, LLC	288.50	Payroll Services-March
0000027455	4/22/2022	PRICE POSTEL & PARMA	1,116.00	Employment Legal Services-March
0000027456	4/22/2022	PRIORITY SAFETY SERVICES	383.69	Replace O2 Sensor for Multi Gas Detector
0000027457	4/22/2022	RED WING BUSINESS ADVANTAGE ACCOUNT	433.20	Safety Boot Allowance-Kearney
0000027458	4/22/2022	SAFEGUARD BUSINESS SYSTEMS	373.85	Purchase Order Books
0000027459	4/22/2022	SCAP	1,686.00	Annual Membership Dues 2022/23
0000027460	4/22/2022	SOCAL GAS	222.21	Gas Service-March
0000027461	4/22/2022	STANDARD INSURANCE COMPANY	1,373.59	Short/Long Term Disability Premium-May
0000027462	4/22/2022	STAPLES BUSINESS CREDIT	2,011.94	Toner Cartridges, Office Supplies
0000027463	4/22/2022	TAFT ELECTRIC COMPANY	1,296.00	On-Call Electrical Services
0000027464	4/22/2022	UNIVAR SOLUTIONS	7,098.02	Plant Chemicals
0000027465	4/22/2022	MIGUEL VILLAFANA	319.88	SWRCB Operator Grade 1 Certificate, CWEA Membership Reimbursement
Bank B Total:			<u>60,669.54</u>	
Report Total:			<u><u>60,669.54</u></u>	

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MONTECITO SANITARY DISTRICT (MSD)

Bank Code: G CIP CASH (MBT)

Check Number	Check Date	Check Name	Check Amount	Description
000001320	4/22/2022	TIERRA CONTRACTING INC	398,829.00	CIP No. 9 - Lilac/Oak Grove Sewer Main Extension Construction Progress

Bank G Total: 398,829.00

Report Total: 398,829.00



Montecito Sanitary District

1042 Monte Cristo Lane
Santa Barbara, CA 93108

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FISCAL YEAR 2022-23 PROPOSED BUDGET MEMO

MISSION

“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.”

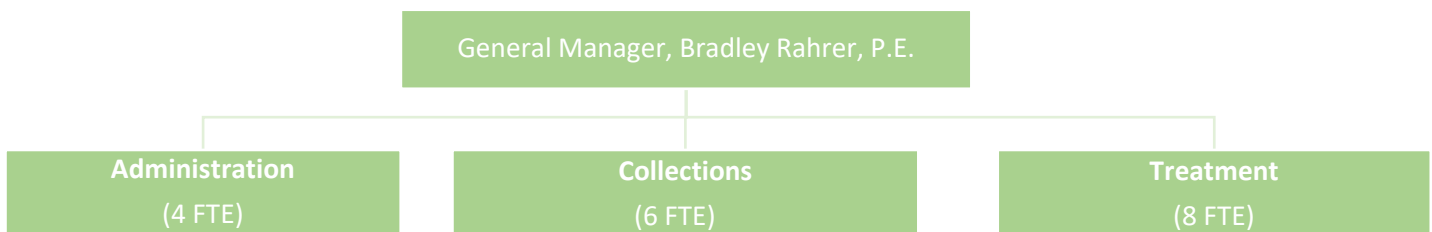
PURPOSE

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 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 2021, the wastewater treatment reliably treated approximately 539,000 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 District's 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	\$ 6,775,000	Salaries and Benefits	\$ 3,243,700
Non-operating Revenues	\$ 665,000	Operating Expenses	\$ 1,940,000
Total Source of Funds	\$ 7,440,000	Total Use of Funds	\$ 5,183,700

OPERATION & MAINTENANCE REVENUES

	2022-23 Proposed Budget	2021-22 Approved Budget	Difference
Operating Revenues			
Service Charges	\$ 6,600,000	\$ 6,519,750	\$ 80,250
Connection Fees	100,000	50,000	50,000
Other Services	75,000	32,000	43,000
Total Operating Revenues	\$ 6,775,000	\$ 6,601,750	\$ 173,250
Nonoperating Revenues			
Property Taxes	\$ 665,000	\$ 400,000	\$ 265,000
Total Nonoperating Revenues	\$ 665,000	\$ 400,000	\$ 265,000
Total Revenues	\$ 7,440,000	\$ 7,001,750	\$ 438,250

REVENUE PROJECTIONS

The District has two types of revenues; Operating and Non-operating. The District anticipates receiving total operating and non-operating revenues of \$7,440,000 in FY 2022-23.

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.
- **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 2021-2022 are projected to be around \$75,000 and Staff expects a similar revenue for Fiscal Year 2022-2023.

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. For Fiscal Year 2022-2023, Staff projects approximately \$665,000 received in two disbursements from the County.

Overall, Staff is projecting an increase in total revenues of approximately \$438,000 primarily attributed to the following:

- \$80,000 increase in Sewer Service Charges due to new connections established
- \$50,000 increase in Connection Fees based on anticipated connection projects in the coming year
- \$43,000 increase in Other Services based on an analysis of average fees received over the past five fiscal years
- \$245,000 increase in Property Tax Revenue to align budgetary estimates with historic trends

EXPENDITURE PROJECTIONS

The District’s Operating and Maintenance and Capital Improvement Program expenditures make up the District’s overall expenditures for the Fiscal Year. The following sections includes a discussion of Fiscal Year 2021-2022 year-end projections and Fiscal Year 2022-2023 anticipated expenditures.

OPERATIONS & MAINTENANCE EXPENDITURES

Current Fiscal Year 2021-22

District staff is projecting the Fiscal Year End Operating and Maintenance Fund expenditures to be approximately \$3,949,160, or 81% of the budgeted amount. See below for the projected expenditure variances by major category:

	<u>2021-22 Approved Budget</u>	<u>2021-22 Projected Actuals</u>	<u>Difference</u>
Operating Expenditures			
Salaries and Benefits	\$ 3,196,840	\$ 2,667,997	(528,843)
Insurance	86,000	84,021	(1,979)
Maintenance & Repairs	205,000	178,101	(26,899)
Goods & Supplies	120,500	95,403	(25,097)
Professional Services	210,000	184,389	(25,611)
Administrative Costs	320,500	204,047	(116,453)
Plant & Lab Operating Costs	425,000	320,833	(104,167)
Safety, Training, & Travel	30,000	10,319	(19,681)
Utilities	259,500	204,049	(55,451)
Total Operating Expenditures	<u>\$ 4,853,340</u>	<u>\$ 3,949,160</u>	<u>\$ (904,180)</u>

Montecito Sanitary District
Fiscal Year 2022-2023 Budget Memo

Next Fiscal Year 2022-2023

Operating Expenditures: For Fiscal Year 2022-23, District staff is proposing an Operating Budget to cover anticipated expenditures of total operating expenditures of \$5,183,800 in FY 2022-23. A summary of the proposed operating budget and high-level discussion are as follows:

	2021-22 Approved Budget		2022-23 Proposed Budget		Difference
Operating Expenditures					
Salaries and Benefits	\$	3,196,840	\$	3,243,700	\$ 46,860
Insurance		86,000		86,000	-
Maintenance & Repairs		205,000		180,000	(25,000)
Goods & Supplies		120,500		148,500	28,000
Professional Services		210,000		300,000	90,000
Administrative Costs		320,500		350,000	29,500
Plant & Lab Operating Costs		425,000		556,000	131,000
Safety, Training, & Travel		30,000		53,500	23,500
Utilities		259,500		266,000	6,500
Total Operating Expenditures	\$	4,853,340	\$	5,183,700	\$ 330,360

- **Salaries and Benefits** increase of approximately \$47,000 is primarily attributable to the following:
 - \$90,000 decrease from a restructuring positions within the Operations program, which involves eliminating the Operations Manager position and distributing the duties to a Collection Superintendent and Treatment Superintendent positions. Additionally, the District’s part-time Treatment Operator will be converted to full-time.
 - \$30,000 increase in regular salaries for the addition of an hourly Administrative position
 - \$21,000 increase in Board salaries due to an increase in expected meetings during the fiscal year
 - \$4,500 increase in uniform cleaning services with Cintas
 - \$1,500 increase in Unemployment Tax
 - \$15,000 decrease in CalPERS contributions due to new staff being enrolled in PEPRAs plans in roles that used to be held by Classic members

Note: Salaries and Benefits have been increased by 5.5% based on District’s calculation method in its Cost of Living Adjustment (COLA) Policy. The approval of this budget does not constitute an approved increase to the current salary rates, that done on a separate action item after meeting and conferring with a collective bargaining unit.

- **Operating Expenditures** increase of approximately \$336,000 primarily attributable to the following:
 - \$100,00 to implement a Computerized Maintenance Management System (CMMS)
 - \$50,000 to conduct a rate study to align rates with District needs by Fiscal Year 2023-24
 - \$45,00 increase in anticipated General Counsel legal fees
 - \$35,000 for an SSMP Audit and Updates
 - \$25,000 increase in Public Outreach/Education costs
 - \$20,000 to implement a Document Management System
 - \$20,000 increase in anticipated National Pollutant Discharge Elimination System (NPDES) permit fees

Montecito Sanitary District
Fiscal Year 2022-2023 Budget Memo

- \$20,000 increase in property maintenance costs due to contractors being utilized rather than District employees

The full, detailed chart of the Operations and Maintenance Budget is provided in Attachment A. A few notable Line Items are:

- **7461 – Professional Services – Legal** – The District’s General Legal Counsel and Special Counsel for the Evaluation of Special District Consolidation (Colantuonno Highsmith & Whatley) are included in this line item but are two separate retainer agreements.
- **7466 – Professional Services – Human Resources** – Human Resources legal support under two separate retainer agreements; Price, Postel and Parma for Human Resource Special Counsel and Liebert Cassidy Whitmore for negotiating a labor agreement.
- **7430 – Memberships** – In preparation for the budget, District Staff have reviewed all 13 professional memberships and their dues that constitute the budgeted amount for Fiscal Year 2022-23. 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.
- **7645 – NPDES Permit Requirements** – Operations – From recent conversations with the Regional Water Quality Control Board, District Staff are expecting to receive a new National Pollution Discharge Elimination System (NPDES) permit within Fiscal Year 2022-23. With the pending renewal, District staff have added some additional budget to plan for adjustments to treatment operations and laboratory sampling for permit compliance.
- **7670 – Special Projects** – The Special Projects line includes some of the infrequent studies like the upcoming Rate Study (typically every 6 years) and Sewer System Management Plan Audit (once every two years by regulation), along with development of an Information Technology Strategic Plan and implementation of a document management system.
- **7671 – Asset Management** – This line item was added to the chart of accounts to fund the upgrade and consolidation of the District’s Geographic Information Systems and begin implementing 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 and support record retention and succession planning.

CAPITAL IMPROVEMENT PROGRAM EXPENDITURES

Current Fiscal Year 2021-22

The District is projected to spend approximately \$999,020 of Capital Replacement (CIP) funds by June 30, 2022, well under the budgeted amount of \$6,628,404 for Fiscal Year 2021-22. The District’s CIP collection system projects in Fiscal Year 2021-22 included the Highway 192 Manhole Adjustments, Lilac/Oak Grove Sewer Main Extension Project, Brooktree Sewer Main Repair and a segment of a sewer main replaced in coordination with the County of Santa Barbara’s Fernald Point Bridge Replacement. Facilities and Treatment Projects for the previous Fiscal Year included the board room renovation and roof repair, a forklift purchase, and an influent grinder replacement.

Montecito Sanitary District
Fiscal Year 2022-2023 Budget Memo

Next Fiscal Year 2022-23

The District is proposing an extensive CIP schedule for Fiscal Year 2022-23 as many of the projects budgeted for Fiscal Year 2021-22 were put on hold due to staffing transitions. Additionally, Staff are preparing to conduct condition assessment studies, develop strategic plans, and perform preliminary design in the upcoming Fiscal Year to prioritize future CIP projects.

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.

CIP Program	2022/2023
Collections	\$ 2,797,000
Lift Stations	\$ 140,000
Treatment & Laboratory Facilities	\$ 2,041,000
Sewer Main Extensions	\$ 117,500
Recycled Water	\$ 70,000
	\$ -
FY2022-23 Total	\$ 5,165,500

A brief description of each project included in the six CIP programs is provided below and a full breakdown of the proposed CIP Budget can be seen in Attachment B.

Collection System Program

- The Lilac/Oak Grove Sewer Main Extension Project is currently in construction and the Highway 101 Sewer Main Relocation Projects in final design will be both be carried over into the new Fiscal Year. Construction costs for both projects are expected to be incurred fully within the upcoming Fiscal Year.
- The San Ysidro and Olive Mill Roundabouts have District facilities located within the footprint of the new roundabout and District staff are finalizing design to relocate the facilities so that future maintenance and replacements will minimally impact the new roundabouts. Construction is expected to be completed by Fall 2022.
- District staff have identified structural issues with the District's main trunk main along the railroad tracks from Olive Mill to the treatment plant. This year's budget includes funds to hire a professional engineering firm to evaluate the condition and complete a design for the project. Construction would be in a future fiscal year.
- More manhole adjustments are anticipated and an "on-call" or as-needed manhole adjustment contract would be beneficial to the District and potential contractors by reducing the workload on executing small dollar purchase orders for the same type of work throughout the year. Based on prior year's workload and some work identified already, Staff has proposed approximately \$60,000 for this Fiscal Year.
- The District's large combination vacuum-jetter (Vac-Con) used for the majority of cleaning operations is reaching the end of its planned useful life and is due for replacement. The Collections Operators have started evaluating their future needs and researching available options for replacement. The budgeted

Montecito Sanitary District
Fiscal Year 2022-2023 Budget Memo

replacement value for the Vac-Con is approximately \$459,000 although a replacement may be more expensive after Staff competitively selects a replacement.

Lift Station Program

- District staff have identified issues with the District's lift stations but the work needs to be organized and prioritized. The budget includes funds to conduct a condition assessment and develop a renewal prioritization plan for the five District-owned sewer lift stations and associated forcemains. Once the plan is developed, District staff can scope future repair projects and seek out funding to support the rehabilitation of the lift stations.

Treatment & Laboratory Program

- The Electrical Rehabilitation and Aeration Blower Replacement is a carryover from the prior Fiscal Year. Due to the complexity of the project and potential available funding sources, District staff anticipates requesting proposals from qualified firms to complete the design as it currently is scoped. Ideally, the construction work would be initiated in the latter half of Fiscal Year 2022-23 and a portion of the budgeted amount would be spent this fiscal year.
- Replacement of the skimmer trough in each of the four clarifiers are past the end of their useful life are in need of replacement. The budgetary number includes materials procured by the District for a contractor to use for replacement of the troughs.
- The District has a preliminary, "backbone" Supervisory Control and Data Acquisition (SCADA) system for some basic and critical treatment processes Staff are proposing to budget some money in the next two Fiscal Years to map out the existing system, develop the plan and then implement additional functionality when new equipment is installed. The first projects that will be critical to incorporate the SCADA upgrades in are the Electrical Rehabilitation and Aeration Blower Replacement Project.
- The "Mini-Master Plan" developed through the on-going Enhanced Recycled Water Feasibility Study has identified some safety and structural concerns in bottom floor of the influent pump station. Staff agrees and therefor is proposing to include rehabilitation of the corroded concrete in the channels and replace the grating in Fiscal Year 2022-23.
- The District's tractor is due for replacement. District staff are evaluating the use of the tractor and are considering replacement with a Bobcat or similar track-mounted unit for a reduced cost but better meets the current and future needs of the District.

Facilities Maintenance Program

- The roof for the Admin/Operations Building is a carryover from the prior Fiscal Year because the Contractor discovered the sub-structure to the roof required a different repair method and therefore was removed from the contract.
- The maintenance gate opener and controls is due for replacement.
- The main gate on Monte Cristo Lane is proposed to be upgraded to a motorized gate with lighting and remote controls.
- A bathroom remodel for the men's restroom in the maintenance building is being considered to eliminate the expensive rented bathroom facilities. District Staff are scoping the project and have budgeted for the remodel to occur in the upcoming fiscal year.

Sewer Main Extension Program

- The Ashley Drive/E. Mountain Drive has been in the preliminary design stage for the past two years, with the Project being included on the Fiscal Year 2021-22 budget for finalizing an easement for a

future lift station to serve the project. In December 2021, the District Board of Directors supported evaluating the Alisos Sewer Main Extension Project. In order to determine the scope, cost and approach to serving both areas, as well as the surround unserved areas, a Septic to Sewer Strategic Plan Development study is included in this year's budget.

Recycled Water Program

- Besides the on-going operating costs for the Pilot Recycled Water Plant, no additional significant CIP work is anticipated or budgeted for in Fiscal Year 2022-23.

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

In May 2017 the District refunded its 2007 Certificates of Participation (COP) 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 decreased the maturity term by seven years, removed the requirement for a reserve fund, and took advantage of lower interest rates resulting in savings of approximately \$4,000,000 over the term of the bond.

The District will make two payments on its bond during Fiscal Year 2022-23 totaling \$932,700. Of this total \$655,000 will be applied to principal, \$277,700 will be applied to interest. After payments are made, the remaining balance of the bond will be \$7,000,000 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 current year contribution based on the Fiscal Year 2020-21 Financial Audit would be \$1,228,291. 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 2022-23 PROJECTED CASH POSITION

Taking into account the projected remaining expenditures for Fiscal Year 2021-22 and the proposed budget for Fiscal Year 2022-23, the District's projected cash position for its Operations and Maintenance fund and Capital Replacement fund are as follows:

Operations and Maintenance Funds

	2021-22 Projected		2022-23 Projected
Beginning Cash Balance	\$ 9,272,610	\$	10,387,128
Plus: Revenues	7,215,000		7,440,000
Less: Expenditures	(3,949,160)		(5,183,700)
Less: Bond Payment	(932,700)		(936,500)
Less: Capital Replacement Fund Contribution	(1,218,622)		(1,230,000)
Projected Ending Cash Balance	\$ 10,387,128	\$	10,476,928

Capital Replacement Funds

	2021-22 Projected		2022-23 Projected
Beginning Cash Balance	\$ 7,640,484	\$	7,860,086
Plus: Revenues	1,218,622		1,230,000
Less: Expenditures	(999,020)		(5,165,500)
Projected Ending Cash Balance	\$ 7,860,086	\$	3,924,586

The District anticipates a cash balance of approximately \$10,500,000 in its Operations and Maintenance funds and \$3,924,586 in its Capital Replacement funds at 6/30/2023, based on the proposed budgetary figures presented in Attachments A and B.