Board of Directors

Myron Heavin, President Steve Dietrich, Vice President Karina Naughton, Director Bruce Nix, Director Jim Mac Kenzie, Director



1550 East Burton Mesa Blvd, Lompoc California, 93436-2100 805.733.4366 www.mhcsd.org

Jerry Gruber, General Manager

Mission Hills Community Services District Board of Directors Special and Regular Meetings Wednesday, May 19, 2021

SPECIAL MEETING: 3:30 PM REGULAR MEETING: 4:30 PM

1550 East Burton Mesa Blvd, Lompoc, CA - District Board Room

Agenda

Pursuant to Governor Newsom's Executive Order N-29-20, the public can only participate via teleconference. The Mission Hills CSD board room will not be open to the public.

To access the meeting via Zoom:

URL to sign in for video access

https://zoom.us/j/9467006985?pwd=TnBqZGJXbWhCNUdJNXhMZGU3alhDZz09

Meeting ID: 946 700 6985 **Dial in**: 1 669 900 9128

SPECIAL MEETING - 3:30 PM

- 1. Call to Order and Pledge of Allegiance
- 2. Roll Call
- 3. Public Closed Session Items Members of the public, for up to 3 minutes, may address the Board on any item on this agenda. If you are unable to attend, you can submit comments in advance of the meeting to admin@mhcsd.org before 1:00 PM, Tuesday, May 18, 2021.
- 4. Closed Session 3:30 PM
 - A. Conference with Legal Counsel Existing Litigation pursuant to Gov. Code Section 54956.9(d)(1), Plaintiff is the City of Lompoc, Defendant is Mission Hills CSD
 - B. Public Employment pursuant to Government Code Section 549579(b)
 Position: General Manager

RECONVENE

REGULAR MEETING - 4:30 PM

- 1. Call to Order and Pledge of Allegiance
- 2. Roll Call
- 3. Public Comment Members of the public may address the Board on any item within the jurisdiction of the Board not included on this agenda for up to 3 minutes (Government Code Section 54954.3). If you are unable to attend, you can submit comments in advance of the meeting to admin@mhcsd.org before 1:00 PM, Tuesday, May 18, 2021
- 4. Reports out of Closed Session
- 5. Consent Items Staff recommends Directors approve the Consent Agenda in one motion. Members of the public may comment on a consent item (3-minute maximum per speaker). Directors may pull a consent item for discussion or separate vote.

A. Activity Reports for April

- i) Administration
- ii) Water
- iii) Wastewater FRM is filling the CPO position. This report will return in the June Board Packet

B. Financial Reports

- i) Profit and Loss
- ii) Disbursements Journal
- iii) Variation from Projected Income
- iv) Bank Account Summary
- v) Budget to Actual

6. Regular Business

- A. Receive and File Final Water/Wastewater & Street Sweeping Rate Study Report from Tuckfield & Associates
- B. Discussion and Consideration for Approval of Salary Range for the Position of Administrative Services Manager
- C. Committee Updates Review and discuss previous committee meetings and proposed future committee meeting dates
- 7. Communications Board of Directors may ask a question for clarification, make an announcement, or report briefly on recent activities or conferences. Also, Directors may provide a reference to staff or other resources for information, direct staff to place a topic or report on a future committee or regular meeting agenda.
 - A. General ManagerComments
 - B. Director's Comments
 - C. Public Comments (up to 3 minutes for topics within the District's jurisdiction)

ADJOURN

Regular Board Meetings are held on the third Wednesday of each month beginning at 4:30 PM Copies of the staff reports or written materials provided for Mission Hills CSD for Open Session agenda items may be obtained upon request and are also available at the Customer Service Counter

of the District Office for public inspection and reproduction during regular business hours. Closed Session items are not available for public review.

In compliance with the Americans with Disabilities Act

If you need special assistance to participate in this meeting or if you need the agenda or other documents in the agenda packet provided in an alternative format, contact Board Secretary at 805.733.4366 at least 48 hours before the meeting to ensure that reasonable arrangements can be made. (Agenda Prepared under Government Code Section 54954.2)



Administrative Reports

April 2021

Customer Service

- 1. New Customer Move-Ins 5
- 2. 331 Customers are currently enrolled in Auto Pay
- 3. Residential Past Dues Avg: 140 accounts \$19,072 30-60 days/\$4,949 60-90 days/\$ 5,331 90-120 days

\$6,809 (15 Residential Accounts) over 120 days \$8,043 (4 vacant accounts)

Collections made on extremely past due accounts:

\$530.74 United Way SB submitted a payment for 1 resident \$2,605.06 Realty from Redondo Beach paid for 1 resident

4. Weekly: Notified past due customers of available funding programs to help with Utility Bills and set up payment plans.

Accountant

- 1. Discussed the FYE 2021 Budget with Staff and Board of Directors
- 2. Worked on recruitment for replacement Board Secretary
- 3. Prepared and Submitted Quarterly Workers Compensation Payroll Report
- 4. Prepared and Submitted Quarterly Tax Filings
- 5. Participated in HR Webinars through Liebert, Cassidy & Whitmore
- 6. Prepared and Submitted the 2020 Government Compensation in California Report
- 7. Participated in Joint Meeting with Vandenberg Village Community Services District
- 8. Assisted Customers with Payments
- 9. Perpared Bank Deposits
- 10. Prepared Board Packet Financial Reports
- 11. Administered Weekly Employee Meetings

General Manager Report

I continue to work diligently on matters for the District relating to Administration, Water and Wastewater. I would be more than happy to answer any questions that the Board may have relating to the overall operation of the District

Board of Directors:

President; Myron Heavin, Vice President; Steve Dietrich Director; James MacKenzie Director; Karina Naughton Director; Bruce Nix



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General Manager; Jerome Gruber

Consent Item 5.A.ii

MISSION HILLS COMMUNITY SERVICES DISTRICT Water Reports – April 2021

Water Distributed: 16,049,414 gallons

- 4-6-21 McCrometer arrived at Well #6 for start-up service of meter
- Well #6 meter back online as of 4-6-21

Reservoirs:

Received quote for reservoir inspection

Treatment Plant

Surge Tank Installation completed on 4/16/21 (Surge Tank online as of 5/13/2021)

Distribution System Maintenance/Repair

- Replaced Hersey meters to Kamstrup meters as needed
- Replaced sample station on Courtney

Recurring Tasks

Reservoirs

- Daily:
 - Electronically monitor levels via SCADA System
- Weekly:
 - Electronically check CL2 levels
- Quarterly:
 - o Clean and inspect the solar panel for backup battery (Jan, Apr, Jul, Oct)
 - o Weed abatement

Treatment Plant

- Daily:
 - Electronically record bulk storage tank levels
 - o Determine daily filtration chemical rate
 - Record water produced from Wells #5,6, & 7
- Weekly:
 - Clean chlorine injection lines
 - o Take and record Iron and Manganese treatment samples
- Monthly: Complete State Water Resource Control Board (SWRCB) reports
- Quarterly: Remove weeds around shop and filtration plant (Feb, May, Aug, Nov)

Distribution System

- Weekly:
 - o Collect and report weekly chlorine, phosphate, and PH results
 - Sample "Bac-T" (coliform detection) every Wednesday
- Monthly:

- o Take distribution samples for State Water Board reports as needed
- o End of month Residential and Commercial Meter Reads
- o Install new Kamstrup meters under Capital Improvement Project
- o Test and Inspect field equipment

Quarterly:

- o Mainline valve exercising (Jan, Apr, Jul, Oct)
- o Complete dead-end flushing (Feb, May, Aug, Nov)
- o Hydrant flushing (Mar, Jun, Sep, Dec)

Safety

- ☑ Inspect Fire Extinguishers at water treatment plant, shop and vehicles
- ☑ Perform Daily Visual Inspection at Water Treatment Plant and Park

Mission Hills Community Services District Profit & Loss Prev Year Comparison April 2021

	Α	В	С	D	E	F G		Н	J	L
1			ļ		ļ			-		
2		_	Ļ	L	Ļ			Apr 21	Apr 20	\$ Change
3		Or	din	ary	/ In	ome/Expense				
4 5				រោ	con	e 5 · 48 hour notice fee		0.00	45.00	45.00
6		-		_		5 · Construction hydr		0.00 50.00	15,00	-15.00
7	_	_				5 · Late fees	ant meter	0.00	50.00 14.12	0,00 -14.12
8		_	\vdash	-	_	0 · Miscellaneous inc	ome	35,236.97	0.11	35,236.86
9				_		5 · Returned check fe		25,00	80.48	-55.48
10						5 · Sewer basic charg		82,402,33	75,411.59	6,990.74
11						5 · Street sweeping c		1,506.12	1,511.40	-5.28
12						5 · Water basic charg		59,205.41	56,166.00	3,039.41
13						5 · Water usage char		42,821.76	29,590.54	13,231.22
14						0 · Discount Revenue)	0.00	3.24	-3,24
15						ncome		221,247.59	162,842.48	
16			Gr		s Pı			221,247.59	162,842.48	58,405.11
17				Ex	pe					
18		_			60	0 · Salaries and wage	S			
19					↓ _	3005 · Wage expense		70,218.74	57,740.97	
20	_				-	6010 · Payroli tax exp		5,973.55	5,074.53	899.02
21					10	al 6000 · Salaries and	wages	76,192.29	62,815.50	13,376.79
22					60	0 · Employee benefits		E40 E4	010.70	222 22
23						6060 · Disability insur		512.54	218.78	293.76
24 25			=			3065 • Health Insurand 3070 • Medical reimbu		8,945.54	10,989.58	
26						3075 · Retirement exp		0.00	270.64	-270.64
27	\dashv					3085 · Workers compe		1,925.72 2,156.92	1,920.27 2,367.63	5.45 -210,71
	ᅱ	-			╁╾	7000 FIOTROIS COMP	madion expe	2,100.82	2,307.03	-210,71
28						i090 · Vacation & Sici	(Leave	4,882,02	6,268.05	-1,386,03
29					\vdash	095 · Benefit Admini		89.82	87.37	2.45
30	一	\vdash		_	To	al 6050 · Employee be		18,512.56	22,122.32	-3,609.76
31						0 · Director fees	ilones	2,125.00	2,500.00	-375.00
32	ヿ					0 · Depreciation expe	nse	31,054.00	26,905.00	4,149.00
33						0 · Vehicle expenses		01,001.00		1,110,00
34						145 · Tractor and equ	uipment	0.00	0,00	0,00
35						150 · Vehicle fuel		0.00	1,034.35	
36						i155 ⋅ Vehicle mainter		0.00	806,25	-806.25
37						160 • Automobile Alle		700.00	0.00	700.00
38						al 6140 · Vehicle expe		700.00	1,840.60	-1,140.60
39					61	0 · Insurance expense	9			
40						180 · Liability Insura	nce	1,522.00	2,058.75	-536.75
41						al 6170 · Insurance ex		1,522.00		
42	_	_				0 · Dues and member	ships	0.00	447.31	-447.31
43						0 · Office expenses				
44		\dashv	_		\sqcup	205 · Bank fees and		0.00	5.00	
45 40	-		-		$\vdash \mid$	210 · Cash (over) / sh		-172.86	-2.90	
46	-	4			H	215 · Cleaning suppl		0.00	102.08	
47	-			_	$\mid - \mid$	220 · Licenses and fe		60,00	0.00	
48 49	\dashv				\vdash	225 · Miscellaneous (230 · Office supplies	expenses	233.44	0.00	
50	\dashv	\dashv	\dashv	_		235 · Postage expens		889.78 666,67	107.03 500.00	
51	\dashv					240 · Subscriptions	> <u>c</u>	210.00	· ———	<u> </u>
52	+	-				245 · Office Equipme	nt	169.17	0.00 169.17	210,00 0,00
53	ᅱ	\dashv	\dashv			al 6200 · Office expen		2,056.20	880.38	
54	\dashv	\dashv	+			O · Operating supplies			000,00	1,170.02
55	-+					310 - Miscellaneous		46,58	211.47	-164,89
56	\dashv	\dashv		\dashv		325 - Portable equipr		0.00	299.43	
57	_	7	\dashv			330 · Shop supplies		0.00	17.32	
58	_	1				335 · Small tools and	appliances	204.88	319.44	-114.56
59			7			340 · Chemicals			3.0.11	1,1,50
60	T	\neg	\neg		H	6342 · Bioremediat	ion	2,115.49	0.00	2,115.49
61	\neg		T		П	6344 · Chlorine		1,464.04	0.00	
										

Mission Hills Community Services District Profit & Loss Prev Year Comparison April 2021

	Α	В	С	D	E	F G	Н	J	L
1 2		1		╁			Apr 21	Apr 20	\$ Change
62		t	H	t	H	Total 6340 · Chemicals	3,579.53		
63		\vdash	+	+		tal 6300 · Operating supplies and ex			
64		1	\vdash		63	50 · Safety expenses	0,000.88	00,140	2,300,00
65			-	\vdash	1	6365 - Safety equipment	0.00	168.33	-168,33
66	_	T		t		6375 · Other safety expenses	119.08	0.00	119,08
67				T		al 6350 · Safety expenses	119.08		-49.25
68		1		✝	64	0 · Contractual services	110.00	100.00	
69				Г		6420 · Cleaning service	236.00	200.00	36.00
7.0						6425 · Office equip maintenance	326.63		180.96
71						6430 · Internet access	159.73	137.96	21.77
72				L		6435 · Landscaping services	217.36	351.08	-133,72
73				_		6437 - Pest Control	0.00	50,00	-50.00
74						6445 - Security expense	112.50	112.50	0.00
75		ļ				6449 · SCADA Support	3,173.00	0,00	3,173.00
76					H	6450 · Software support	3,386.10	1,562.50	1,823.60
.77	_		<u> </u>	-		6452 · Credit Card Processing	148.10	125.57	22.53
78					\vdash	6453 · Software Subscriptions	97.16		172.98
79			_		\vdash	6455 · Street sweeping services 6460 · Uniforms	1,286.00		0,00
80 81					H	6470 · Other contractual services	0.00		-559.78
82				-	T ~ 4	al 6410 · Contractual services	1,229.35		
83	_			⊢	647	5 · Professional services	10,371.93	4,476.79	5,895.14
84				┢	047	6476 · Financial Management Fees	2,210,00	2,749.00	520.00
85	_	-		-		6485 · Engineering services	0.00	1,125.20	-539,00 -1,125,20
-					H	o-roo Engineering aervices	0.00	1,125.20	~1,125,20
86						6488 · Information Services	0.00	6,168,75	-6,168,75
87						6490 · Legal services	4,913.22	0.00	4,913.22
88					1	6497 · Interim General Manager	6,976.30		6,976.30
89		-				al 6475 · Professional services	14,099,52	10,042.95	4,056.57
90						0 · Printing and publication	48.94	0.00	48.94
91					650	5 · Equipment lease and rentals	560.85	560.75	0.10
92						5 · Research and monitoring			
93						3535 · Monitoring expense	2,016.50	4,524.00	-2,507.50
94	_					al 6525 · Research and monitoring	2,016.50	4,524.00	-2,507.50
95	_	\Box				0 · Travel and meetings			
96						610 · Meals	214,88	29,59	185.29
97	_					620 - Staff training	550.00	-650.00	1,200.00
98	4		_			al 6600 · Travel and meetings	764.88	-620.41	1,385,29
99	-					0 · Utilities			
100						6655 · Cell phones	240,24	187.04	53.20
101	-	\dashv		_		6660 · Dump fees 6665 · Electrical	391.29	0.00	391.29
102 103	-		\dashv			6670 · Natural gas	10,103.08		1,146.56
104	+		\dashv			6685 · Telephone	4,895,88 462.96	107.10 335.76	4,788.78
105	\dashv	_				691 · Trash & Recycling	199.53	197.99	127.20 1.54
106	-					al 6650 · Utilities	16,292,98	9,784.41	6,508,57
107	\dashv	\dashv				0 - Repairs and maintenance	10,202,00	U ₂ 1 04.41	7,000,07
108	7		\dashv	_		3730 · Distribution expense	231,82	953,51	-721.69
109	7		-			745 · Lift station expenses	34.96		34.96
110	\exists					750 · Collection expense	0.00	262.37	-262.37
111					•	760 · Shop and equip repairs	215,49	68.02	147.47
112	[(765 · Supplies and small tools	0.00	59.54	-59.54
113						785 · Wells and pumping	3,895.50	369.01	3,526.49
114	_	\perp	_		6	790 - Waste water plant	0.00	149.39	-149,39
		-		ĺ					
115	_	_	_	_		795 · Other repairs and maintenan	0,00	18,209.24	-18,209,24
116	4	_				al 6720 - Repairs and maintenance	4,377.77	20,071.08	-15,693.31
117	1					xpense	184,645.49	169,425,42	15,220.07
118						Income	36,602.10	-6,582.94	43,185.04
119		Utr	er	Inc	ome	e/Expense			

Mission Hills Community Services District Profit & Loss Prev Year Comparison April 2021

	Α	В	С	D	E	۴	G	н	J	ı
1									· · · · · · · · · · · · · · · · · · ·	-
2								Apr 21	Apr 20	\$ Change
120			Ot	her	Inc	con	ne			
121							arket Appreciation/(Depr)	-3,503.05	772.55	-4,275.60
122 123				70	10 •	· In	terest Income	7,059.70	13,260.57	-6,200,87
123			То	tal	Oth	ıer	Income	3,556.65	14,033,12	-10,476,47
124						CO	me	3,556.65	14,033,12	
125	Ne	t In	CO	me				40,158.75	7,450,18	32.708.57

Mission Hills Community Services District Disbursements Journal April 2021

ļ	Α	В	CI		Н		K L	М
1	L	4200 011011	Щ	Date	L	Num	Name	Amount
3		1060 · CHCU - General 4	163	04/01/2021	L	04750		
14	┝		╟┼	04/01/2021	┞	31759 31760	Comcast Compuvision	-159.73
5	_		+	04/01/2021	-	31761	De Lage Landen Financial Services, I	-1,060,00 1 -169,17
6			-	04/01/2021	┝	31762	Reimbursement	-763.17
7				04/01/2021	Т	31763	Inklings Printing Company	-52.20
8			\Box	04/01/2021		31764	Jon's Lawn Mowing	-217,61
9			\perp	04/01/2021		31765	Mission Paving Inc	-1.300.00
10	_			04/01/2021	L	31766	Olifield Environmental & Compliance,	
11 12			+	04/01/2021	<u>. </u>	31767	Praxair Distribution Inc	-37.55
 				04/01/2021	H	31768	Relmbursement	-710.99
13				04/01/2021		31769	RL Johnson Construction Inc	-5,490,43
14			丁	04/01/2021	-	31770	Santa Barbara Co Clerk, Recorder As	s -2,808,84
15				04/01/2021		31771	SoCalGas	-93,98
16	4		_	04/01/2021		31772	Standard Insurance Company	-256,27
17 18	\dashv		_	04/01/2021	_	31773	Staples Business Credit	-396.56
19	\dashv			04/01/2021		31774	Ultrex Inc	-173,26
20			+	04/01/2021	_	31775 31776	Waste Management Liebert Cassidy Whitmore	0.00
21			\dashv	04/01/2021		EFT	SoCalGas	-495.00 -3,027.15
22				04/01/2021		31777	Santa Barbara Co Air Pollution Contro	-5,027.15 -420.00
23	_		\perp	04/01/2021		EFT	Tierzero	-111.95
24	4		4	04/05/2021		EFT	Tierzero	-111.95
25 26		·	+	04/08/2021	_	31778 31779	ACECO Equipment Rentals	-702,24
27	\dashv		+	04/08/2021	_	31779	ACWA/JPIA *Medical Insurance American Industrial Supply	-9,051.68
28	7		- -	04/08/2021	_	31781	Box Shop	-266.74 -15.95
29			T	04/08/2021	_	31782	Carmel & Naccasha LLP	-1,662,07
30	_			04/08/2021		31783	Central Coast Towing	-800.00
31	4		_	04/08/2021		31784	Compuvision	-3,018.75
32 33	\dashv		-	04/08/2021		31785	County of Santa Barbara- Gen Svcs	-3,363.95
34	-		- -	04/08/2021 04/08/2021	_	31786 31787	Coverall North America, Inc.	-236.00
35	\forall		╁	04/08/2021	-	31788	Energy Link Reimbursement	-1,816.53
36	7		_	04/08/2021	_	31789	Home Depot	-50.00 -950.04
37				04/08/2021		31790	ICONIX Waterworks (US) Inc.	-110.67
38	_			04/08/2021		31791	Inklings Printing Company	-48.94
39	4		+	04/08/2021		31792	Olifield Environmental & Compliance,	-544.50
40 41	-		-	04/08/2021 04/08/2021		31793	PG&E	-2,796.42
42	\dashv		+	04/08/2021		31794 31795	SP Maintenance Services, Inc. Todd Pipe & Supply Inc	-1,286.00
43.	十			04/08/2021		31796	Tuckfield & Associates	-286.78 -875.00
44			1	04/08/2021		31797	Underground Service Alert of SC	-11.55
45			$oxed{\Box}$	04/08/2021		31798	USA BlueBook	-620,14
46	4		\perp	04/08/2021		31799	Valley Rock Landscape Supply	-185.89
47	+			04/08/2021		31800	Valley Roll-Off Service	-62.00
48 49	+		-	04/08/2021	_	31801	Verizon	-190.24
50	+		+-	04/08/2021 04/08/2021		31802 31803	Young Engineering & Manufacturing In Santa Barbara County EHS / CUPA	
51	7		+	04/14/2021		EFT i	Verizon	-510.40 -190.24
52				04/19/2021			American Industrial Supply	-190.24
53	1		\perp	04/19/2021		31805	Bremer Auto Parts	-972.99
54	- -		Ш	04/19/2021			Brenntag Pacific, Inc	-1,464.04
55 56	+		+	04/19/2021		31807	Cannon	-270.00
57	+		+-	04/19/2021			City of Lompoc	-133.29
58	\dagger		╁	04/19/2021			Compuvision Environmental Techniques	-1,060.00 2 115 40
59	_		+	04/19/2021			Frontier Communications	-2,115.49 -93,04
60	Ι			04/19/2021			Hagemann and Associates	-6,976.30
61	\downarrow		\Box	04/19/2021	-	31813	McCrometer	7.080.28
62	+		\dashv	04/19/2021		31814	Olifield Environmental & Compliance, I	-833.00
63 64	+		╂	04/19/2021		31815	PG&E	-6,622.19
04	+		╁┩	04/19/2021	4	31816	Reimbursement	-290,58
65				04/19/2021	Į,	31817	RL Johnson Construction Inc	16 474 00
66	1		\dashv	04/19/2021	_		Santa Maria Times	-16,471.28 -210.00
67	I			04/19/2021		31819	Relmbursement	-40.26
68	Ļ		П	04/19/2021	;	31820	Smith Alarms & Electronics, Inc.	-112.50
69	+		\coprod	04/19/2021		31821	Reimbursement	-215,49
70 71	+		1-1	04/24/2021	_		TASC	-89.82
71	Щ.	· · · · · · · · · · · · · · · · · · ·	Ш	04/27/2021	11	EFT	SoCalGas	-1,748.99

Mission Hills Community Services District Disbursements Journal April 2021

Г	Α	В	cli	D G	Н	<u> </u>	K II	
1	Ī			Date	t	Num	Name	Amount
72	Π	Total 1060 · CHCU - Gen	erel		✝		Trans	
73	⇈	1070 · CHCU - Payroll 41		1	┝			-113,792,23
83	!		ΪŤ	04/02/2021	╁	E-pay	EDD	4 400 40
84	ऻ		++	04/02/2021	┢	E-pay	IRS USATAXPYMT	-1,166.16
85	 	· · · · · · · · · · · · · · · · · · ·	-	04/02/2021	╁	EFT	CA State Dishurane and Linux	-3,405.66
86	-		\vdash	04/08/2021	┢	1310	CA State Disbursement Unit/Expert Pa	
87	Н			04/14/2021	-	1310	Matrix Trust Company	-4,668,26
97	-	·			-		Payroll	-17,777.25
98	⊢		₽	04/15/2021	┡	E-pay	IRS USATAXPYMT	-3,332.76
	-		1	04/16/2021		Е-рау	EDD	-1,210.25
99	_			04/16/2021	Ц	EFT	CA State Disbursement Unit/Expert Pa	-492.91
100			Щ	04/27/2021			Payroli	-2,211.99
102				04/28/2021			Payroll	-15,272.99
103				04/28/2021			Payroll	-1,891.95
117				04/29/2021	Γ	1311	Francise Tax Board	-463.88
118	_			04/30/2021	Γ	E-pay	EDD	-1,265,39
119				04/30/2021		E-pay	IRS USATAXPYMT	-3,812.02
120				04/30/2021		EFT	CA State Disbursement Unit/Expert Pa	-492.91
121		Total 1070 · CHCU - Payr	oll 4	155	П			-57,957.29
122		1075 · CHCU - ACH 4130			Н			-01,001,29
123				04/06/2021	П	EFT	Springbrook (ACH Services)	-148.10
124		Total 1075 · CHCU - ACH	413	30				-148.10
125	<u>TO</u>	TAL						-171,897.62

L																		
_[∀		<u>В</u>		U		۵		E	iule.	ᄔ		_U		I		ſ	¥
				į				>	Variation From Projected Income	From	Projec	ted	Incom	l au				
7									Fiscal Year Ending 6-30-2021	ear En	ding 6	-30	2021					
c.														İ				
4				*	Water					Wastewater	water							
5	Billing Month	Proje Inco	Projected Income*	Actur	Actual Income	Va	Variation	4 7	Projected Income	Actual Income	ncome	Vai	Variation	(Loss)	Total (Loss) / Gain	Current Year Units Sold	Last Year Units Sold	Previous 5 Year Average Units
9	Jul-20	ţ.	109,930	\$	117,571	\$	7,641	\$	77,724	\$	81,884	\$	4,160	\$	11,801	23,904	19.947	21.421
_	Aug-20		111,104	\$	117,324	\$	6,220	Ş	77,724		81,337	<u>ب</u>	3,613	پې	9,833	23,897	24,176	22,224
∞	Sep-20		110,721	Ş	110,403	\$	(318)	\$	77,724		81,643	\$	3,919	\$	3,601	20,974	22,134	22,190
6	Oct-20		106,078	ب	125,650	\$	19,572	\$	77,724	\$	81,671	솨	3,947	ļ.	23,519	27,170	21,302	21,329
2	Nov-20		105,163	፨	111,932	Ş	6,769	\$	77,724		81,558	\$	3,834	ş	10,603	21,595	21,914	20,263
=	Dec-20	\$	94,138	\$	95,943	Ş	1,805	ş	77,724	Ş	81,819	\$	4,095	⋄	5,900	15,049	17,003	15,794
15	Jan-21	\$	83,345	ب	98,858	\$	15,513	ş	77,724	₩,	81,812	\$	4,088	ا	19,602	16,328	9,762	11,755
13	Feb-21	ş	85,070	ζŞ	99,108	\$	14,038	Ş	77,724		81,716	\$	3,993	٠Ş.	18,030	16,413	12,600	12,651
14	Mar-21	Ş	83,559	\$	88,481	ዯ	4,922	ψ	77,724	\$	82,053	\$	4,329	\$	9,251	11,832	13,734	11,262
15	Apr-21	ب	969′58	Ş	102,027	ب	16,331	\$	77,724	\$	82,402	\$	4,679	\$	21,010	17,348	12,520	12,017
16	May-21	\$	95,609	Ş	ı	\$	-	\$	77,724	S	,	\$	1	У	1	i	15,566	13,358
17	Jun-21	\$ 1	104,579	\$	-	Ş	-	₹.	77,724	Ş	ı	\$	ı	₩.) 	19,330	17,076
18																		
19	Total	\$ 1,1	1,174,992	\$ 1	1,067,297	\$	92,493	\$	932,683	\$ 8.	817,896	\$	40,660	\$ 1	133,153	194,510	209,988	201,339
21																Year to	Year to Date Monthly Averages	rerages
22	YTD avg	83%	%	-	91%				83%	88%	%		İ			16,209	17,509	160,71
23																Yearly Average	17,499	16,778
54																		
25		* Project	ed Incom	te is ca	lculated by	/ using	current ye	ar an	* Projected Income is calculated by using current year and previous 5 year average monthly units sold.	year av	erage mo	inthly	units solo	_,				
26																		
27					Units S	old b	Units Sold by Calend	ıdar	ar Year (1 Unit = 1 HCF = 748 Gallons)	Unit =	= 1 HC	<u> </u>	748 Gal	lons				
									-							7		

2/28/2021	3/31/2021	4/30/2021
\$1 132 254	\$1 132 25 <i>4</i>	\$1,133,378
ψ1,102,201	Ψ1,102,201	ψ1,100,010
\$1,752,192	\$1,746,752	\$1,746,819
\$550,059	\$499,507	\$581,390
\$420,409	\$420,427	\$420,444
\$0	\$0	\$0
\$202	\$202	\$202
\$26,921	\$60,634	\$53,144
\$1,000	\$2,053	\$2,820
\$998,590	\$982,823	\$1,057,999
\$3,883,036	\$3,861,829	\$3,938,196
-\$26,450	-\$21,207	\$76,367
	\$1,132,254 \$1,752,192 \$550,059 \$420,409 \$0 \$202 \$26,921 \$1,000 \$998,590 \$3,883,036	\$1,132,254 \$1,132,254 \$1,752,192 \$1,746,752 \$550,059 \$499,507 \$420,409 \$420,427 \$0 \$0 \$202 \$202 \$26,921 \$60,634 \$1,000 \$2,053 \$998,590 \$982,823 \$3,883,036 \$3,861,829

INVESTMENT STRATEGY

Along with resuming active management, the Finance Committee and Staff recommend a balanced distribution of monies as stated below between TD Ameritrade, LAIF and Coast Hills Credit Union. This distribution will allow the District to maximize yields on investments, while meeting operating and capital cash needs

Recommended Investment Strategy:

01. Coast Hills CU: \$300,000 (2 months FYE20 budgeted operating expense, less depreciation, not

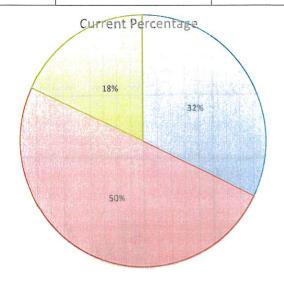
Goal of about 10%

02. TD Ameritrade: 50% of balance of unrestricted cash

Goal of about 45%

03. LAIF: 50% of the balance of unrestricted cash

Goal of about 45%



- □ LAIF
- □ TD Ameritrade/RNC Genter
- ☐ Total Coast Hill FCU Less Development

Budget to Actual Comparison JUL 20 -APR 21											
	a a	Budgeted	Prora	Prorated Budget		Actual			Rem	Remainder	% of Budget
Income	Fisca	Fiscal Year 20-21	JUL 2	JUL 20 -APR 21	2	JUL 20 -APR 21		Difference	Budgete	Budgeted Amount	83%
Late Fees/Charges	⋄	24,750	٠,	20,625	Ŷ	57,564	Ş	36,939	ş	(32.814)	733%
Water Service	\$	1,174,992	45	979,160	-	1,067,297	-	88,137	. \$	107.695	41%
Sewer Service	Ş	932,683	s	777,236	-	817,897	5	40.661		114 786	%88
Street Sweeping	\$	18,006	Ş	15,005	-	15,066		61	÷ 5	2.940	84%
	\$	2,150,431	\$	1,792,026	-	1,957,824	\vdash	165,798	\$	192,607	91%
	i	Budgeted	Prorat	Prorated Budget		Actual			Rem	Remainder	
Expense	FISCA	Fiscal Year 20-21		JUL 20 -APR 21		JUL 20 -APR 21		Difference	Budgete	Budgeted Amount	
Salaries & Wages	s,	605,486	·s	504,572	_	469,355	s	35,216	\$	136,131	78%
Employee Benefits	s.	246,625	S.	205,521	÷	161,776	ς.	43,745	\$	84,849	%99
Director Fees	٠,	18,000	φ.	15,000	\$	19,815	Ş	(4,815)	\$	(1,815)	110%
Depreciation	٠	322,862	\$	269,052	ş	310,540	\$	(41,488)	\$	12,322	%96
Election Expense	٠,	1,000	√۰	833	₹.	2.809	٠,	(1,976)	v	(1 809)	281%
Vehicle Expense	4	28,300	· \$	23,583	· \$	14,788	\$	8.795	\$	13.512	57%
Insurance	4	33,000	\$	27,500		23,596	-	3,904	\$	9,404	72%
Memberships	₩.	17,650	\$	14,708	\$	19,104	5987P	(4,396)	\$	(1,454)	108%
Office Expenses	\$	20,715	\$	17,263	٠	16,417	\$	846	\$	4,298	79%
Operating Supplies	₩	10,500	↔	8,750	\$	13,521	\$	(4,771)	\$	(3,021)	129%
Chemicals	φ.	88,400	\$	73,667	\$	36,217	\$	37,450	\$	52,183	41%
Safety	₩	7,350	\$	6,125	↔	4,466	45	1,659	•	2,884	61%
Contractual Services		70.000	•	58.333	•	85 477	•	(27.094)	~	(15,427)	122%
Professional Services		115,000		95,833		164 598	·	(68.765)		(49 598)	1/30%
Printing & Publication	· 40	8.230	· ·	6.858	. v	4 947		1 911		3 283	44370 60%
Equipment Lease	- 5	6.729	\$	5.608	- ×	5.608	S	(0)		1,171	83%
Monitoring	- ₹	35,000	· \$	29,167	· S	24,152	\$	5,015	\$	10,848	%69
Travel/Meetings/Meals	\$	20,000	\$	16,667	\$	3,677	\$	12,990	\$	16,323	18%
Utilities	\$	180,350	\$	150,292	\$	132,158	\$	-	\$	48,192	73%
Government Fees	ئ	77,234	\$	64,362	ş	31,186	\$	33,175	\$	46,048	40%
Repairs & Maintenance	\$	236,000	\$	196,667	\$	127,622	\$	69,045	\$	108,378	24%
Miscellaneous Expenses	ئ	2,000	\$	1,667	\$	5,706	\$	(4,040)	\$	(3,706)	285%
	٠	2,150,431	\$	1,792,026	٠	1,677,487	\$	114,539	\$	472,944	78%
Resolution 15-229 - Budget Preparation and Approval Process	pproval P	rocess									
	has circu	mstances whe	ere a pro	jected exper	ye ex	ceeds a 5% va	riance	of the total bu	dget,		
the day will be required to seek a super majority approval moin the bob before the expense is infanzed, when possible.	Ity approx	al lion ne p	חם חם	e rue experi	2 2	malized, when	possic	2% =	\$ 10	107.521.55	
				The state of the s				_		000000000000000000000000000000000000000	



MISSION HILLS COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO:

Board of Directors

FROM:

Jerry Gruber, General Manager

DATE:

May 19, 2021

SUBJECT:

Receive and File Final Water/Wastewater & Street Sweeping Rate Study Report

from Tuckfield & Associates

Discussion:

During the April 21, 2021 Regular Board Meeting, a discussion ensued regarding the Rate Study for Water/Wastewater & Street Sweeping. A consensus was reached by the Board to temporarily posposte rate increases and to request that the Rate Study Consultant finalize the report. A copy of the finalized report is attached for your review. Staff recommends that the Board receive and file the report.

Recommendation / Proposed Motion

- Recommendation: Receive and File Final Report
- Alternatives Considered

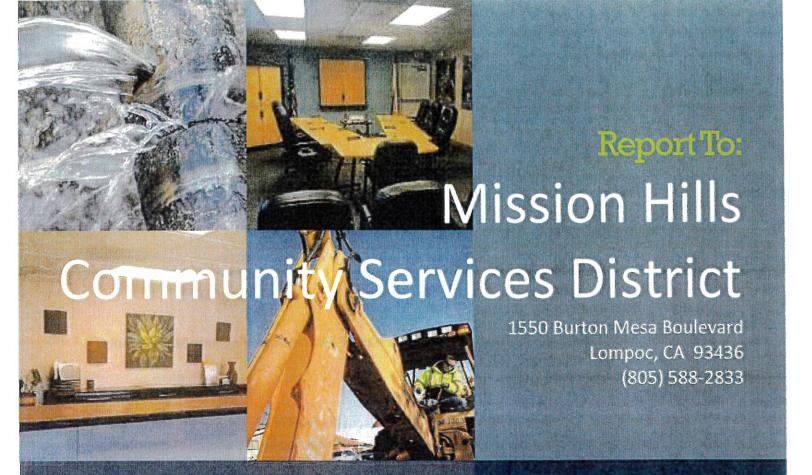
Provide an alternative recommendation to the Rate Study Consultant

Budget Resource

The District's approved FY 2020/21 Budget includes funding the Rate Study.

Attachments

Mission Hills Community Services District Water, Wastewater, and Street Sweeping Rate Study



Water, Wastewater, and Street Sweeping Rate Study

Submitted By:

Tuckfield & Associates

Contact: Mr. Clayton Tuckfield 2549 Eastbluff Dr, #450B Newport Beach, CA 92660 (949) 760-9454

www.tuckfieldassociates.com



May 2021

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Tuckfield & Associates

2549 Eastbluff Drive, Suite 450B, Newport Beach, CA 92660 Phone (949) 760-9454 Fax (949) 760-2725 Email ctuckfield@tuckfieldassociates.com

May 7, 2021

Mr. Jerry Gruber General Manager Mission Hills Community Services District 1550 Burton Mesa Boulevard Lompoc, CA 93436

Dear Mr. Gruber:

I am pleased to present this Water, Wastewater, and Street Sweeping Rate Study (Study) report for the Mission Hills Community Services District (District). The rates presented in this report have been developed based on cost of service principles and industry methods that result in fair and equitable rates for the users of the systems.

This study included a review and analysis of the water, wastewater, and street sweeping revenue and revenue requirements, number of customers, volumes, and current rate structures. The major objectives of the Study include the following.

- Generate positive levels of income in the Study period
- Maintain operating and capital reserves at or greater than target levels
- Maintain debt service coverage ratios at or greater than the minimum required
- Meet annual capital replacement spending from the water, wastewater, and street sweeping rates and charges and cash reserves

This report presents the findings and recommendations for the financial plans and rates for the District's water, wastewater, and street sweeping systems. Tables and figures throughout the report are provided to demonstrate the calculations.

It has been a pleasure to work with District staff during the performance of this study. If there are any questions, please contact me at (949) 760-9454.

Very Truly Yours,

TUCKFIELD & ASSOCIATES

G. Clayton Tuckfield
President/Project Consultant

MISSION HILLS COMMUNITY SERVICES DISTRICT

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Executive Summary

In September of 2020, the Mission Hills Community Services District (District) retained Tuckfield & Associates to conduct a comprehensive Water, Wastewater, and Street Sweeping Rate Study (Study). The objectives of the Study included determining water, wastewater, and street sweeping rates for FY 2020-21 through FY 2025-26 (the "Study Period") by analyzing projections of revenues and revenue requirements for each system and determining the costs of providing service.

Enterprise Financial Plans

Financial plans were developed for the water, wastewater, and street sweeping enterprises that projected revenue and revenue requirements (costs) for each system. The amount of revenue needed to meet the revenue requirements of each system was first determined for FY 2020-21. Revenue was then increased annually by various percentages to create financially sustainable enterprises for each system. The revenue increases are necessary to maintain the financial health of each enterprise while funding the operation and maintenance (O&M) expenses, capital funding needs, debt service, and reserve requirements. Tables 11, 28, and 35 provide the financial plans for the water, wastewater, and street sweeping systems respectively.

Proposed Water Rate Structure and Rates

The District's current water rate structure was reviewed in relation to current industry practice, trends, and state of California guidelines. It is recommended that the current tiered rate structure be revised as discussed below.

For the Residential classification, it is recommended that a tiered rate structure be implemented with tier break points the reflect the current classification consumption patterns. It is proposed that Tier 1 be established as zero to 9 hundred cubic feet (HCF), reflecting current indoor water consumption for SFR customers as follows.

Tier 1 = 4 pph * 55 gpcd *
$$\frac{365 \text{ days}}{\text{year}}$$
 * $\frac{1}{748 \text{ gal/HCF}}$ * $\frac{1 \text{ year}}{12 \text{ months}}$ = \sim 9 HCF/month pph = persons per household gpcd = gallons per capita per day

In addition, it is proposed that the Tier 2 break point be established as the summer peak average consumption for the Residential classification. Therefore, Tier 2 is 10 to 18 HCF. Tier 3 is proposed for all use over Tier 2. The recommended Residential Tier restructuring is provided in Table ES-1.

For the Commercial and Irrigation classifications, it is recommended that they have an individual class uniform volume rate structure where all consumption is charged at a uniform rate in dollars per HCF (\$/HCF). Outdoor consumption for Commercial customers should be captured in separate landscape irrigation meters.

Table ES-1
Current and Proposed Tiers

Tier	Current Residential Tiers	Proposed Residential Tiers	Current Commercial Tiers	Proposed Commercial Tiers	Current Irrigation Tiers	Proposed Irrigation Tiers
Tier 1	All Use	0 - 9 units	All Use	All use	All Use	All use
Tier 2	All Use	10 - 18 units	All Use	All Use	All Use	All use
Tier 3	All Use	Over 18 units	All Use	All Use	All Use	All use

The proposed water rate structure and rates are provided in Table ES-2 for implementation beginning September 1, 2021 and each July 1 thereafter.

Table ES-2 Current and Proposed Water Fixed and Variable Charges

	Current Rate	September 1, FY 21-22	July 1, FY 22-23	July 1, FY 23-24	July 1, FY 24-25	July 1, FY 25-26
		Fixed Charg	e (\$ per mon	th)		
Meter Size	_					
3/4"	\$43.52	\$38.95	\$41.52	\$44.26	\$47.18	\$50.29
3/4" x 1"	\$43.52	\$38.95	\$41.52	\$44.26	\$47.18	\$50.29
1"	\$48.56	\$40.21	\$42.86	\$45.69	\$48.71	\$51.92
1.5"	\$55.28	\$41.89	\$44.65	\$47.60	\$50.74	\$54.09
2"	\$73.74	\$46.51	\$49.58	\$52.85	\$56.34	\$60.06
3"	\$209.79	\$80.53	\$85.84	\$91.51	\$97.55	\$103.99
4"	\$260.18	\$93.13	\$99.28	\$105.83	\$112.81	\$120.26
		Var	riable Charge	(\$ per HCF)		
Residential						
Tier 1 - 0 to 9 units Tier 2 - 10 to 18 units Tier 3 - 18 and Over	\$2.46 \$2.46 \$2.46	\$2.74 \$2.95 \$3.98	\$2.92 \$3.14 \$4.24	\$3.11 \$3.35 \$4.52	\$3.32 \$3.57 \$4.82	\$3.54 \$3.81 \$5.14
Commercial						
All Consumption	\$2.46	\$3.37	\$3.59	\$3.83	\$4.08	\$4.35
Irrigation						
All Consumption	\$2.46	\$3.99	\$4.25	\$4.53	\$4.83	\$5.15
Hydrant Meter						
All Consumption	\$2.46	\$6.38	\$6.80	\$7.25	\$7.73	\$8.24
.5						

Water Bill Impacts

Table ES-3 presents the impacts to single-family residential (SFR) water bills from the implementation of the proposed September 1, 2021 water rates. For a SFR customer with a 3/4-inch meter using the average consumption of 13 HCF monthly, the bill will decrease from \$75.50 to \$75.41, a decrease of \$0.09, or -0.1 percent.

Table ES-3
Comparison of Current Single-family Residential Monthly Water Bill with 3/4-inch Meter with Proposed Bill Using September 2021 Water Rates

G BOTONS			Current Bill			Prop	osed FY 21-22	I FY 21-22 Bill		
		Service	Volume	Current	Service	Volume	Proposed	Dollar	Percent	
Description	Use (HCF)	Charge	Charge	Bill	Charge	Charge	Bill	Difference	Change	
	0	\$43.52	\$0.00	\$43.52	\$38.95	\$0.00	\$38.95	(\$4.57)	-10.5%	
Very Low	5	\$43.52	\$12.30	\$55.82	\$38.95	\$13.70	\$52.65	(\$3.17)	-5.7%	
Low	8	\$43.52	\$19.68	\$63.20	\$38.95	\$21.92	\$60.87	(\$2.33)	-3.7%	
Median	10	\$43.52	\$24.60	\$68.12	\$38.95	\$27.61	\$66.56	(\$1,56)	-2.3%	
Average	13	\$43.52	\$31.98	\$75.50	\$38.95	\$36.46	\$75.41	(\$0.09)	-0.1%	
High	20	\$43.52	\$49.20	\$92.72	\$38.95	\$59.17	\$98.12	\$5.40	5.8%	
Very High	30	\$43.52	\$73.80	\$117.32	\$38.95	\$98.97	\$137.92	\$20.60	17.6%	
170	50	\$43.52	\$123.00	\$166.52	\$38.95	\$178.57	\$217.52	\$217.27	30.6%	

Chart ES-1 has been prepared to compare the District's average SFR water bill with those of other communities at the same consumption. The chart indicates that with the September 1, 2021 rates, a SFR customer with a 3/4-inch meter using the average monthly consumption of 13 HCF will experience a bill that is in the lower half of the communities listed.

Chart ES-1
Single-family Residential Monthly Water Bills with 3/4-inch Meter Using 13 HCF



Note: Above table uses water rates in effect March 2021. Bills are not adjusted for property tax revenue received by an agency. Mission Hills Community Services District September 2021 bill is based on the rate structure and rates in Table ES-2.

Proposed Wastewater Rate Structure and Rates

It is proposed that the current wastewater rate structure be maintained. Table ES-4 presents the wastewater rates for the next five years.

Table ES-4
Current and Proposed Wastewater Fixed and Variable Charges

Rate Description	Current Rate	September 1, FY 21-22	July 1, FY 22-23	July 1, FY 23-24	July 1, FY 24-25	July 1, FY 25-26
Monthly Fixed Charges						
Residential	\$63.83	\$66.40	\$69.92	\$73.62	\$77.53	\$81.64
Commercial	\$63.83	\$66.40	\$69.92	\$73.62	\$77.53	\$81.64
School (per ADA)	\$1.17	\$1.21	\$1.27	\$1.34	\$1.41	\$1.49
Variable Charges						
Commercial	\$3.87	\$5.75	\$6.05	\$6.38	\$6.71	\$7.07

Wastewater Bill Impacts

Table ES-5 presents the impacts to SFR wastewater bills from the implementation of the proposed September 1, 2021 wastewater rates. For a SFR customer with a 3/4-inch meter using the average consumption of 13 HCF monthly, the wastewater bill will increase from \$63.83 to \$66.40, an increase of \$2.57, or 4.0 percent.

Table ES-5
Comparison of Current Single-family Residential Monthly Wastewater Bill with 3/4-inch Meter with Proposed Bill Using September 2021 Wastewater Rates

			Current Bill		Proposed FY 21-22 Bill				
		Service	Volume	Current	Service	Volume	Proposed	Dollar	Percent
Description	Use (HCF)	Charge	Charge	Bill	Charge	Charge	Bill	Difference	Change
	0	\$63.83	\$0.00	\$63.83	\$66.40	\$0.00	\$66.40	\$2.57	4.0%
Very Low	5	\$63.83	\$0.00	\$63.83	\$66.40	\$0.00	\$66.40	\$2.57	4.0%
Low	10	\$63.83	\$0.00	\$63.83	\$66.40	\$0.00	\$66.40	\$2.57	4.0%
Median	9	\$63.83	\$0.00	\$63.83	\$66.40	\$0.00	\$66.40	\$2.57	4.0%
Average	13	\$63.83	\$0.00	\$63.83	\$66,40	\$0.00	\$66.40	\$2.57	4.0%
High	20	\$63.83	\$0.00	\$63.83	\$66.40	\$0.00	\$66.40	\$2.57	4.0%
Very High	30	\$63.83	\$0.00	\$63.83	\$66.40	\$0.00	\$66.40	\$2.57	4.0%
	50	\$63.83	\$0.00	\$63.83	\$66.40	\$0.00	\$66.40	\$63.96	4.0%

Chart ES-2 has been prepared to compare the District's average SFR wastewater bill with a 3/4-inch meter using 13 HCF per month bill with those of other communities at the same consumption. The chart indicates that the District's SFR wastewater bill is in the mid-range of the communities listed.

\$20 \$40 \$60 \$100 \$120 Montecito Sanitary District Summerland Sanitary District City of Lompoc Laguna County Sanitary District Santa Ynez CSD Vandenberg VCSD MHCSD September 1, 2021 Bill Cuyama CSD MHCSD Current Bill Carpinteria Sanitary District City of Santa Barbara City of Guadalupe Goleta Sanitary WRRD City of Solvang City of Buellton City of Santa Maria

Chart ES-2 Single-family Residential Monthly Wastewater Bills with 3/4-inch Meter Using 13 HCF

Note: Above table uses wastewater rates in effect March 2020. Bills are not adjusted for property tax revenue received by an agency. Cities of Santa Barbara and Lompoc assume 10 HCF per month. Mission Hills Community Services District September 2021 bill is based on the rate structure and rates in Table ES-4.

Proposed Street Sweeping Rate Structure and Rates

The financial plan prepared for the street sweeping activity showed that no increase in the rate of \$1.32 per account is needed at this time.

Introduction

The Mission Hills Community Services District (District) retained Tuckfield & Associates to conduct a comprehensive Water, Wastewater, and Street Sweeping Rate Study (Study) for its water, wastewater, and street sweeping enterprise systems. This Study develops pro forma statements of revenues and revenue requirements for each enterprise, determines the cost of providing service to customers, and designs new rates and charges for implementation.

Objectives

The objectives of this Study are to (1) review the current and future financial status of each of the water, wastewater, and street sweeping enterprises, (2) make any adjustments to the revenue being received to ensure that the financial obligations are being met now and in the future, including adequate reserves and debt service coverage, and (3) design water, wastewater, and street sweeping rates that generate the required revenue while being fair and equitable for its customers.

Scope of the Study

This Study includes the findings and recommendations of analyzing each of the water, wastewater, and street sweeping system's financial status and related CIP projects. Historical trends were analyzed from data supplied by the District showing the number of customers, volumes, revenue, and revenue requirements.

Revenue requirements of each enterprise includes operation and maintenance (O&M) expense, routine capital outlays, CIP funding, debt service, and additions to reserves. Changing conditions such as additional facilities, system growth, employee additions/reductions, and non-recurring maintenance expenditures are recognized. Inflation for ongoing expenditures is included to reflect cost escalation.

The financial plan and rates developed herein are based on funding of the CIP and estimates of O&M expenses provided by the District. Deviation from the financial plans, construction cost estimates and funding requirements, major operational changes, or other financial policy changes that were not foreseen, may result in the need for lower or higher revenue than anticipated. It is suggested that the District conduct an update to the rate study at least every three years for prudent rate planning.

Assumptions

Several assumptions were used to conduct the Study for the period FY 2020-21 to FY 2025-26. The assumptions included growth rates in customer accounts and related consumption, expense inflation factors, financing and other assumptions used for projecting revenue and expense and estimating debt service payments. The financial planning assumptions are provided in Table 1.

Table 1
Assumptions and Planning Factors

Description	Value	
Annual Account & Demand growth [1] Residential	0.0%	
All Other	0.0%	
Interest earnings on fund reserves (annual)	0.25%	
Cost Escalation		
Personnel Services [2]	2.5%	
Benefits	2.5%	
Electrical Power	3.0%	
Chemicals	3.0%	
Purchased Water	4.0%	
All Other Operations & Maintenance	2.0%	
Capital	3.0%	

^[1] Annualized growth in water accounts is based on historical information provided by staff.

Reserve Policy

The District has a reserve policy in Resolution No. 16-306 that provides for maintaining the District's fixed asset list and maintaining cash reserves for the water and wastewater systems. The reserves provide a means to meet unanticipated reductions in revenues, meet changes in the costs of providing services, provide for fixed asset repair and replacement, natural disaster needs, and other issues. The reserves also provide guidelines to maintain the financial health and stability of the enterprise funds. The reserve types and the amount of reserves used in this Study are discussed below.

Operating Reserve

The purpose of the Operating Reserve is to provide working capital to meet cash flow needs during normal operations and support the operation, maintenance, and administration of the utility. This reserve ensures that operations can continue should there be significant events that impact cash flows. The target balance to be maintained is 20 percent of the annual operating expense budget which may increase annually with the District's future expense budgets.

Capital Replacement Reserve

The purpose of the Capital Replacement Reserve is to fund future replacement of assets and CIP projects. The capital reserves are used to fund replacement of system assets as they reach their useful life or reach obsolescence. The reserve target has been established as 50 percent of the total value of accumulated depreciation which will increase annually as replacement assets and CIP are booked by District.

^[2] Personnel Services growth in staffing, promotions, and inflation is 2.5% annually.

Emergency Capital Reserve

The purpose of the Emergency Capital Reserve is to provide protection against catastrophic loss and to provide a cushion for inaccuracy in the long-range replacement program. The Target reserve is established at 5 percent of the value of capital fixed asset value. The value of capital assets will continue to increase as CIP is booked into fixed assets.

Beginning Balances and Reserve Targets

As of June 30, 2020, the District's beginning reserve balances are listed in the table below. The reserves are used in developing the financial plans for the water and wastewater utility systems. The Target Reserves are also provided in the table.

Table 2
June 30, 2020 Beginning Fund Balances and Reserve Targets

是这些证明,但是是是是是	Wat	ter	Wastewater		
Reserve Type	Reserve Balance	Reserve Target	Reserve Balance	Reserve Target	
Operating Fund Reserve	\$247,004	\$289,000	\$177,432	\$225,000	
Capital Replacement Reserve	\$1,889,149	\$1,811,000	\$1,077,566	\$1,041,000	
Emergency Capital Reserve	\$120,052	\$111,000	\$189,963	\$193,000	
Total	\$2,256,205	\$2,211,000	\$1,444,960	\$1,459,000	

Water Financial Planning

Financial planning for the water system includes identifying and projecting revenues and revenue requirements for a five-year planning period. This section discusses current water rates, current user classifications, projected revenues and revenue requirements, capital improvement expenditures and financing sources, and proposed revenue adjustments.

Current Water Rates

Table 3 provides the current water rates of the water system. The current rate structure was established with the District's last rate study. The water rates consist of monthly fixed and variable charges to residential and non-residential customers. All customers are charged a monthly fixed charge that increases with their meter size. Additionally, all customers are charged for consumption using a uniform volume rate structure.

Table 3
Current Water Rates

Meter Size	All Customers
	(\$/month)
3/4"	\$43.52
3/4" x 1"	\$43.52
1"	\$48.56
1.5"	\$55.28
2"	\$73.74
3"	\$209.79
4"	\$260.18

	Variable
Customer Class	Rate
	(\$/HCF)
All Customers	\$2.46

Water User Classifications

Number of Customers

The District classifies water customers as Residential, Commercial, Irrigation, and Hydrant meter. Residential customers account for over 98 percent of the total customers served by the water system. No growth is projected except for the addition of 20 new single-family dwelling units occurring over two years beginning with FY 21-22. Table 4 provides the historical and projected average number of customers by classification.

Table 4
Historical and Projected Water Customers by Classification

	Historical			Projected Projected				
Customer Class	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	
Number of Accounts								
Residential [1]	1,215	1,215	1,225	1,235	1,235	1,235	1,235	
Commercial	11	11	11	11	11	11	11	
Irrigation	5	5	5	5	5	5	5	
Hydrant Meter	1	1	1	1	1	1	1	
Total Accounts	1,232	1,232	1,242	1,252	1,252	1,252	1,252	
Fire Protection								
Public Fire Hydrants	106	106	106	106	106	106	106	
Private Firelines	3	3	3	3	3	3	3	
Total Fire Protection	109	109	109	109	109	109	109	

^[1] Residential accounts/units do not increase except for 20 units in Purisma Hills beginning in FY 21-22.

Number of Water Meters

Table 5 provides a summary of the current and projected average number of water customers by meter size. The majority of customers have 3/4-inch meter (70 percent) installed at the service location. It is assumed that all new residential customers will have $3/4 \times 1$ -inch meters (residential only meters) installed and this is the minimum size for new Residential meter installations for the District's customer base.

Table 5
Historical and Projected Average Number of Water Meters by Size

	Historical	Historical Projected						
Description	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	
Active Water Meters/Acc	counts [1]							
3/4"	858	858	858	858	858	858	858	
3/4" x 1"	361	361	371	381	381	381	381	
1"	6	6	6	6	6	6	6	
1.5*	0	0	0	. 0	0	0	0	
2"	4	4	4	4	4	4	4	
3"	- 1	1	1	- 1	1	1	1	
4"	2	2	2	2	2	2	2	
Total Meters	1,232	1,232	1,242	1,252	1,252	1,252	1,252	

^[1] Historical water accounts for FY 19-20 were provided through District billing records.

Water Sales Volumes

Table 6 provides the historical and projected water sales volume by customer classification. Water sales volumes were projected by recognizing the growth in the number of accounts and the FY 2019-20 water use per customer.

Table 6
Historical and Projected Water Consumption (in HCF)

Historical		Projected ^[1]						
FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26		
189,135	189,135	190,692	192,248	192,248	192,248	192,248		
11,630	11,630	11,630	11,630	11,630	11,630	11,630		
7,797	7,797	7,797	7,797	7,797	7,797	7,797		
1,524	1,524	1,524	1,524	1,524	1,524	1,524		
210,086	210,086	211,643	213,199	213,199	213,199	213,199		
	FY 19-20 189,135 11,630 7,797 1,524	FY 19-20 FY 20-21 189,135 11,630 7,797 1,524 FY 20-21 189,135 11,630 7,797 1,524	FY 19-20 FY 20-21 FY 21-22 189,135 189,135 190,692 11,630 11,630 11,630 7,797 7,797 7,797 1,524 1,524 1,524	FY 19-20 FY 20-21 FY 21-22 FY 22-23 189,135 189,135 190,692 192,248 11,630 11,630 11,630 11,630 7,797 7,797 7,797 7,797 1,524 1,524 1,524 1,524	FY 19-20 FY 20-21 FY 21-22 FY 22-23 FY 23-24 189,135 189,135 190,692 192,248 192,248 11,630 11,630 11,630 11,630 7,797 7,797 7,797 7,797 1,524 1,524 1,524 1,524	FY 19-20 FY 20-21 FY 21-22 FY 22-23 FY 23-24 FY 24-25 189,135 189,135 190,692 192,248 192,248 192,248 11,630 11,630 11,630 11,630 11,630 11,630 7,797 7,797 7,797 7,797 7,797 7,797 1,524 1,524 1,524 1,524 1,524		

^[1] Forecast assumes that the use per customer from FY 19-20 and applied to the number of customers.

Water Financial Plan

The financial plan provides the means of analyzing the revenue and revenue requirements of the water system and its impact on reserves as well as the ability to fund on-going operation and maintenance (O&M) expense and capital infrastructure requirements. Below is a discussion of the projection of revenue, O&M expense, capital improvement needs of the water system and its financing, debt service requirements, and revenue adjustments needed to maintain a sustainable water enterprise.

Revenues

The Water Fund receives revenue from rates and charges for water service and miscellaneous sources. Revenue from water rates is projected by applying the current water rates to the projected number of accounts and consumption volume. Table 7 presents the projected revenue from current water rates of the water system.

Table 7
Projected Rate-based Water Revenue Using Existing Rates

Projected								
FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26			
\$652,408	\$657,631	\$662,853	\$662,853	\$662,853	\$662,853			
516,813	520,643	524,470	524,470	524,470	524,470			
\$1,169,451	\$1,178,504	\$1,187,553	\$1,187,553	\$1,187,553	\$1,187,553			
	FY 20-21 \$652,408 516,813	FY 20-21 FY 21-22 \$652,408 \$657,631 516,813 520,643	Proje FY 20-21 FY 21-22 FY 22-23 \$652,408 \$657,631 \$662,853 516,813 520,643 524,470	Projected FY 20-21 FY 21-22 FY 22-23 FY 23-24 \$652,408 \$657,631 \$662,853 \$662,853 516,813 520,643 524,470 524,470	Projected FY 20-21 FY 21-22 FY 22-23 FY 23-24 FY 24-25 \$652,408 \$657,631 \$662,853 \$662,853 \$662,853 516,813 520,643 524,470 524,470 524,470			

^[1] FY 20-21 and forecast revenue calculated by multiplying current water service rate by the number of projected meters.

Miscellaneous Revenue

Miscellaneous revenues are received from several sources including connection fees and late fees and charges. Table 8 below provides sources of miscellaneous revenue.

Table 8
Projected Water Miscellaneous Revenue

Description	Budget			Projected			
	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	
Connection Fees	\$0	\$86,040	\$86,040	\$0	\$0	\$0	
Late Fees/Charges	13,681	13,800	13,900	13,900	13,900	13,900	
Total Miscellaneous Revenues	\$13,681	\$99,840	\$99,940	\$13,900	\$13,900	\$13,900	

Revenue Requirements

Revenue requirements of the water system include expenses associated with operating and maintaining the water system as discussed below.

Operation and Maintenance Expense

O&M expenses are an on-going obligation of the water system and such costs are normally met from water service revenue. O&M includes the cost to operate and maintain the water supply, reservoirs, and distribution system facilities. Costs also include technical services and other general and administrative expenses.

O&M has been projected recognizing the major expense categories of personnel services, electric power expense, chemicals, all other expenses, and capital outlay. Personnel costs consist of salaries and benefits expense of those personnel directly involved with providing water service. Salaries and wages are projected to increase by 2.5 percent annually, while benefits expense is also projected to increase by 2.5 percent annually. Electric power expense is projected to increase annually by 3 percent while chemicals expense increases also by 3 percent annually. All other O&M expense is projected to increase by 2 percent annually. Capital outlay is projected to increase by 3 percent annually. Table 9 provides a summary of the O&M expenses for the Study period.

^[2] FY 20-21 and forecast revenue calculated by multiplying projected water sales by the current variable rates.

Table 9
Historical and Projected Water Operation and Maintenance Expense

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Description	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
Water Salaries and Benefits Expense				Access to the second			
Salaries & Wages	\$187,957	\$159,584	\$163,574	\$167,663	\$171,855	\$176,151	\$180,555
Benefits	66,767	65,001	66,626	68,292	69,999	71,749	73,543
All Other		-	· · ·		-		-
Subtotal	\$254,724	\$224,585	\$230,200	\$235,955	\$241,854	\$247,900	\$254,098
Water Operations and Maintenance							
Operating Supplies	\$49,200	\$7,500	\$7,650	\$7,803	\$7,959	\$8,118	\$8,280
Chemicals		65,000	66,300	67,626	68,979	70,359	71,766
Contractual Services	17,940	16,500	16,830	17,167	17,510	17,860	18,217
Professional Services	20,000	20,000	5,000	5,100	5,202	5,306	20,000
Monitoring (Lab Samples)	8,500	20,000	20,400	20,808	21,224	21,648	22,081
Utilities	93,800	103,200	107,084	110,297	113,606	117,014	120,524
Government Fees	73,250	66,984	68,324	69,690	71,084	72,506	73,956
Repairs and Maintenance	127,000	124,000	126,480	129,012	131,591	134,223	136,908
All Other	31,710	32,050	32,691	33,344	34,011	34,691	35,385
Subtotal	\$421,400	\$455,234	\$450,759	\$460,847	\$471,166	\$481,725	\$507,117
Water General and Adminstration	\$258,691	\$425,449	\$435,313	\$445,408	\$455,741	\$466,315	\$477,138
Subtotal Water System O&M Expense	\$934,815	\$1,105,268	\$1,116,272	\$1,142,210	\$1,168,761	\$1,195,940	\$1,238,353
Less Allocated Street Sweeping Costs	(8,857)	(9,259)	(9,444)	(9,633)	(9,826)	(10,022)	(10,223)
Total Water System O&M Expense	\$925,958	\$1,096,009	\$1,106,828	\$1,132,577	\$1,158,935	\$1,185,918	\$1,228,130

Water Capital Improvement Program

The District has developed a CIP shown in Table 10 that lists capital expenditures for FY 2020-21 through FY 2025-26. Over this period the District projects that it would spend about \$2.075 million on various capital projects. The CIP is planned to be funded from District reserves and rate revenue.

Table 10
Water Capital Improvement Program

	Budget		Projected			
Description	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
Current Capital Improvement Program (CIP) Proje	ects [1]					
Distribution						
Valve Replacement Project	45,000	20,600	21,200	21,900	22,500	
Meter Replacement Programs	45,000	15,500	15,900	16,400	16,900	1 1
Water Main Replacement		61,800	63,700	65,600	67,500	13
SCADA System	25,000	25,800	26,500	-	-	
Water Pressure Reduction Project	43,824		-	(=)	-	0
Equipment						
Backup Generator	2	51,500	-	-	-	29
Replace Dump Truck	1 0 5			54,600	8	
Replace Vehicle 2008 F-150		41,200	-	-	-	
Replace Vehicle 2008 F-150		5	8.4	-	-	
Case Tractor / Backhoe	-	_	47,700		-	
Storage						
Tank 1 - East	-	30,900	18,600	125,700	-	
Tank 2 - West	-	30,900	18,600	-	129,400	
Wells & Pumping						
Replace or Rebuild Wakesha Engine		-	31,800	32,800	33,800	
Well #6 Rehabilitation		61,800	-	0.00	67,500	
Well #7 Rehabilitation	-	-	63,700	-	~ =	
Well #5 Rehabilitation	62,500	-	-	65,600	-	
Contingency	21,026	34,000	30,800	38,200	33,800	
Future Asset Replacement Projects [2]	*			-		328,00
Total Water CIP	\$242,350	\$374,000	\$338,500	\$420,800	\$371,400	\$328,00

^[1] CIP Source: FY 20-21 District CIP document,

^[2] Assumed annual replacement.

Water Financial Plan

A financial plan has been prepared that includes the revenues and revenue requirements that were identified for the water system. The financial plan, presented in Table 11, incorporates specific financial planning goals to provide guidance to maintain the health of the water utility on an on-going basis. The goals included the following.

- Generate positive levels of income in each year of the Study period
- Fund the capital improvement program requirements
- Maintain the operating and capital reserves at or greater than target levels
- Fund the required debt service reserves
- Maintain debt service coverage ratios at or greater than the minimum required

Table 11 Water Financial Plan

	Projected							
	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26		
Proposed Revenue Increase (September 1)		6.6%						
Proposed Revenue Increase (July 1)			6.6%	6.6%	6.6%	6.6%		
Water Operations								
Revenue								
Revenues from Existing Water Rates [1] Total Additional Water Sales Revenue [2]	\$1,169,451	\$1,178,504 58,336	\$1,187,553 161,929	\$1,187,553 250,995	\$1,187,553 345,939	\$1,187,553 447,149		
	40.004	100 Page 100		and the state	and the same			
Miscellaneous Income [3] Interest Income [4]	13,681 5,539	99,840 5,334	99,940 5,079	13,900 5,016	13,900 4,782	13,900 4,834		
Total Revenues	\$1,188,671	\$1,342,014	\$1,454,501	\$1,457,464	\$1,552,174	\$1,653,436		
Revenue Requirements					140			
Operation and Maintenance Expense	\$679,819	\$680,959	\$696,802	\$713,020	\$729,625	\$761,215		
General Expense Allocation [5]	416,190	425,869	435,775	445,915	456,293	466,915		
Capital Replacement Transfer	173,600	181,300	193,800	188,300	198,700	205,700		
Total Revenue Requirements	\$1,269,609	\$1,288,128	\$1,326,377	\$1,347,235	\$1,384,618	\$1,433,830		
Net Funds Available Before Capital	(\$80,938)	\$53,886	\$128,124	\$110,229	\$167,556	\$219,606		
Water Capital								
Capital Sources of Funds								
Capital Replacement Transfer	\$173,600	\$181,300	\$193,800	\$188,300	\$198,700	\$205,700		
Total Capital Sources	\$173,600	\$181,300	\$193,800	\$188,300	\$198,700	\$205,700		
Capital Uses of Funds					Specification and section in			
Capital Improvement Program [6]	\$242,350	\$374,000	\$338,500	\$420,800	\$371,400	\$328,000		
Total Capital Improvement Spending	\$242,350	\$374,000	\$338,500	\$420,800	\$371,400	\$328,000		
Net Funds After Capital	(\$149,688)	(\$138,814)	(\$16,576)	(\$122,271)	(\$5,144)	\$97,306		
Available Operating and Capital Rese	rves							
Beginning available reserves [7]	\$2,256,205	\$2,106,517	\$1,967,703	\$1,951,127	\$1,828,856	\$1,823,712		
Additions (reductions)	(149,688)	(138,814)	(16,576)	(122,271)	(5,144)	97,306		
Ending available reserves	2,106,517	1,967,703	1,951,127	1,828,856	1,823,712	1,921,018		
Target Reserves [8]	2,211,000	2,311,000	2,423,000	2,532,000	2,652,000	2,772,000		
Above (below) Target	(\$104,483)	(\$343,297)	(\$471,873)	(\$703,144)	(\$828,288)	(\$850,982		

^[1] Projected using the existing rates.

^[2] Includes late fees, miscellaneous, and other income.

^[3] Includes capacity charges and late fees.

^[4] Interest earnings on the average fund balance calculated at 0.25%.

^[5] Excludes street sweeping expenses.

^[6] From Table 10.

^[7] The available beginning FY 20-21 cash balance provided by District.

^[8] Target reserves Includes Operation and Maintenance, Capital Replacement, and Emergency Capital.

Proposed Revenue Adjustments

Table 11 provides the annual revenue increases recommended to meet the financial planning criteria for the five-year Study Period. The financial plan indicates that 6.6 percent annual revenue increases are recommended beginning on September 1, 2021 and then on each July 1 for the remainder of the Study Period.

A graphical depiction of the revenue and revenue requirements from Table 11 are presented in Figure 1. Revenue using the current rates is shown as the black line while revenue with revenue adjustments is shown as the red line. Figure 1 shows that the revenue increases will allow the water enterprise to meet annual O&M expense and capital requirements represented by columns in the figure.

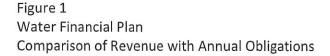




Figure 2 provides a comparison of the projected water system cash reserves with the Target Reserve. The green column represents the cash reserve balance at the end of year (including operating and capital reserves) while the blue line indicates the Target Reserve level in total for these reserves. The figure shows that the cash reserve balance increases to meet the Target reserve level in later years assuming implementation of the annual increases from Table 11.

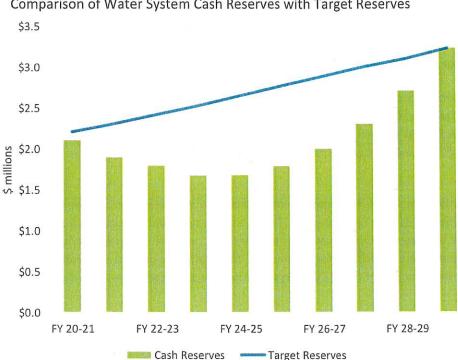


Figure 2
Comparison of Water System Cash Reserves with Target Reserves

Water Cost of Service

This section of the report discusses the allocation of the water system's operating and capital costs for use in designing water rates. The agency responsible for imposing property-related fees in California is required to establish rates that create a nexus between the cost of providing service and the rates to be imposed.

Industry Methodology

This Study uses methodologies from the American Water Works Association (AWWA) to allocate costs in an appropriate manner. AWWA is an industry trade organization that provides guidance on operations and management of water utilities. AWWA provides general principles to assist agencies in the design of water rates such that they are consistent with local requirements as well as recognizing state laws. The AWWA guidelines have been used to conduct this Study and have been used in the design of the District's water rates while also following Proposition 218 and the recent San Juan Capistrano court decision.

The annual costs of providing water service from the financial plan are allocated to cost components following guidelines provided in the AWWA Manual M1. The methodology provides the basis to design rates to generate sufficient revenue to meet estimated annual revenue requirements from the financial plan. Costs are then recovered through fixed charges and variable charges to water system users.

Costs of Service to be Allocated

The annual water cost of service consists of the O&M expenses and capital costs of the water system. O&M expenses include costs related to water supply, water distribution, operation and maintenance of the facilities, and general and administrative costs. Capital costs include capital improvement program funding discussed in the financial plan.

Costs are first allocated to water system cost component based on the operating characteristics and design of the water system facilities. Cost allocations consider the average quantity of water consumed as well as the peak rate at which water is consumed. The water system is designed to serve average and peak demands, and costs that are related to serving average and peak demands are allocated in a manner such that they may be recovered appropriately.

The cost allocation components for water service for this Study are Groundwater, Delivery, Peaking, Meters and Services, Customer, and Direct Fire Protection. The 5-year average of District expenses from FY 20-21 through FY 24-25, together with average capital costs and revenue offsets, was used for assigning the operating and capital costs of the water system to each of these parameters. The total cost to be recovered from the users of the water system by cost component for FY 2021-22 is presented in Table 12. Appendix A-1 provides a detailed allocation.

Table 12
Alocation of Water Revenue Requirements to Cost Components

	Total Revenue				Custo	mer	Direct Fire
Year	Requirement	Groundwater	Delivery	Peaking	Meters/Serv	Customer	Protection
FY 21-22	\$1,256,285	\$228,016	\$255,977	\$634,107	\$71,097	\$48,520	\$18,569

Water Rate Design

The cost of service analyses described in the previous section provides the basis for water rate design. The intent of the rate design is to achieve fairness and ensure that each customer class pays its fair share of costs. Rates should be simple to administer, easy to understand, and comply with regulatory requirements. This section describes how water rates and charges are designed and includes the proposed schedule of water rates for implementation.

Proposed Water Rate Structure

The recommended water rate structure maintains the fixed charges by meter size structure, however modifies the current uniform volume charge rate structure. The variable rate structure for Residential customers is modified to a tiered rate structure while Commercial and Irrigation customers is modified to an individual class uniform volume rate structure. The design of the water fixed and variable charges is discussed below.

Proposed Fixed Charges

It is proposed that the current fixed charges by meter size structure be maintained. The proposed fixed charges recover Customer and Meters and Services costs identified from Table 12 and allocated Public Fire Protection

costs. Customer and Public Fire Protection costs are recovered based on the number of bills issued. Meters and Services costs are recovered based on meter and service ratios provided by AWWA. The allocation of costs to Public Fire Protection is provided in Table A-3. Private Fire Protection charges are calculated and provided in Appendix A-4 and A-5.

Tables 13 below presents the design of the proposed monthly fixed charges for customers for FY 2021-22 for a 3/4-inch meter. The current fixed charges generate about 56 percent of revenue from water rates. The proposed fixed charges generate approximately 47 percent of the revenue from water rates.

Table 13 Design of Fixed Charges

Monthly 3/4" Fixed Charge

Customer Service Cost	FY 21-22
Customer Cost	\$48,520
Public Fire Protection	463,134
Customer Cost	\$511,653
Number of Bills	14,904
Customer Cost per Unit	\$34.33
Meters and Services Cost	FY 21-22
Meters and Services Cost	\$71,097
Number of Equivalent Meters & Services	15,392
Meters and Services Cost per Unit	\$4.62

Fixed charges for meter sizes greater than 3/4-inch are increased as shown below in Table 14 for FY 2021-22. The Meter and Services charge increase with meter and service ratios while the Customer and Public Fire Protection charges do not increase with meter size.

\$38.95

Table 14
Design of Fixed Charges by Meter Size
FY21-22

Meter Size	Meter & Service Ratio	Meter & Services Charge	Meter Capacity Ratio	Public Fire Protection	Customer Charge	Total Monthly Charge
inches						
3/4"	1.00	\$4.62	1.00	\$31.07	\$3.26	\$38.95
3/4" x 1"	1.00	\$4.62	1.00	\$31.07	\$3.26	\$38.95
1"	1.27	\$5.88	1.25	\$31.07	\$3.26	\$40.21
1.5"	1.64	\$7.56	2.50	\$31.07	\$3.26	\$41.89
2"	2.64	\$12,18	4.38	\$31.07	\$3.26	\$46.51
3"	10.00	\$46.20	14.13	\$31.07	\$3.26	\$80.53
4"	12.73	\$58.80	25.63	\$31.07	\$3.26	\$93.13

Proposed Variable Charges

Variable charges are designed to recover the costs that were allocated to the Groundwater, Delivery, and Peaking components shown in Table 12. Consumption and peaking characteristics of water system customers were analyzed to allocate costs to customer classification as well as between each tier. The groundwater, delivery, and peaking costs are discussed below.

Groundwater Supply Costs

The District's water supply costs relate to pumping groundwater. These costs consist of electricity, chemicals, and related capital costs that are shared uniformly by all customers of the water system.

Delivery Costs

Delivery costs are operating and capital costs of the water system related to delivering water to all customers at an average rate of use. Delivery costs include a portion of distribution system, reservoirs, treatment, and other related to water consumption under average demand conditions. These costs are also shared uniformly by all customers of the system.

Peaking Costs (Max Day and Max Hour)

Peaking costs are costs associated with meeting peak rates of demand requirements of the water system and include operating and capital costs beyond that required for average rates of use. Water system facilities are designed to meet peak demand requirements and are apportioned to customer classes based on their system use characteristics. Peaking costs include a portion of distribution, reservoirs, utilities, and other costs to meet peak demands and may be assigned to tiers in a tiered-rate structure based on the customers within the tier that are causing the peak demand.

Proposed Residential Variable Rates

It is proposed that the current uniform volume rate structure be modified to a three-tier rate structure for Residential customers and that individual uniform volume rate structures (no tiers) be established for Commercial and Irrigation customers.

For Residential customers, Tier 1 is defined as consumption to provide basic indoor water use. It is based on 4 persons per household (pph) using 55 gallons per capita per day (gcpd) resulting in a Tier 1 breakpoint of 9 HCF (4 pph \times 55 gpcd \times 365 days per year \div 748 HCF/1,000 gal \div 12 billing periods per year). Tier 2 is defined as consumption related to outdoor water use up to the average SFR summer peak demand which was determined from billing information to be 18 HCF. Tier 3 is defined as water use above Tier 2.

Table 15 provides a summary of the variable rate components applicable to the Residential classification consisting of Groundwater, Delivery, and Peaking costs. Groundwater and Delivery costs are allocated to tiers based on water consumption in each tier. Peaking costs are allocated to the defined tiers based on the peaking factors that occur from customers within the tiers based on the tier break points discussed above. Tier 1 is considered to have a peaking factor of 1.0, Tier 2 and Tier 3 have peaking factors that reflect the average use per customer within these tiers as a ratio to Tier 1.

Table 15
Design of Residential Tiered Rate Structure
FY 21-22

Groundwater Supply Component

Tier	Tier Range	Consumption	% Share	Groundwater Costs	Unit Rate
Tier 1	0 - 9	102,504	53.9%	\$110,796	\$1.08
Tier 2	10 - 18	42,263	22.2%	\$45,682	\$1.08
Tier 3	Over 18	45,302	23.8%	\$48,966	\$1.08
		190,069	100.0%	\$205,444	

Delivery Component

Tier	Tier Range	Consumption	% Share	Delivery Costs	Unit Rate
Tier 1	0 - 9	102,504	53.9%	\$124,383	\$1.21
Tier 2	10 - 18	42,263	22.2%	\$51,284	\$1.21
Tier 3	Over 18	45,302	23.8%	\$54,971	\$1.21
		190,069	100.0%	\$230,637	

Peaking Component

Tier	Tier Range	Peaking Factor	Weighted Consumption	Peaking Costs	Unit Rate
Tier 1	0 - 9	1.00	102,504	\$45,861	\$0.45
Tier 2	10 - 18	1.47	62,164	\$27,812	\$0.66
Tier 3	Over 18	3.78	171,307	\$76,644	\$1.69
			335.974	\$150.317	

The sum of the three component's unit rates equals the water rates in the tiers for the Residential classification. Table 16 provides the resulting water rate by tier from summing the Groundwater, Delivery, and Peaking unit rates. Residential customers pay for the same Groundwater and Delivery costs per HCF, however they pay for their individual peaking requirements and associated costs depending on which tier their consumption falls into.

Table 16
Residential Tiered Water Rates
FY 21-22

Description	Range	Groundwater Rate	Delivery Rate	Peaking Rate	Total Rate
	HCF	\$/HCF	\$/HCF	\$/HCF	\$/HCF
Tier 1	0 - 9	\$1.08	\$1.21	\$0.45	\$2.74
Tier 2	10 - 18	\$1.08	\$1.21	\$0.66	\$2.95
Tier 3	Over 18	\$1.08	\$1.21	\$1.69	\$3.98

Proposed Non-Residential Variable Rates

It is proposed that the Commercial and Irrigation classes have an individual uniform volume rate structure that recognizes a blending of the three components of Groundwater, Delivery, and Peaking costs. However, each

classification will recognize the individual peaking characteristics of its class in their variable rate. A uniform variable rate structure is recommended for Commercial classes as they are intended to have separate irrigation meters. Table 17 below provides the non-residential variable rates.

Table 17
Design of Non-Residential Variable Rates
FY 21-22

Description	Groundwater Costs	Delivery Costs	Peaking Costs	Total Costs	Water Volume	Uniform Rate
	[1]	[2]	[3]	sum (1, 2, 3)	HCF	\$/HCF
Commercial	\$12,530	\$14,066	\$12,639	\$39,235	11,630	\$3.37
Irrigation	\$8,400	\$9,430	\$13,270	\$31,101	7,797	\$3.99
Hydrant Meter	\$1,642	\$1,843	\$6,235	\$9,720	1,524	\$6.38

Proposed Water Rates

Table 18 presents the proposed fixed charges and variable charges for the water system for the next five years. Table 18 also includes the current fixed and variable rates as well as the future water rates for implementation beginning on September 1, 2021 with the new tiered rate structure. Water fixed and variable charges increase beginning July 1, 2022 with the percentage increases identified in Table 11.

Table 18
Current and Proposed Water Fixed and Variable Charges

	Current Rate	September 1, FY 21-22	July 1, FY 22-23	July 1, FY 23-24	July 1, FY 24-25	July 1, FY 25-26
		Fixed Charge	e (\$ per mon	th)		
Meter Size				***		
3/4"	\$43.52	\$38.95	\$41.52	\$44.26	\$47.18	\$50.29
3/4" x 1"	\$43,52	\$38.95	\$41.52	\$44.26	\$47.18	\$50.29
1"	\$48.56	\$40.21	\$42.86	\$45.69	\$48.71	\$51.92
1.5"	\$55.28	\$41.89	\$44.65	\$47.60	\$50.74	\$54.09
2"	\$73.74	\$46.51	\$49.58	\$52.85	\$56.34	\$60.06
3"	\$209.79	\$80.53	\$85.84	\$91.51	\$97.55	\$103.99
4"	\$260.18	\$93.13	\$99.28	\$105.83	\$112.81	\$120.26
		Var	iable Charge	(\$ per HCF)		
Residential				(1)		
Tier 1 - 0 to 9 units Tier 2 - 10 to 18 units Tier 3 - 18 and Over	\$2.46 \$2.46 \$2.46	\$2.74 \$2.95 \$3.98	\$2.92 \$3.14 \$4.24	\$3.11 \$3.35 \$4.52	\$3.32 \$3.57 \$4.82	\$3.54 \$3.81 \$5.14
Commercial						
All Consumption	\$2.46	\$3.37	\$3.59	\$3.83	\$4.08	\$4.35
Irrigation						
All Consumption	\$2.46	\$3.99	\$4.25	\$4.53	\$4.83	\$5.15
Hydrant Meter						
All Consumption	\$2.46	\$6.38	\$6.80	\$7.25	\$7.73	\$8.24

Water Bill Impact Analysis

An impact analysis was performed to evaluate the change in SFR customer water bills that would occur from the implementation of the proposed water rates for the September 1, 2021 rate structure implementation. As shown in Table 19, a SFR customer with a 3/4-inch meter using the average consumption of 13 HCF monthly will experience a bill that will decrease from \$75.50 to \$75.41, a decrease of \$0.09 or -0.1 percent.

Table 19
Comparison of Current Single-family Residential Monthly Water Bill with 3/4-inch Meter Size with Proposed Bill Using September 2021 Water Rates

			Current Bill		Proposed FY 21-22 Bill				
		Service	Volume	Current	Service	Volume	Proposed	Dollar	Percent
Description	Use (HCF)	Charge	Charge	Bill	Charge	Charge	Bill	Difference	Change
	0	\$43.52	\$0.00	\$43.52	\$38.95	\$0.00	\$38.95	(\$4.57)	-10.5%
Very Low	5	\$43.52	\$12.30	\$55.82	\$38.95	\$13.70	\$52.65	(\$3.17)	-5.7%
Low	8	\$43.52	\$19.68	\$63.20	\$38.95	\$21.92	\$60.87	(\$2.33)	-3.7%
Median	10	\$43.52	\$24.60	\$68.12	\$38.95	\$27.61	\$66.56	(\$1.56)	-2.3%
Average	13	\$43.52	\$31.98	\$75.50	\$38.95	\$36.46	\$75.41	(\$0.09)	-0.1%
High	20	\$43.52	\$49.20	\$92.72	\$38.95	\$59.17	\$98.12	\$5.40	5.8%
Very High	30	\$43.52	\$73.80	\$117.32	\$38.95	\$98.97	\$137.92	\$20.60	17.6%
	50	\$43.52	\$123.00	\$166.52	\$38.95	\$178.57	\$217.52	\$217.27	30.6%

Water Rate Survey

A water rate survey was conducted for neighboring communities to the Mission Hills Community Services District. Chart 1 compares the District's SFR average monthly water bill with those of neighboring communities at the same consumption of 13 HCF monthly. The rate survey includes rate schedules in effect March 2021. Water bills for the District are shown using the current rates and the proposed September 1, 2021 rates. The chart indicates that with the September 1, 2021 water rate structure change, a SFR customer with a 3/4-inch meter using the average monthly consumption of 13 HCF will experience a bill that is in the lower half of the communities listed.



Chart 1
Single-family Residential Monthly Water Bills with 3/4-inch Meter Using 13 HCF

Note: Above table uses water rates in effect March 2021. Bills are not adjusted for property tax revenue received by an agency. Mission Hills Community Services District September 2021 bill is based on the rate structure and rates in Table 18.

Wastewater Financial Planning

Financial planning for the wastewater enterprise includes identifying and projecting revenues and revenue requirements of the wastewater system for a five-year planning period. Estimates of revenue from various sources are compared with the projected revenue requirements. This comparison allows the review of the adequacy of existing revenue to meet annual obligations and provide the basis for revenue adjustments. New wastewater rates and charges are created to recover the District's annual operating and capital costs associated with the wastewater system.

This section discusses the current wastewater rates, user classifications, revenues and revenue requirements, planned CIP projects and financing sources, and proposed revenue adjustments.

Current Wastewater Rates

The current wastewater rates consist of fixed charges to all customers and variable charges to Commercial customers only. All Residential and Commercial customers are charged the same monthly fixed charge whereas School customers are charged a fixed charge by the Average Daily Attendance (ADA), provided to the District annually from each school. The current rates are presented in Table 20.

Table 20 Current Wastewater Rates

国建筑工程的关键的对象的对象	Fixed
Customer Classification	Charge
	(\$/month)
Residential	\$63.83
Commercial	\$63.83
Schools (per ADA)	\$1.17

	Variable
Customer Classification	Rate
	(\$/HCF)
Commercial	\$3.87

Wastewater User Classifications

Number of Customers

The District currently classifies wastewater customers as Residential, Commercial, and School classifications. No growth is projected except for the addition of 20 new single-family dwelling units occurring over two years beginning with FY 21-22. Residential customers account for about 99 percent of the total accounts served by the wastewater system. Table 21 provides the historical and projected average number of customers and dwelling units by classification.

Table 21
Historical and Projected Average Number of Wastewater Customers by Classification

	Historical			Proje			
Customer Class	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
Number of Accounts							
Residential [1]	1,215	1,215	1,225	1,235	1,235	1,235	1,235
Commercial	_ 11	11	11	11	11	_ 11	11
School	1	1	1	1	1	1	1
Total Accounts	1,227	1,227	1,237	1,247	1,247	1,247	1,247
Number of Units							
Residential [1]	1,215	1,215	1,225	1,235	1,235	1,235	1,235
School (ADA)	479	479	479	479	479	479	479

^[1] Residential accounts/units do not increase except for 20 units in Purisma Hills beginning in FY 21-22.

Number of Water Meters of Wastewater Customers

Table 22 provides a summary of the current and projected average number of wastewater customers by meter size. The majority of customers have 3/4-inch meters (70 percent) installed at the service location. It is assumed that all new residential customers will have $3/4 \times 1$ -inch meters (residential only meters) installed and this is the minimum size for new meter installations for the District's customer base.

Table 22
Historical and Projected Number of Water Meters by Size of Wastewater Customers

进行的 国际	Historical	Projected							
Description	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26		
Active Wastewater Meter	s/Accounts [1]								
3/4"	858	858	858	858	858	858	858		
3/4" x 1"	361	361	371	381	381	381	381		
1"	2	2	2	2	2	2	2		
1.5"	0	0	0	0	0	0	0		
2"	2	2	2	2	2	2	2		
3"	1	1	1	1	1	1	1		
4"	3	3	3	3	3	3	3		
Total Accounts	1,227	1,227	1,237	1,247	1,247	1,247	1,247		

^[1] Historical Sewer accounts for FY 19-20 were provided through District billing records.

Water Sales Volumes of Wastewater Customers

Table 23 provides the historical and projected water sales volumes of wastewater customers by classification. Water sales volumes were projected by recognizing the growth in the number of accounts and the FY 2019-20 use per customer. Residential customers account for more than 94 percent of the water sales volumes of wastewater customers.

The water sales volumes of wastewater customers are used to calculate projected wastewater revenue and estimate wastewater discharge volumes. The wastewater discharge volumes are used for cost allocation purposes to assign cost responsibility based on wastewater flow of each class.

Table 23
Historical and Projected Water Consumption of Wastewater Customers (in HCF)

ALIEN LINE WAS ARREST	Historical			Projec	Projected ^[1]			
Description	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	
Residential	189,135	189,135	190,692	192,248	192,248	192,248	192,248	
Commercial	2,427	2,427	2,427	2,427	2,427	2,427	2,427	
School	9,203	9,203	9,203	9,203	9,203	9,203	9,203	
Total Projected Consumption	200,765	200,765	202,322	203,878	203,878	203,878	203,878	

 $[\]hbox{\small [1] Forecast assumes that the use per customer from FY 19-20 and applied to the number of customers.}$

Wastewater Financial Plan

The financial plan provides the means of analyzing the revenue and revenue requirements of the wastewater system and its impact on reserves as well as the ability to fund on-going O&M expense and capital infrastructure requirements. Discussed below are the projection of revenue, O&M expense, CIP needs of the wastewater system and its financing, and revenue adjustments needed to maintain a sustainable wastewater enterprise.

Revenues

The Sewer Fund receives revenue from charges for wastewater service and miscellaneous sources. Wastewater service revenue is received from rates and charges for wastewater service. Table 24 presents the projected fixed and variable rate revenue from current wastewater rates of the wastewater system. The revenue is projected by applying the current wastewater rates from Table 20 to the projected number of accounts and consumption.

Table 24
Projected Rate-based Wastewater Revenue Using Existing Rates

	Projected							
Description	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26		
Wastewater Service Revenues								
Fixed Charges [1]	\$937,367	\$945,026	\$952,686	\$952,686	\$952,686	\$952,686		
Variable Charges [2]	9,393	9,393	9,393	9,393	9,393	9,393		
Total Revenues From Current Rates	\$946,760	\$954,419	\$962,079	\$962,079	\$962,079	\$962,079		

^[1] FY 20-21 and forecast revenue calculated by multiplying current water service rate by the number of projected meters.

Miscellaneous Revenue

Miscellaneous revenues are received from connection fees and late fees and charges. Table 25 below provides sources of wastewater miscellaneous revenue.

Table 25
Projected Wastewater Miscellaneous Revenue

	Budget			Projected	19 - San S	
Description	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
Connection Fees	\$0	\$34,340	\$34,340	\$0	\$0	\$0
Late Fees/Charges	10,860	10,900	11,000	11,000	11,000	11,000
Total Miscellaneous Revenues	\$10,860	\$45,240	\$45,340	\$11,000	\$11,000	\$11,000

Revenue Requirements

Revenue requirements of the wastewater system include expenses associated operating and maintaining the wastewater system as discussed below.

Operation and Maintenance Expense

O&M are an on-going obligation of the wastewater system and such costs are normally met from wastewater service revenue. O&M includes the cost to operate and maintain the wastewater collection system, lift stations, and treatment and disposal facilities. Costs also include technical services and other general and administrative expenses.

O&M has been projected recognizing the major expense categories of personnel services, electric power expense, capital outlay, and all other expenses. Personnel costs consist of salaries and benefits expense of those personnel directly involved with providing wastewater service. Salaries expense is projected to increase by 2.5 percent annually while benefits expense is also projected to increase by 2.5 percent annually. Electric power expense is projected to increase annually at 3 percent while chemicals expense increases by 3 percent. All

^[2] FY 20-21 and forecast revenue calculated by multiplying projected water sales by the current variable rates.

other O&M expense is projected to increase by 2 percent annually. Capital outlay is projected to increase by 3 percent annually. Table 26 provides a summary of the wastewater O&M expenses for the Study period.

Table 26
Historical and Projected Wastewater Operation and Maintenance Expense

	Historical	Budget			Projected		
Description	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
Wastewater Personnel Services							
Salaries & Wages	\$138,208	\$160,228	\$164,234	\$168,340	\$172,548	\$176,862	\$181,283
Benefits	65,748	65,263	66,895	68,567	70,281	72,038	73,839
Subtotal	\$203,956	\$225,491	\$231,129	\$236,907	\$242,829	\$248,900	\$255,122
Wastewater Operations and Maintenance							
Chemicals	\$0	\$23,400	\$24,102	\$24,825	\$25,570	\$26,337	\$27,127
Contractual Services	-	4,000	4,080	4,162	4,245	4,330	4,417
Professional Services	5,000	20,000	5,000	5,100	5,202	5,306	20,000
Utilities	74,400	68,950	71,019	73,150	75,345	77,605	79,933
Repairs and Maintenance	82,000	92,000	93,840	95,716	97,630	99,583	101,575
All Other	54,399	54,829	55,791	56,771	57,771	58,792	59,834
Subtotal	\$215,799	\$263,179	\$253,832	\$259,724	\$265,763	\$271,953	\$292,886
Wastewater General & Administrative	368,960	283,632	290,211	296,941	303,829	310,880	318,095
Subtotal Wastewater System O&M Expense	\$788,715	\$772,302	\$775,172	\$793,572	\$812,421	\$831,733	\$866,103
Less Allocated Street Sweeping Costs	(\$6,575)	(\$6,173)	(6,296)	(6,422)	(6,551)	(6,682)	(6,815)
Total Wastewater System O&M Expense	\$782,140	\$766,129	\$768,876	\$787,150	\$805,870	\$825,051	\$859,288

Wastewater Capital Improvement Program

The District has developed a CIP that lists wastewater capital expenditures for FY 2020-21 through FY 2025-26, presented in Table 27. The CIP consists of various collection, lift station, treatment, equipment and other capital projects. The District projects that it would expend approximately \$1.8 million over this period. The CIP is funded through District reserves and rate revenue.

Table 27
Wastewater Capital Improvement Program

	Budget	est eleje.		Projected	My or State of the	
Description	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
Capital Improvement Program (CIP) Projects [1]						
Collection						
Video and Clean Sewer Lines	\$40,000	\$46,400	\$37,100	\$27,300	\$28,100	\$0
Equipment	4 10 100	410,100	457,100	Ψ27,000	Ψ20,100	Ψ0
Replace Vehicle 2007 GMC Pickup	_	200	42,400			
Case / Tractor Backhoe	-	_	47,700	_		
Jetter	40,000		11,100	070	1 12 2	
Lift Stations	10,000					
Lift Station Parts	165,000		-		5-27	
Lift Station Wet Well Coating				60,100		
SCADA Install			37,100	-	-	
Backup Generator - Stationary	-	51,500	07,100			
Pond #8 Liner (Lift Station overflow Impact Reduction)	_	- 1,000	53,000	54,600	56,300	2
Wastewater Treatment			00,000	04,000	50,550	
Pond Valve Stem Replacement	40,000	41,200	42,400	43,700	Joseff E. ja	
Pond Rehabilitation or Bio Remediation	-	103,000	106,100	109,300	112,600	
Contingency	27,075	24,200	36,600	29,500	19,700	0.00
Future Asset Replacement Projects [2]		- 1,200	30,000	20,000	-	287,900
Total Water CIP	\$312,075	\$266,300	\$402,400	\$324,500	\$216,700	\$287,900

^[1] CIP Source: FY 20-21 District CIP document,

^[2] Assumed annual replacemen

Wastewater Financial Plan

A financial plan has been prepared for the wastewater utility that includes the revenues and revenue requirements that were identified for the wastewater system. The plan is presented in Table 28 and incorporates specific financial planning goals to provide guidance to maintain the health of the wastewater utility on an on-going basis. The goals included the following items.

- Generate positive levels of income in each year of the Study period
- Fund capital improvement program requirements
- Maintain the operating and capital reserves at or greater than target levels
- Fund the required debt service reserve
- Maintain debt service coverage ratios at or greater than the minimum required

Table 28
Wastewater Financial Plan

发展的,然后是这些人类的人的情况 在这	Projected								
Description	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26			
Proposed Revenue Increase (September 1) Proposed Revenue Increase (July 1)		5.3%	5.3%	5.3%	5.3%	5.3%			
Wastewater Operations Revenue			=						
Revenues from Existing Sewer Rates [1] Total Additional Wastewater Service Revenue [2]	\$946,760 0	\$954,419 37,938	\$962,079 104,683	\$962,079 161,221	\$962,079 220,756	\$962,079 283,446			
Miscellaneous Income [3] Interest Income [4]	10,860 3,631	45,240 3,419	45,340 3,487	11,000 3,275	11,000 3,341	11,000 3,756			
Total Revenues	\$961,251	\$1,041,016	\$1,115,589	\$1,137,575	\$1,197,176	\$1,260,281			
Revenue Requirements Operation and Maintenance Expense General Expense Allocation [5] Capital Replacement Transfer	\$488,670 277,459 180,292	\$484,961 283,915 192,600	\$496,631 290,519 206,300	\$508,592 297,278 231,800	\$520,853 304,198 233,600	\$548,008 311,280 241,500			
Total Revenue Requirements —	\$946,421	\$961,476	\$993,450	\$1,037,670	\$1,058,651	\$1,100,788			
Net Funds Available Before Capital	\$14,830	\$79,540	\$122,139	\$99,905	\$138,525	\$159,493			
Wastewater Capital Capital Sources of Funds Capital Replacement Transfer Total Capital Sources	\$180,292 \$180,292	\$192,600 \$192,600	\$206,300 \$206,300	\$231,800 \$231,800	\$233,600 \$233,600	\$241,500 \$241,500			
Capital Uses of Funds Capital Improvement Program [6]	\$312,075	\$266,300	\$402,400	\$324,500	\$216,700	\$287,900			
Total Capital Improvement Spending Net Funds After Capital	\$312,075 (\$116,953)	\$266,300 \$5,840	\$402,400 (\$73,961)	\$324,500 \$7,205	\$216,700 \$155,425	\$287,900 \$113,093			
Available Operating and Capital Reserves		e per la propie		De EMB		A 187 M			
Available Reserves Beginning available reserves [7] Additions (reductions) Ending available reserves	\$1,444,960 (116,953) 1,328,007	\$1,328,007 5,840 1,333,847	\$1,333,847 (73,961) 1,259,886	\$1,259,886 7,205 1,267,091	\$1,267,091 155,425 1,422,516	\$1,422,516 113,093 1,535,609			
Target Reserves [8]	1,459,000	1,545,000	1,655,000	1,783,000	1,907,000	2,038,000			
Above (below) Target	(\$130,993)	(\$211,153)	(\$395,114)	(\$515,909)	(\$484,484)	(\$502,391)			

^[1] Projected using the existing rates.

^[2] Additional revenue from proposed rate adjustments.

^[3] Includes capacity charges and late fees.

^[4] Interest earnings on the average fund balance calculated at 0.25%.

^[5] Excludes street sweeping expenses.

^[6] From Table 27.

^[7] The available beginning FY 20-21 cash balance provided by District.

^[8] Target reserve includes Operation Maintenance, Capital Replacement, and Emergency Reserves.

Proposed Revenue Adjustments

Table 28 provides the annual revenue increases recommended to meet the financial planning goals for the five-year Study period. The financial plan indicates that 5.3 percent revenue increases are recommended on September 1, 2021 and on each July 1 through FY 2025-26. The increases are necessary to meet the planning goals discussed above.

A graphical depiction of the revenue and revenue requirements from Table 28 is presented in Figure 3. Revenue using the current rates is shown as the black line while revenue with increases is shown as the red line. The figure shows that the revenue received from the current rates need to be increased to meet annual obligations and capital requirements represented by columns in the figure.

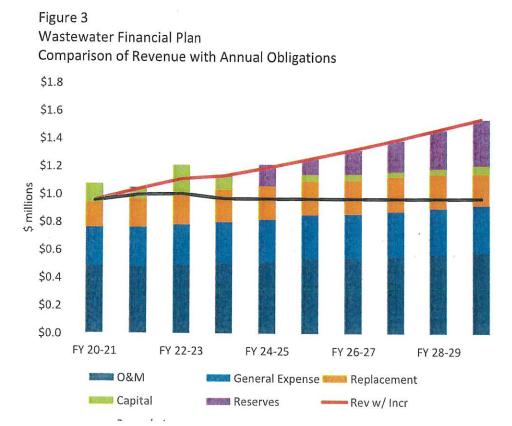


Figure 4 compares the wastewater system cash reserves with the Target Reserves. The green columns represent the cash reserve balance at the end of year while the blue line indicates the Target Reserve level. The figure shows that the operating and capital fund reserve balance (green columns) are below the Target Reserve (blue line) in the initial years of the Study Period, however, returns to meet the target reserve in the latter years of the Study.



Figure 4
Comparison of Wastewater System Cash Reserves with Target Reserves

Wastewater Cost of Service

This section of the report discusses how the wastewater system's operating and capital costs are allocated for use in designing rates. Establishing rates in California requires that the agency responsible for imposing property-related fees create a nexus between the cost of providing service and the rates to be imposed.

Industry Methodology

Methodology from the Water Environment Federation (WEF) is used in this Study to allocate wastewater costs in an appropriate manner. Similar to AWWA, WEF is an industry trade organization that provides guidance on operations, technical training, education, and management of wastewater utilities. General principles are provided to assist agencies with the design of wastewater rates and charges that are consistent with local requirements while also recognizing state laws and legal framework.

Costs of Service to be Allocated

The average annual revenue requirement for years FY 2021-22 through FY 2025-26 is defined as the Test Year used for wastewater rate setting. The annual costs will be used to evaluate the fairness and equity of the current wastewater rates and will form the basis for the proposed rates.

The cost of service consists of O&M expense and capital funding needs. To establish the cost of providing service to the users of the wastewater system, costs need to first be allocated to wastewater parameters.

Cost Allocation to Wastewater Parameters

For the approach used for this Study, the cost allocation components for wastewater service are Flow, Biochemical Oxygen Demand (BOD), suspended solids (SS), and Customer. Operating and capital costs are assigned to each parameter based on the functional operation and design of the facilities.

The total cost to be recovered FY 2021-22 from the users of the wastewater system is presented in Table 29. The annual revenue requirement is allocated to each wastewater parameter based on a detailed review of expenses and capital requirements and is used in calculating the unit costs of service. A detailed allocation is provided in Appendix B-1.

Table 29
Allocation of Revenue Requirements to Cost Components

	Total Revenue		gth		
Year	Requirement	Flow	BOD	SS	Customer
FY 21-22	\$1,005,003	\$269,846	\$268,158	\$268,158	\$198,842

Unit Costs of Service

Each customer classification's responsibility for a portion of the cost of service is established through developing unit costs of service for each of the wastewater parameters described above. Costs of service by component are then distributed to each user classification by identifying how each group uses the wastewater system, or their units of service. By applying the unit costs to each customer class's units of service, the cost of service by customer class is established.

A wastewater mass balance was performed that reconciled estimated wastewater flow from District customers to the influent flow received at the wastewater treatment plant. The units of service for wastewater flow, BOD, and SS by customer classification were identified from the analysis for FY 2019-20.

Table 30 presents the unit costs of providing service for the wastewater system. Unit costs are determined by dividing the costs by parameter from Table 29 by the units of service provided in Appendix B-2.

Table 30
FY 21-22 Development of Unit Costs

	FY 21-22			Strength	
Description	Total Costs	Flow	BOD	SS	Customer
Total Costs of Service	\$1,005,003	\$269,846	\$268,158	\$268,158	\$198,842
Units of Service		136,146	276,106	244,262	14,844
Unit Costs of Service Units of Measure		\$1.9820 HCF	\$0.9712 lb	\$1.0978 lb	\$13.3954 Bills

User Class Costs

The unit costs from Table 30 are applied to each customer classifications' flow, BOD, SS, and customer units of service to establish user class costs. The cost of service responsibility of each class is provided in Table 31.

Table 31
Distribution of Costs to Customer Classes FY 21-22

	Allocated			Strength	
Description	Total Cost	Flow	BOD	SS	Customer
Unit Costs of Service Units of Measure		\$1.9820 HCF	\$0.9712 lb	\$1.0978 lb	\$13.3954 Bills
Residential Units of Service Allocated Cost of Service	\$976,009	132,116 \$261,858	264,615 \$256,997	237,051 \$260,241	14,700 \$196,913
Commercial Units of Service Allocated Cost of Service	\$22,019	2,306 \$4,570	9,621 \$9,344	5,772 \$6,337	132 \$1,768
School Units of Service Allocated Cost of Service	\$6,975	1,724 \$3,418	1,871 \$1,817	1,439 \$1,580	12 \$161
Total Costs of Service	\$1,005,003	\$269,846	\$268,158	\$268,158	\$198,842

Wastewater Rates

The goal of the rate design is to achieve fairness while ensuring that each customer class pays its fair share of costs. Rates should be simple to administer, easy to understand, and comply with regulatory requirements. This section describes how wastewater rates and charges are designed and includes the proposed schedule of wastewater rates for implementation.

Proposed Wastewater Rates

The recommended wastewater rate structure is the same at the District's current rate structure. The design of the wastewater fixed and variable charges is discussed below.

Proposed Fixed Charges

For Residential customers, fixed charges are designed by taking the total allocated cost and dividing it by the number of bills issued for this class. Commercial customers are charged the same fixed charge as Residential customers. School customers fixed charges are calculated by taking the total allocated cost and dividing it by the number of ADA. Table 32 provides the fixed charges for FY 2021-22.

Proposed Variable Charges

Variable charges calculated for this Study only apply to Commercial customers. All Commercial costs that are not recovered from the fixed charges are recovered from a variable charge calculated equal to the remaining costs not recovered divided by the water consumption of this class.

Tables 32 presents the design of the proposed monthly fixed and variable charges for all customers for FY 2021-22. The current fixed charges generate about 99 percent of revenue from wastewater rates. The proposed fixed charges also generate approximately 99 percent of the revenue from wastewater rates.

Table 32 Design of Wastewater Rates

Customer Classification	Total Cost of Service	Number of Bills [a]		Avg Winter Water Volume	Variable Rate [c]
Residential Commercial	\$976,009 \$22,019	14,700 132	\$66.40 \$66.40	2,306	\$5.75
School Total	\$6,975 \$1,005,003	479	\$1.21		

[[]a] Number of bills except for Schools which is Average Daily Attendance (ADA).

Proposed Wastewater Rates

Table 33 presents the proposed fixed charges and variable charges for the wastewater system for the next five years. The current fixed and variable rates are provided in the table as well as the future wastewater rates for implementation beginning on September 1, 2021. Wastewater fixed and variable charges increase beginning July 1, 2022 with the percentage increases identified in Table 28.

Table 33
Current and Proposed Wastewater Fixed and Variable Charges

Rate Description	Current Rate	September 1, FY 21-22	July 1, FY 22-23	July 1, FY 23-24	July 1, FY 24-25	July 1, FY 25-26
Monthly Fixed Charges						
Residential	\$63.83	\$66.40	\$69.92	\$73.62	\$77.53	\$81.64
Commercial	\$63.83	\$66.40	\$69.92	\$73.62	\$77.53	\$81.64
School (per ADA)	\$1.17	\$1.21	\$1.27	\$1.34	\$1.41	\$1.49
Variable Charges						
Commercial	\$3.87	\$5.75	\$6.05	\$6.38	\$6.71	\$7.07

[[]b] For Residsential, total costs divided by number of bills. Commercial charge set equal to Residential Charge.

[[]c] Total Commercial costs greater than monthly charge multiplied by number of bills is divided by average winter water volume.

Wastewater Bill Impact Analysis

An impact analysis was performed to evaluate the change in SFR customer wastewater bills that would occur from the implementation of the proposed wastewater rates for the September 1, 2021 increase. As shown in Table 34, a SFR customer will experience a bill that will increase from \$63.83 to \$66.40, an increase of \$2.57 or -4.0 percent.

Table 34
Comparison of Current Single-family Residential Monthly Wastewater Bill with Proposed Bill Using September 2021 Wastewater Rates

			Current Bill			Prop	osed FY 21-22	2 Bill	
		Service	Volume	Current	Service	Volume	Proposed	Dollar	Percent
Description	Use (HCF)	Charge	Charge	Bill	Charge	Charge	Bill	Difference	Change
	0	\$63.83	\$0.00	\$63.83	\$66.40	\$0.00	\$66.40	\$2.57	4.0%
Very Low	5	\$63.83	\$0.00	\$63.83	\$66.40	\$0.00	\$66.40	\$2.57	4.0%
Low	10	\$63.83	\$0.00	\$63.83	\$66.40	\$0.00	\$66.40	\$2.57	4.0%
Median	9	\$63.83	\$0.00	\$63.83	\$66.40	\$0.00	\$66.40	\$2.57	4.0%
Average	13	\$63.83	\$0.00	\$63.83	\$66.40	\$0.00	\$66.40	\$2.57	4.0%
High	20	\$63.83	\$0.00	\$63.83	\$66.40	\$0.00	\$66.40	\$2.57	4.0%
Very High	30	\$63.83	\$0.00	\$63.83	\$66.40	\$0.00	\$66.40	\$2.57	4.0%
	50	\$63.83	\$0.00	\$63.83	\$66.40	\$0.00	\$66.40	\$63.96	4.0%

Wastewater Rate Survey

A wastewater rate survey was conducted for neighboring communities to the Mission Hills Community Services District. Chart 2 compares the District's SFR monthly wastewater bill using 13 HCF with those of neighboring communities at the same consumption level. The rate survey includes rate schedules in effect March 2021. Wastewater bills for the District are shown using the current rates and the proposed rates for implementation September 1, 2021. The chart indicates that a District SFR customer will experience a bill that is in the mid-range of the communities listed.



Chart 2
Single-family Residential Monthly Wastewater Bills with 3/4-inch Meter Using 13 HCF

Note: Above table uses wastewater rates in effect March 2020. Bills are not adjusted for property tax revenue received by and agency. Cities of Santa Barbara and Lompoc assume 10 HCF per month. Mission Hills Community Services District September 2021 bill is based on the rate structure and rates in Table 36.

Street Sweeping Rates

The District budgets for street sweeping expense in its General Fund. A comparison of revenue received from street sweeping charges with projected street sweeping expenses is provided in Table 35 below. Expenses have been projected to increase by 2 percent annually. Revenues are stated as budgeted for FY 2020-21 and are based on the current rate of \$1.32 per account. The table indicates that no changes to the street sweeping rate is required at this time.

Table 35 Street Sweeping Financial Plan

temperature of the year	Budget	供益物		Forecast		A STATE OF
Description	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Proposed Revenue Increase (July 1)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Sources of Funds						
Street Sweeping Revenues, Existing Rates [1]	\$18,010	\$18,010	\$18,105	\$18,200	\$18,200	\$18,200
Additional Street Sweeping Revenue [2]	0	0	0	0	0	0
Late Fees/Charges	210	200	200	200	200	200
Total Sources of Funds	\$18,220	\$18,210	\$18,305	\$18,400	\$18,400	\$18,400
Uses of Funds						
Operation and Maintenance Expense [3]	\$15,432	\$15,741	\$16,056	\$16,377	\$16,705	\$17,039
Total Uses of Funds	\$15,432	\$15,741	\$16,056	\$16,377	\$16,705	\$17,039
Additions (reductions) to cash	\$2,788	\$2,469	\$2,249	\$2,023	\$1,695	\$1,361

^[1] Projected using the existing rates.

^[2] Additional water sales revenue from rate increases.

^[3] Operation and maintenance expense inflates at 2,0% annually,

Appendix A

Water System Allocation of Revenue Requirements, Units of Service, Cost of Service Allocation, and Private Fire Protection Charges are provided in Appendix A.

Appendix A-1
Allocation of Water Revenue Requirements to Cost Component

	5 Year		Delivery	Peal	king	Custo	mer	Fire	
Description	Average	Groundwater	Fixed	Max Day	Max Hour	Meters/Serv	Customer	Protection	General
Water Salaries and Benefits Expense									
Salaries and Benefits	\$236,099	\$0	\$50,171	\$50,171	\$100,342	\$23,610	\$7,083	\$4,722	\$0
Total Personnel Services	\$236,099	\$0	\$50,171	\$50,171	\$100,342	\$23,610	\$7,083	\$4,722	\$0
Water Operations and Maintenance									
Operating Supplies	\$7,806	\$0	\$2,361	\$2,237	\$2,637	\$446	\$0	\$125	\$0
Chemicals	67,653	67,653	-	110	-	6 3 11 5	-	-	
Contractual Services	17,173	-	-	-	-		-	-	17,173
Professional Services	8,122		-		-	1 1		-	8,122
Monitoring (Lab Samples)	20,816		-	-		-	20,816	-	
Utilities	110,240		_	11,024	-			-	
Government Fees	69,718		-	,	_	5 124	2	_	69,718
Repairs and Maintenance							_		00,710
Distribution	51.000		10.837	10.838	21,675	5,100	2	2,550	
Reservoirs	19,775		1,977	17,798	21,075	5,100	8	2,000	
Shop & Equipment Repair	9,367		1,577	17,730	-		_	_	9,367
Treatment Plant	9,367		4,683	4,684		0 12 5 0 2 220	- 3		9,50
Wells & Pumping	30,184		15,092	15,092	-		- 5	-	
Meters	30, 104		15,092	15,092			-	-	
Miscellaneous	9,367				2=			2 .0 0	0.20
All Other			-			-			9,36
Subtotal Water Operations and Maintenance	33,357 \$463,946		\$34,950	\$61,673	\$24,312	\$5,546	\$20,816	\$2,675	33,35° \$147,10
사이트 2011년, - "Plant : : : : : : : : : : : : : : : : : : :	Will profession			\$01,073	8250.007/00/2009	0 NORTH AND ALTO	\$20,816		
General and Administration Expense	436,008		100 mm 1 0 -	(E	\$.	-		436,00	
Allocation of Total General Expense		175,975	89,766	117,947	131,456	30,747	29,421	7,801	(583,11
Total Operation and Maintenance Expense	\$1,136,053	\$342,844	\$174,887	\$229,791	\$256,110	\$59,903	\$57,320	\$15,198	S
Capital Costs									
Capital Improvement Program [6]	\$349,410	\$0	\$105,691	\$100,135	\$118,032	\$19,966	\$0	\$5,586	\$
Total Capital Costs	\$536,550	\$0	\$162,297	\$153,766	\$181,249	\$30,660	\$0	\$8,578	\$
Adjustments									
Revenue Offsets	(\$53,402	30	(\$11,772)	(\$15,471)	(\$17,243	(\$4,033)	(\$3,859	(\$1,024)	S
Adjustments for Annual Cash Balance	86,499		19,072	25,058	27,929	6,532	6,251	1,657	
Adjustments to Annualize Rate Increase	183,250		40,403	53,087	59,168	13,839	13,242	3,511	
Total Adjustments	\$216,347		\$47,703	\$62,674	\$69,854	\$16,338	\$15,634	\$4,144	\$
Total Cost of Service	\$1,888,950		\$384,887	\$446,231	\$507,213	7	\$72,954		\$
Percent Allocation		18.1%	20.4%	23.6%	26.9%	5.7%	3.9%	1.5%	
FY 2020-21 Cost of Service	\$1,256,285	228,016	255.977	296,775	337,332	71,097	48,520	18,569	

Table A-2 FY 21-22 Units of Service

是被特別的意思			Max Day	Max Hour				Direct
	FY 21-22	Average	Extra	Extra	Meter	Meters &		Fire
Customer Class	Annual Use	Daily Use	Capacity	Capacity	Capacity	Services	Customer	Protection
	HCF	HCF	HCF/day	HCF/day	Eq. Mtr	Eq. Mtr/Srv	Bills	Eq. Hyd
Residential	190,692	522	187	1,224	14,700	14,700	14,700	
Commercial	11,630	32	19	83	968	567	132	
Irrigation	7,797	21	24	66	150	109	60	
Hydrant Meter	1,524	4	13	21	15	15	12	
Fire Protection								
Public Fire Hydrants			533	3,731				1,272
Private Fire Protection			8	59				
Total System	211,643	580	784	5,185	15,833	15,392	14,904	1,272

Table A-3
Distribution of Costs to Customer Classes FY 21-22

	Allocated		Delivery	Pea	king	Custo	omer	Direct Fire
Description	Total Cost	Groundwater	Fixed	Max Day	Max Hour	Meters/Serv	Customer	Protection
Unit Costs of Service		\$1.08	\$1.21	\$378.73	\$65.06	\$4.62	\$3.26	\$14.60
Units of Measure		HCF	HCF	HCF/day	HCF/day	Eq. Mtr/Srv	Bills	Eq. Hyd
Residential								
Units of Service		190,692	190,692	187	1,224	14,700	14,700	0
Allocated Cost of Service	\$702,156	\$205,444	\$230,637	\$70,655	\$79,662	\$67,902	\$47,855	\$0
Commercial								
Units of Service		11,630	11,630	19	83	567	132	0
Allocated Cost of Service	\$42,285	\$12,530	\$14,066	\$7,248	\$5,391	\$2,620	\$430	\$0
Irrigation								
Units of Service		7,797	7,797	24	66	109	60	0
Allocated Cost of Service	\$31,800	\$8,400	\$9,430	\$8,953	\$4,317	\$504	\$195	\$0
Hydrant Meter								
Units of Service		1,524	1,524	13	21	15	12	0
Allocated Cost of Service	\$9,830	\$1,642	\$1,843	\$4,857	\$1,378	\$71	\$39	\$0
Public Fire Hydrants								
Units of Service			0	533	3,731	0	0	1,272
Allocated Cost of Service	\$463,134		\$0	\$201,847	\$242,718	\$0	\$0	\$18,569
Private Fire Protection								
Units of Service			0	8	59	0	0	0
Allocated Cost of Service	\$7,082		\$0	\$3,215	\$3,866	\$0	\$0	\$0
Total Costs of Service	\$1,256,285	\$228,016	\$255,977	\$296,775	\$337,332	\$71,097	\$48,520	\$18,569

Appendix A-4
Design of Private Fire Protection Charges

Fire Protection	FY 21-22
Private Fire Protection Cost	\$7,082
Private Fire Protection Eq. 6" Hydrants	20
Private Fire Protection 6" Charge	\$349.50

Appendix A-5 Proposed Monthly Private Fire Protection Charges

Fireline Size	Hydrant Ratio	Current Charge	September 1, FY 21-22	July 1, FY 22-23	July 1, FY 23-24	July 1, FY 24-25	July 1, FY 25-26
inches							
3/4" x 1"	0.00	\$6.40	\$1.47	\$1.57	\$1.67	\$1.78	\$1.90
1"	0.01	\$6.40	\$3.14	\$3.35	\$3.57	\$3.81	\$4.06
1.5"	0.03	\$6.40	\$9.12	\$9.72	\$10.36	\$11.04	\$11.77
2"	0.06	\$6.40	\$19.44	\$20.72	\$22.09	\$23.55	\$25.10
3"	0.16	\$6.40	\$56.46	\$60.19	\$64.16	\$68.39	\$72.90
4"	0.34	\$6.40	\$120.32	\$128.26	\$136.73	\$145.75	\$155.37
6"	1.00	\$6.40	\$349.50	\$372.57	\$397.16	\$423.37	\$451.31
8"	2.13	\$6.40	\$744.80	\$793.95	\$846.35	\$902.21	\$961.76

Appendix B

Wastewater System Allocation of Revenue Requirements and Units of Service are provided in Appendix B.

Appendix B-1 Allocation of Wastewater Revenue Requirements to Cost Component

	5 Year		Streng	gth		
Description	Average	Flow	BOD	SS	Customer	General
Wastewater Personnel Services						
Salaries and Benefits [1]	\$237,051	\$0	\$106,673	\$106,673	\$23,705	\$0
Total Personnel Services	\$237,051	\$0	\$106,673	\$106,673	\$23,705	\$0
Wastewater Operations and Maintenance						
Chemicals	\$24,847	\$24,847	-	-		
Contractual Services	4,163		-	-	· ·	4,163
Professional Services	8,122	-	-		æ:a	8,122
Utilities	73,214	73,214	_	1 L		
Repairs and Maintenance	-	-	-	-	-	-
Lift Stations	36,428	36,428	1 -	12		-
Collection	26,020	-	-	-	26,020	-
Treatment Plant	26,020	-	13,010	13,010		
Shop Equipment and Repair	3,643		-	-	-	3,643
Miscellaneous	3,643	-	-	-	- 1	3,643
All Other	56,791		1,561	1,561	15,612	38,057
Total Wastewater Operating Expense	\$262,890	\$134,489	\$14,571	\$14,571	\$41,632	\$57,627
Allocation of Total General Costs	-	6,098	20,296	20,296	10,937	(57,627
General and Administrative Expense [3]	297,099	83,546	84,113	84,113	45,327	-
Total Operation and Maintenance Expense	\$797,040	\$224,133	\$225,653	\$225,653	\$121,601	\$0
Capital Costs						
Capital Replacement Transfer	\$208,918	\$47,515	\$44,741	\$44,741	\$71,921	
Total Capital Costs	\$208,918	\$47,515	\$44,741	\$44,741	\$71,921	
Adjustments						
Revenue Offsets	(\$28,119)	(\$7,907)	(\$7,961)	(\$7,961)	(\$4,290)	
Adjustments for Annual Cash Balance	4,489	1,262	1,271	1,271	685	
Adjustments to Annualize Rate Increase	(98,006)	(27,560)	(27,747)	(27,747)	(14,952)	
Total Adjustments	(\$121,636)	(\$34,205)	(\$34,437)	(\$34,437)	(\$18,557)	
Total Cost of Service	\$884,323	\$237,443	\$235,957	\$235,957	\$174,965	
Percentage Allocation		26.9%	26.7%	26.7%	19.8%	
FY 2020-21 Cost of Service	\$1,005,003	\$269,846	\$268,158	\$268,158	\$198,842	

Appendix B-2 FY 21-22 Units of Service

	FY 21-22	Return	Contributed Wastewater	Stren	gth	Stren	gth	Equivalent	Customer
Customer Class	Annual Use	Factor	Volume	BOD	SS	BOD	SS	Meters	Bills
W. Secretary and the second	HCF		HCF	mg/l	mg/l	lb	ľb	Eq. Mtr & Serv	Bills
Residential	190,692	69%	132,116	240	215	264,615	237,051	15,145	14,700
Commercial	2,427	95%	2,306	500	300	9,621	5,772	619	132
School	9,203	19%	1,724	130	100	1,871	1,439	168	12
Total System	202,322		136,146		_	276,106	244,262	15,932	14,844



MISSION HILLS COMMUNITY SERVICES DISTRICT MEMORANDUM

TO:

Mission Hills Community Services District Board of Directors.

FROM:

Jerome D. Gruber – General Manager

DATE:

May 19, 2021

SUBJECT:

Discussion and Consideration for Approval of the Salary Range for the position of

Administrative Services Manager

Recommendation:

Approve the Salary Range for position of Administrative Services Manager.

Fiscal Impact:

This position represents a 5% increase from the E-step for the Accountants position for the established salary range for this fiscal year. Please see attached salary schedule.

Discussion:

The Personnel Committee met with the General Manager to discuss the position and salary range for the Administrative Services Manager. The Personnel Committee was supportive of the position and recommended that the salary range be brought back to the Board of Directors for approval. The recruitment process for this position was internal in nature with emphasis on encouraging everyone within the organization who felt they had the minimum qualifications to apply. The position is critical to the organization and its emphasis is primarily focused on Finance and Human Resources. Since my position as General Manager takes me away from the office at times to include my flexible work schedule and remote working schedule, there is a need for established organizational continuity while I am away or otherwise engaged. Upon my arrival at the MHCSD it became apparent to me that employees who had concerns as it related to Human Resources matters went directly to the Personnel Committee, thereby circumventing the General Manager. This has historically been the culture of the MHCSD and is not in the best interest of the employees, the General Manager or the Board of Directors. The District has a chain of command that must be followed. While I am focusing on higher-level priorities as outlined within my job description, there needs to be an individual who is viewed as a

manager, can make decisions, assign daily tasks and ensure that the office staff are functioning at the most efficient level possible. As a point of clarification, all matters relating to Human Resources for all departments will be addressed and hopefully resolved with the creation of this position. This includes a plethora of areas, such as payroll, benefits, leave banks, 401k and 457 plans, evaluations, training, employee assistance programs, promotional opportunities, and educational assistance. It is not intended to focus on disciplinary matters, although this is also a function of the position. The operational functions of the District, both Water and Wastewater, will be handled by the General Manager. If for some reason I am not able to be reached, the Administrative Service Manager will work collaboratively with both of the field departments and formulate an appropriate response to the matter at hand.

As General Manager, I am the person that hears final appeals before they go to the Personnel Committee and then to the full Board. This position will provide an additional layer of stability for the employees and the organization, but will not require adding staff to the organization. The creation of this position allows for relatively simply matters within the organization to be addressed and resolved before coming to the General Manager.

Attachment(s):

- Salary Range for Fiscal Year 2020/2021 all current positions to include Administrative Services
 Manager
- 2. Job Description for the Position of Administrative Services

 Manager
- 3. Job Description for the General Manager

						Mission Hills Co	Mission Hills Community Services District	es District											
						Сопре	Сотрепяатіоп Schedule									-			
						Fiscal Year Ju	Fiscal Year July 1 2020 - June 30 2021	1202.08								-			
						2,4% Cost	2.4% Cost of Living Adjustment	nent										_	
				_						_	_								
								_	_	_									
Carrent Bosition (8 maxim:m)				Step A			Step B			Step C		Step D	٥		Step E				
dring reason of management			Hourly	Monthly	Annual	Hourly	Monthly	Annual	Hourty 1	Monthly Ar	Annual Hourly	riy Monthly	dy Annual	Hourty	Monthly	Annual			
General Manager														\$62.50	\$10,833.33	Stanboord			
Administration (3 positions)	Pay F	Pay Range																	
Administrative Services Manager	\$31,442,64 to \$115,816,68	3.113,816.6	8 \$43.97	\$7,620.22	\$91,442.64	\$46.51	\$8,062.01	\$96,744.18	\$ 52.632	\$8,536.25 \$102	\$102,435.01	\$51.98 \$9,010.49	49 \$108,125,84	254.72	\$9,484.72	\$113,816.68			
Accountant	\$ 69,670.58	\$ 87,088.2	L.	\$5,805,88	88	535.59	\$5,169.75	\$74,025.00	H	-	_	┢╴		L	\$7.257.35	\$87,088,23			
Admin Analyst / Board Secretary	\$ 58,531.59 to \$ 78,164.49	o \$ 73,164.4	9 528.14	54,877,63	\$58,531,59	\$29.90	-	562,189.82	\$31.66	\$5,487.34 \$65,	\$65,848.04 \$33	\$33.42 \$5,792.19	19 \$69,506.27	7 \$35.18	\$6.097.04	\$73,164.49			
Admin Asst. / Board Secretary	\$ 42,527.58 to \$ 53,159.48	\$ 53,159.4	8 \$20.45	53,543.97	\$4	22.725	\$3,765,46	\$45,185,55	\$ 23.00	\$3,986,96 \$47,		\$24.28 \$4,208.46	46 \$50,501.50	35.55	\$4,429.96	\$53,159,48			
Oustomer Service Rep II	\$ 50,381.77 to \$ 62,977.22	5 \$ 62,977.2	2 \$24.22	\$4,198.48	\$50,381.77	\$25.74	\$4,460.89	\$53,530.64	\$27.25	\$4,723,29 \$56,	\$26,679,50	528.76 \$4,985.70	JO SS9,828,36	82028	55,243.10	\$62,977.22			
Customer Service Rep (*	\$ 36,685,76 to \$ 45,857,20	D \$ 45,857.2	Ц	-	Ä	\$18.74	\$3,248,22	538,978.62	H	Н	L	H	-	_	\$3.827.43	\$45,857.20	Job Descriptions	L	Board Approval
Operations & Maintenance (4 positions)	Pay F	Pay Range												_					
Operations Supervisor	00.03-8,82 \$ st 00.27.8,00.0	oro⊁8,68 \$ o	0 \$38.40	\$6,656.00	\$79,872.00	\$40.80	00'72'0'25	\$84,864.00	\$48.20 \$	\$7,438,00 \$89,	\$89,856,00 \$45	\$45.60 \$7,904.00	.00 594,848,00	548,00	\$8,320,00	\$99,840,00			
Operator II - Lead Water Operator	\$ 60,276.06 to \$ 75,345.08	0 \$ 75,345.0	95'05\$ 9	28,797.82	\$65,73.85	\$22.47	55,628.93	22.7547.22	\$34.38	\$5,960.05	571,520,58	\$36.30 \$6,291.16		5 \$38.21	\$6,622.28	\$79,467.32			
Operator II - Chief Plant Operator	\$ 60,275.05 to \$ 75,345,08	\$ 75,345.0	8 530.56	55,297.82	\$63,573.855	\$52.47	\$5,628.93	\$67.50.22	\$34.38	\$5,960.05 \$71,	\$71,520,58 \$36	\$36.30 \$6,291.16	16 \$75,493.95	5 \$38.21	\$5,622.28	579,467.52			
Operator (I *	\$ 59,134,86 to \$ 73,918,58	o \$ 73,918.5	8 528.48	\$4,927.91	\$59,134,86	\$30,21	\$5,235,90	\$62,830,79	\$31.98 \$	\$5,543.89 \$66,	\$66,526,72 \$33	533.76 \$5,851.89	89 \$70,222.65	535.54	\$6,159.88	\$73,918.58		_	
Operator 1(2)	\$ 50,032.45 to \$ 62,540.56	5 62,540.5	524.05	\$4,169.37		\$75.56	\$4,429.96	\$53,159.46	\$ 30.05	\$4,690.54 \$56,	\$56,286.51 \$28.56	36 \$4,951.13	13 \$59,413.54	\$30.07	\$5,211.71	\$62,540.56			
Operator (n Training (O.L.T.)	\$ 31,948.80 to \$ 33,545.24	0 \$ 33,5462	4 \$15.36	\$2,562.40		\$16.13	52,795,52	533,546.24	+	_	-	1 "	_			\$33,546.24		1	
					-		_	-									-		
* Position currently vacant			_																
** Filled at 87.5% or 35 hours			_						_	_			_				_		
25 hrs min work week, up to 40 with GM approval																			
hours should be mostly consistent - current is 30 hours								1			_								
5 days, 6 hours generally from 8:00am to 2:00pm							_	_		-	_					-	-		

POSITION: ADMINISTRATIVE SERVICES MANAGER DEPARTMENT: OFFICE

SUMMARY

Under general supervision, to plan, organize, direct, and supervise the daily activities of the District office staff; to perform a variety of skilled and technically complex accounting, administrative, and clerical functions; to plan, organize, direct, and supervise the data processing functions and services of the District; to administer the personnel operations and functions of the District; to administer the District's purchasing functions; to plan, organize, and execute the District's records retention program; to administer the District's risk control program; to assume the responsibility for the safe, efficient, and smooth operation of the District office in its customer service role; and to do other work as assigned.

The specific statements shown in each section of this job description are not intended to be allinclusive. They represent typical elements and criteria necessary to successfully perform the job.

DISTINGUISHING CHARACTERISTICS

This is the skilled/technical class in the administrative series. This class is distinguished by the responsibility to oversee all customer service activity, as well as being responsible for the District computer technology systems.

REPORTING RELATIONSHIPS

This position reports to the General Manager and supervises directly all office staff.

ESSENTIAL JOB DUTIES AND RESPONSIBILITIES INCLUDE BUT ARE NOT LIMITED TO:

Task: Oversee training of and plan, organize, and supervise the daily activities of District customer service staff; provide general management and administration of District front office; oversee application of District policies and procedures regarding establishment and maintenance of services and rates; regularly update the General Manager regarding customer service operations, problems, policies, and administrative information; provide support to the General Manager in making presentations regarding customer issues to the Board of Directors; annually review the office operating budget and develop future budget recommendations.

Task: Serve as District Human Resources Administrator and Benefits/Insurance
Administrator; develop and maintain District personnel policies and procedures;
develop, coordinate, and administer employee health and welfare benefit programs;
organize and carry out recruitment procedures for District vacancies; coordinate
employee training and development programs; regularly update and coordinate
with the General Manager regarding personnel operations, problems, policies, and
administrative

information; provide support to the General Manager in making presentations regarding personnel issues to the Board of Directors; annually review the personnel budget and develops future budget recommendations; maintain confidential employee personnel records.

- Task: Check a variety of information for the preparation of District accounts payable checks insuring strict accountability; check work daily of subordinates for bank deposits; check a variety of information for the preparation of biweekly District payroll; approve IRS and EDD tax deposits including quarterly and annual reports; oversee annual budget preparation, monthly account analysis, management of cash accounts, general ledger journal vouchers, month-end reports, trial balance reconciliation, and monthly bank statement reconciliations.
- Task: Serve as District Computer System Administrator; plan, organize, direct, and control District data processing functions and activities; provide training to District personnel for computer hardware, software, and peripherals; serve as the District's LAN Administrator; annually review the data processing budget and develops future budget recommendations; insures the proper repair and maintenance of District data processing equipment including troubleshooting computer problems at network and workstation level and regular maintenance on computer hardware, software and peripherals; provide support to the General Manager in making presentations about District data processing functions and services; installs and upgrades computer system hardware, software and peripherals; maintains District's web site.
- Task: Serve as District Purchasing Coordinator; control purchasing through purchase order system; assist other employees and General Manager by buying equipment, supplies, and services; maintain automated parts inventory and reorder system; locate sources of supply and obtaining price quotations; develop purchasing specifications, bid packages, and proposal requests; resolve problems and discrepancies with vendors; negotiate service and supply contracts, as assigned.
- Task: Serve as District Records Retention Coordinator; administer District records retention policies; annually review the records retention budget and develops future budget recommendations; insure compliance with records retention policies by other staff and departments.
- Task: Serve as District Risk Control Liaison; maintains District insurance files, Risk Control manual, and Disaster Preparedness/Emergency Response Plan; regularly update the General Manager regarding safety operations, problems, policies, and administrative information; annually review the safety budget and develops future budget recommendations; coordinate employee safety training; meet with management staff regarding safety issues.

PHYSICAL DEMAND

Sitting; standing; speaking; hearing; close vision; use of hands to finger, handle or feel objects, tools or controls; use of hands to write, type and use telephone; lifting, pushing, pulling and carrying (up to 25 lbs).

QUALIFICATIONS

Knowledge

- Accounts payable handling and procedures.
- Advanced knowledge of personal computer operations, software applications, and networking technologies and protocols,
- Basic supervisory skills and techniques.
- Correct English usage, spelling, grammar and punctuation.
- Correspondence formats.
- Current office methods and practices.
- Federal and State labor codes as they apply to special districts.
- Fundamental field procedures.
- General office procedures including the use of basic office equipment such as tenkey calculator, electric typewriter, postage meter, and copy machine
- Handling of confidential District information.
- Intermediate accounting methods and procedures.
- Payroll reporting.
- Payroll handling and procedures.
- Principles and practices of District administration.
- Proper office and telephone etiquette.
- Purchasing procedures.
- Records retention policies and procedures; records maintenance and filing methods.
- Safe work practices.
- Safeguarding confidential District information.

- Willingness to learn, or basic knowledge of, HTML.
- Working knowledge of Novell NetWare networking applications; Microsoft Windows operating systems; Corel applications; Lotus applications; andvarious office software packages; Internet browser programs.

Ability to:

- · Communicate clearly both orally and in writing.
- Determine work assignments and priorities and coordinate the proper use of resources to accomplish,
- Establish, develop and maintain effective working relationships with those contacted during the course of work.
- Maintain composure, tact, and helpful attitude with co-workers, managers (including District Directors) and District customers.
- Maintain punctual and regular attendance.
- Operate a vehicle observing legal and defensive driving practices.
- Perform without direct supervision, a variety of skilled and technically complex accounting, administrative and clerical tasks.
- Process data through utilization of District computers.
- Properly format and transcribe various communications.
- Provide inspiration and motivation to subordinate employees
- Read, understand, and apply complex materials (i.e., Board policies in Ordinances and Resolutions, computer operations manuals, etc.) to analyze and report, and use as a guide to function fully in the position.
- Type a minimum of 55 W.P.M. using word processing programs; use spreadsheets and database systems; function as office network systems administrator.
- Understand and carry out oral and written instructions.
- Use independent judgment/discretion in the resolution of problems encountered in the administration of assigned functions.
- Use 10-key by touch.

EXPERIENCE AND EDUCATION

Any combination equivalent to education and experience that could likely provide the required knowledge and abilities would be qualifying. A typical way to obtain the knowledge and abilities would be:

Experience in Business Field equal to or equivalent to completion of a baccalaureate degree in accounting, business administration, or related field, with two years of employment in office administration, and one year of computer network system administration and 12 units of post-secondary computer related classes including networking, and completion of basic supervisory training, and HR training or experience or

Satisfactory employment by the District in accounts payable, payroll, accounting, or customer service in addition to related course work in accounting, business or office administration and two years of satisfactory employment as a Computer Network System Administrator or equivalent position, and prior supervisory experience.

RECOMMENDED SPECIAL REQUIREMENT

CPR Certification

First Ald Certification

CONDITIONS OF EMPLOYMENT:

As a condition of employment, may be required to:

- 1. Possession of a valid and appropriate Class C California Driver's License, and be insurable by the District's vehicle insurance carrier;
- 2. Be bondable by the District's fidelity bond insurer;
- 3. Be able to establish and maintain favorable interpersonal relations with co-workers, superiors including District Directors and District customers.

PHYSICAL AND SENSORY REQUIREMENTS

In general, it is necessary for the employee to maintain the effective audio-visual discrimination and perception needed for making observations, communicating with others, reading and writing, and operating assigned equipment. It is also imperative that the employee be able to maintain the mental capacity allowing the making of sound decisions following specific guidelines and the demonstration of intellectual capability to deal effectively with customers in person and on the phone.

Mission Hills CSD JOB DESCRIPTION

REVISED October 2017

GENERAL MANAGER

Employee Name: Date of Hire:

Reports to: Board of Directors

Status: Exempt

Definition/Summary

The General Manager (GM), is under administrative direction of the Board of Directors and exhibits strong leadership skills, plans, organizes, coordinates and supervises all District functions and activities. This includes the production and distribution of potable water; the collection, treatment and disposal of wastewater; and oversight of street sweeping; administrative, public relations, personnel, and general affairs of the District; represents the Board's policies and programs with employees, community organizations, and the general public. He or she reviews budget requests and makes recommendations to the Board on final expenditure levels; fosters cooperative working relationships with intergovernmental and regulatory agencies, various public and private organizations and District staff; if needed; and is responsible for employer-employee relations.

Reporting Relationship

The GM, is an employee of the Board of Directors and reports directly to the CSD Board president (or the president's designee). The GM receives guidance from the President of the Board of Directors and is accountable to the Community Service District Board. Administratively supervises all District personnel. The GM may be an at-will or contracted position

<u>Leadership</u>

- Leads the District by example to achieve strong operational performance and continuous improvement
- Establishes a long-term vision of future District performance and capabilities and the ability to execute that vision
- Able to initiate and present to the Board of Directors key operational improvement initiatives.
- Provide guidance and direction to both the Board of Directors and Staff concerning both technology and it applications.

Essential Functions (in non-priority order)

- **District Personnel:** Directs and oversees District personnel including assuring training, discipline, and administration.
- Yearly Performance Reviews; conducts District performance reviews including salary reviews; and approves payroll for all District personnel.
- Budget: Reviews requests and recommends approval or disapproval; oversees the preparation of the annual budget, making recommendations to the Board on final expenditure levels.
- Finance: Acts as District Treasurer. Authorizes expenditures within budget limits and
 certifies availability of funds; approves payment of accounts payable invoices; approves
 work orders and purchase orders; plans and executes maintenance and repair programs
 and capital replacement and improvement plans; and directs the investment of District
 funds in accordance with law statutes and District policies
- Physical Plant: Annually reviews and reports to Board of Directors both the status of pumps and other operating equipment and which equipment should be maintained and/or replaced to minimize overall costs. The GM is responsible for establishing and maintaining long-term preventative maintenance schedules, approves system modifications or expansion of facilities; reviews water sales and production records, including meter testing and overhaul; direct and oversee construction and inspection of capital improvements/processes and approves progress payments
- Long-term Capital Improvement plans: Responsible for implementing long range financial plans.
- Grants: Actively seeks grants and other funding sources to support Long-term Capital Improvement Plans. Prepares applications and maintains responsibility for proper administration of grants received.
- Performs related duties as assigned.

Job Standards/Specifications

Knowledge of:

- Principles and practices of public administration, including administrative analysis, fiscal planning, and control, and policy and program development.
- Principles and practices of potable water production, treatment and distribution
- Research and evaluation methods, and be well informed and current with new technology
- Budgeting principles and practices.

Cost estimating and contract administration.

Ability to:

- Plan, organize, coordinate, and direct the work of staff to achieve efficient operations and meet program goals, while minimizing the cost for these operations
- Prepare and administer a District budgeting and fiscal control process.
- Prepare concise and comprehensive reports.
- Exercise leadership, authority, and supervision tactfully and effectively.

Typical Physical Activities

- Travels by airplane and automobile in conducting District business.
- Sits (at a desk) for an extended period of time.
- Work in an office environment, lift and move objects up to 15 pounds such as large binders, books, and small office equipment.
- · Sufficient finger/hand coordination and dexterity to operate and adjust office equipment.
- Use office equipment such as telephones, computers, copiers, and FAX machines.
- Hearing and vision within normal ranges with appropriate correction as needed.

Environmental Factors

- 1. Exposure to the sun: 10% or less work time spent outside a building and exposed to the sun.
- 2. Irregular or extended work hours: Occasionally required to change working hours or work overtime.

Desirable Qualifications

Any combination of education and experience which would likely provide the necessary knowledge and abilities is qualifying.

A typical way to obtain the knowledge and abilities would be:

Education: Baccalaureate degree in engineering, business administration, public administration or related field required. And advanced degree or profession engineering license is highly desirable.

Should have a thorough working knowledge of public utility field and California Special District administration and management.

Experience: Broad and extensive work experience in a management or administrative position in a public agency, requiring the responsibility for the formulation and implementation of programs, budgets, and administrative operations. At least five years in a management or supervisory experience with increasing responsibility utility related fields. Prior experience working for an elected Board of Directors is highly desirable.

License Certificate Registration Requirement

<u>Driver License</u>: Possession of a valid California Class C Driver License may be required at the time of appointment. Failure to obtain or maintain such required license(s) may be cause for disciplinary action. Individuals who do not meet this requirement due to a physical disability will be considered for accommodation on a case-by-case basis.

Possession and proof of a driving record free of multiple or serious traffic violations or accidents for two (2) consecutive years.

<u>Certifications</u>: Possess and maintain the appropriate certification as required by the California State Water Resources Control Board. Certifications need to be finished and obtained either at date of hire or within an acceptability period of time, not to exceed 24 months from hire.

Possession of a California Grade II Water Treatment Plant Operator certificate. Possession of a California Grade III Water Distribution certificate.

I have reviewed this Job Description and agree	ee with its contents.
	· · · · · · · · · · · · · · · · · · ·
Employee Signature	Date
Board President Signature	Date



MISSION HILLS COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO:

Board of Directors

FROM:

Jerry Gruber, General Manager

DATE:

March 17, 2021

SUBJECT:

Committee Meeting Updates- Provide a Status Report for the various

Committees.

Recommendation / Proposed Motion

Recommendation: Receive Report and provide direction to staff as needed.

Policy Reference

Directors expressed an interest in receiving brief monthly committee updates.

Budget Resources

As outlined in the Capital Improvement Plan and District Goals.

Alternatives Considered

None

Discussion

This memorandum is a summary of Committee meetings that took place after the last Board meeting and is intended to provide a status report to the Board members and the public. The 2021 Committee Assignments are provided below.

Attachments:

- 1. 2021 Committee Assignments
- 2. Committee Meeting Summary Table

2021 Officers / Directors

President:

Myron Heavin

Vice President:

Steve Dietrich

Finance Officer: Director:

Karina Naughton Bruce Nix

Director:

Jim Mac Kenzie

2021 Committee Assignments

Standing Committees	Committee Members	Alternate	
Operations			
Water (Reservoir, Wells, Treatment, Distribution)	Dietrich, Mac Kenzie	Nix	
2) Wastewater (WDR, Aerators)	Mac Kenzie, Heavin	Naughton	
3) Energy (Generators and Solar)	Heavin, Naughton	Nix	
Personnel	Naughton, Nix	Heavin	
Finance	Naughton, Nix	Dietrich	
Ad-Hoc Committee	Committee Members	Alternate	
4) Development Agreements	Dietrich, Heavin	Mac Kenzie	
Representatives / Point of Contact	Committee Members	Alternate	
5) VAFB IR Programs	Dietrich	Mac Kenzie	
6) ACWA/JPIA	Board President	General Manager	
7) Santa Ynez River Water Conservation District - Western Management Area Committee for Groundwater Sustainability	Heavin	Bruce	

Committee	Completed Meeting Date	Summary of Discussion	Future Meeting Date	Topics for Discussion
Wastewater	11/30/2020	Review and discuss current Wastewater Treatment Plant Status and Forward Acktion Plans	TBD	TBD
		Director Fasold lead a discussion regarding action items and follow ups that included: Discussions with RWQCB regarding reporting effluent point of complance, Development of WWTP Standard Operating Procedures, Upgrades to Mesa Oaks Lift Station, Installing a liner in Rucker Point #8, Compliance with the Time Schedule Order Tasks and Dates, Implementing any recommendations at the WWTP Ponds from Steve Harris's October 2, 2020 Memo and Critical spare parts on hand at the Lift Station		
Finance	3/26/2021	Discuss and review the preliminary budget along with CIP preliminary budget	TBD	Development Account Placement, Credit Cards for District
Water	3/26/2021	Discussed the installation of the Surge Tank	CGF	G G F
				OG .
Energy	11/24/2020	Scheduling 2 vendors to meet and discuss solar	TBD	TBD
Personnel	3/12/2021	Discussed and agreed on creation of Administrative Services Manager Position	5/16/2021	Various
Development Agreement	4/7/2021	City of Lompoc Summary Discussion	TBD	Closed Session

			Manager TBD Various Tonics
			Update provided by General
			4/14/2021
Western Management	Area Committee for	Groundwater	Sustainability



MISSION HILLS COMMUNITY SERVICES DISTRICT

- 9. COMMUNICATIONS- Board of Directors may ask a question for clarification, make an announcement, or report briefly on recent activities or conferences. Also, Directors may provide a reference to staff or other resources for information, request the Board President consider placing an item on a future committee meeting or regular meeting.
 - A. General Manager Comments
 - B. Director's Comments
 - C. Public Comments