

**Board of Directors**

Walter Fasold, President  
Bruce Nix, Vice President  
James Mac Kenzie, Director  
Steve Dietrich, Director  
Myron Heavin, Director



1550 East Burton Mesa Blvd, Lompoc  
California, 93436-2100  
805.733.4366  
[www.mhcsd.org](http://www.mhcsd.org)

Loch A. Dreizler      General Manager

## **MISSION HILLS COMMUNITY SERVICES DISTRICT**

### **Regular Meeting Agenda**

4:30 PM Wednesday September 19, 2018

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

Noticed on: September 14, 2018

- 1. 4:30 PM Call to Order**
- 2. Roll Call**
- 3. Pledge of Allegiance**
- 4. Presentation (If applicable)**
- 5. Agenda Review** - Move that all Resolutions and Ordinances presented tonight be read in title only and all further reading be waived.
- 6. Consent Items** - Staff recommends Directors approve the Consent Items in one motion. However, members of the public may comment on a consent item and Directors may pull a consent item for discussion.

From Previous Month:

- a. Meeting Minutes – August 15, 2018 and August 29, 2018
  - b. Water Report
  - c. Wastewater Report
  - d. Financial and Expenditures Reports
- 7. Correspondence** - For information only, generally no Board action is required
    - a. Committee Meeting Updates and General Manager Goals
  - 8. Continued Business**
    - a. 2018 Conflict of Interest Code Biennial Review
    - b. Approve NBS Capacity Study
    - c. Introduce Ordinance 18-84 – Updating Fees to Connect to District Facilities
  - 9. New Business** - none

**10. Community Comments and Suggestions-** Members of the public may address the Board on any items of interest within the subject matter and jurisdiction of the Board that are not on this agenda. Public comments and suggestions are limited to three minutes.

**11. Communications-** Board of Directors or General Manager may ask a question for clarification, make an announcement, or report briefly on recent activities or conference. In addition, 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.

- October 20, 2018 – Vandenberg Village Rotary Club Fundraiser

**12. CLOSED SESSION**

a. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Pursuant to Government code section 54956.8

Property: Parcel 097-700-034

Agency Negotiator: Loch Dreizler

Negotiating Party: Pacific Properties

Under Negotiation: Potential purchase of easement or lot, possible price

**13. RECONVENE TO OPEN SESSION**

**14. Adjournment-** Regular Board Meetings are held the third Wednesday of each month at 4:30 PM

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Copies of the staff reports, or written materials provided to the Mission Hills for Open Session agenda items may be obtained online at <http://www.mhcsd.org/agenda-and-minutes/> and are also available at the Customer Service Counter of the District Office for public inspection and reproduction during normal 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 and/or the documents in the agenda packet provided in an alternative format, please contact Board Secretary at 805.733.4366 at least 48 hours prior to the meeting to ensure that reasonable arrangements can be made. (Agenda Prepared pursuant to Government Code Section 54954.2)



## MISSION HILLS COMMUNITY SERVICES DISTRICT

### Regular Meeting Minutes

4:30 PM Wednesday August 15, 2018

The Regular Meeting of the Board of Directors of the Mission Hills Community Services District was called to order at 4:30 pm on Wednesday, August 15, 2018 at the District Meeting Room, 1550 East Burton Mesa Boulevard, Lompoc, California.

<b><u>DIRECTORS PRESENT:</u></b>	By roll call:	Walt Fasold, Bruce Nix, Myron Heavin, James Mac Kenzie, and Steve Dietrich
<b><u>DIRECTORS ABSENT:</u></b>		none
<b><u>STAFF PRESENT:</u></b>		Loch Dreizler, Melissa Crouthers, and Casey Fowler
<b><u>OTHERS PRESENT:</u></b>		Chris Smith, Bill Buelow, Tom Price, Susan Zavolta

**3. PLEDGE OF ALLEGIANCE:**

**4. SPECIAL PRESENTATION: none**

- 5. AGENDA REVIEW:** Motion by Director Fasold, second by Director Heavin that all resolutions and ordinances presented tonight be read in title only and all further readings be waived. Unanimous 5-0.

**6. CONSENT AGENDA:**

Motion by Director Nix, second by Director MacKenzie to approve the Consent Agenda after review.

- |                        |  |
|------------------------|--|
| <b>Agenda Item 6a.</b> | <b>Consideration of Approval of Minutes</b><br>Approved Minutes of the Regular Meeting of July 18, 2018 and<br>Special Meeting of July 25, 2018  |
| <b>Agenda Item 6b.</b> | <b>Reports on Water, Wastewater and Street Sweeping.</b><br>Street Sweeping Report, Water Reports and Wastewater Reports<br>were reviewed. It was requested on the new sewer plant<br>performance report to include the new proposed WDR limit on the<br>graph. It was also requested to do graphs for water pumped,<br>wastewater flow and % return for next month's meeting. |
| <b>Agenda Item 6c.</b> | <b>Consideration of the Manager's Project and Financial Reports.</b><br>July Profit and Loss Statement, Disbursements Journal, Bank<br>Account Summary, Variations from Projected Income statements,<br>were briefly reviewed and discussed.<br><br>Vote to approve the Calendar of Consent was 5-0  |

## **7. CORRESPONDENCE:**

### **Agenda Item 7a.**

#### **Committee Meeting Updates**

General Manager Dreizler provided a handout at the meeting of Goal for FY 2018-19 (see attached). He then gave a brief update regarding the committee meeting that have occurred over the past month. It was also noted that President Fasold would like to provide a six month review for the General Manager at either the September or October Board Meeting.

## **8. CONTINUED BUSINESS:**

### **Agenda Item 8a.**

#### **Sustainable Groundwater Management Act (SGMA)**

General Manager Dreizler gave a brief breakdown as to the reason for this agenda item, which was to provide direction to Director Nix, our District Representative for the Santa Ynez River Water Conservation District. Many options were discussed regarding the financial obligations and cost sharing for the Western Basin Management Area. Bill Buelow stated that this cost sharing proposal is for the entry level portion which must be completed within 3 years. After the 3 years SGMA files for joint union and costs will be reallocated. Board of Directors expressed concern that MHCSO is not paying a fair share as we are the smallest district participating. There was also concern that there is no cap for this 3 year plan. Susan Zavolta from the City of Lompoc explained how the City has completed many studies over the years which will be used in this basin plan. This alone has been a huge savings for the rest of the Western Basin Area. It was reiterated that The SYRWCD would have four votes, the City of Lompoc would have two votes, and VVCSO and MHCSO would have one vote. The GSA will be represented by an appointed person or persons from their respective entities. Each vote would represent 12.5%. The fee for SYRWCD would be  $(4 \times 12.5\%) = 50\%$ , Lompoc at 25%, VVCSO and MHCSO both at 12.5%.

Motion by Director Heavin, second by Director Mackenzie to approve that the voting be weighted as previously approved by the GSA Committee. Motion by Director Fasold, second by Director Mac Kenzie to amend the original motion to include that this is only applicable to GSP until completed with a cost not to exceed \$135,000 over the next 3 years. Motion to amend was 5-0. Motion to approve was 5-0.

Agenda Item 10. Community Comments and Suggestions were moved by President Fasold to occur before the New Business Discussion took place.

## **10. COMMUNITUY COMMENTS AND SUGGESTIONS:**

Tom Price asked if the District was aware of the proposed new development next to the shopping center and if we had any concerns for the water and wastewater system. It was noted that we have other entities proposing future development and there does not appear to be of concern in the amount of water used or additional wastewater flow.

Chris Smith asked if the District had any concerns for water contamination from the Air Force Base. He stated that this occurred at his last residency and wanted to confirm that there were no known problems here and that we were taking precautions to protect our water supply. It was noted that the base is so far removed that there are no concerns we have and that the water is tested on a regular basis and reported to the State.

**9. NEW BUSINESS:**

**Agenda Item 9a. Public Right of Way Standards**

General Manager Dreizler discussed the importance of creating a right of way standard for the District to reference when working with homeowners to resolve issues that arise when determining the responsibility of replacing existing hardscaping or landscaping.

Motion by Director Dietrich, second by Director Nix to approve the proposed right of way landscaping standard with the inclusion of the County Code for reference. Motion to approve was 5-0.

**10. COMMUNITY COMMENTS AND SUGGESTIONS:** moved to earlier in the meeting

**11. COMMUNICATIONS:** General Manager Dreizler requested a Special Meeting for the 29<sup>th</sup> of August to review the NBS Capacity Charge Study again with the proposed revisions. This meeting will begin at 9:00 AM. The goal of this meeting is to approve the NBS Capacity Charge Study so District Staff can move forward with the required steps for approval at the next regular meeting.

Director Mac Kenzie noted that the rates for JPIA (our insurance provider) is looking good again. Medical and workers comp have no rate increase. Liability insurance costs are determined by our actions.

**12. ADJOURNMENT:**

There being no further business to come before the Board the meeting was adjourned at 7:05 pm.

Respectfully Submitted,

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Casey Fowler  
Secretary, Board of Directors

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Walter Fasold  
President, Board of Directors



## Goals for FY 18-19

### Wastewater

- Successfully negotiate new Waste Discharge Requirements (WDR) with limits that are achievable
  - A letter requesting that we maintain our current Nitrogen Levels at 10/15 mg/L and a quarterly average for Chloride Levels at 300 mg/L for 5 years was sent to Regional Water Quality Control Board (RWQCB) on June 19, 2018. We expect to be implementing our new WDR by June 30, 2019. We don't foresee exceeding levels for Total Dissolved Solids, Sodium, Biochemical Oxygen Demand or Total Suspended Solids with the new WDR.
- Establish a pond optimization control plan which reduces the average 2014 through 2017 Nitrogen levels from 14/16 to average annual levels equal to, or less than a seasonal 10/15 by June 30, 2019.
- Establish cost to treat Burton Ranch effluent via City of Lompoc and determine an assess feasibility by September 28, 2018.
- Complete NITROX / TriplePoint study and obtain capital cost and annual operating cost estimates by October 30, 2018

### Water

- Develop and execute a water system pressure / surge protection plan to reduce water system pressure problems, by October 31, 2018, and implement the project by June 30, 2020.

### Electric Power / Emergency Back-up

- Determine backup requirements and phased approach for critical equipment by July 2018.
- Establish a timeline to implement in Phases by July 2018.
- Implement Phase 1 as outlined with Board of Directors on July 18, 2018, by June 30, 2019.

### Personnel Development

- Establish performance goals and personal development plans for each district employee by September 2018.
- Establish specific operator license plan to provide backup by October 2018.
- Perform useful annual performance reviews with employees by June 30, 2019.

### New developments

- Effectively support plan content and approval to support district needs for the following:
  - Summit View
  - Burton Ranch
  - Supportive Housing

### Basic goals

- **Safety** - establish a proactive safety program
- **Budget** - meet or exceed all budget goals regarding revenue and expenses
- **GM Job Description** - All duties as described



## MISSION HILLS COMMUNITY SERVICES DISTRICT

### Special Meeting Minutes

9:00 AM Wednesday August 29, 2018

The Special Meeting of the Board of Directors of the Mission Hills Community Services District was called to order at 9:00 AM on Wednesday, August 29, 2018 at the District Meeting Room, 1550 East Burton Mesa Boulevard, Lompoc, California.

**DIRECTORS PRESENT:**

By roll call: Walt Fasold, Bruce Nix (at 9:15), James Mackenzie and Steve Dietrich

**DIRECTORS ABSENT:**

Myron Heavin

**STAFF PRESENT:**

Loch Dreizler, Melissa Crouthers, and Casey Fowler

**OTHERS PRESENT:**

none

**3. CONTINUED BUSINESS:**

**a. Review and Discuss the NBS Capacity Study**

District Board of Directors and MHCSD Staff discussed the NBS studies figures and calculations. The main portion of the meeting was to have a better understanding of the assumptions that were used to complete the draft report. After discussion it was recommended the District staff make some minor modifications and bring it back to the next regular meeting for approval.

**4. COMMUNITY COMMENTS AND SUGGESTIONS:** none

**5. CLOSED SESSION:**

Closed session began at 12:23 pm for conference with real property negotiators

**6. RECONVENE TO OPEN SESSION:**

The meeting was reconvened at 1:00 pm. Reportable action was to continue negotiations on parcel number 097-700-034.

**7. ADJOURNMENT:**

There being no further business to come before the Board the meeting was adjourned at 1:01 PM.

Respectfully Submitted,

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Casey Fowler  
Secretary, Board of Directors

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Walter Fasold  
President, Board of Directors





## **MISSION HILLS COMMUNITY SERVICES DISTRICT**

### **Water Reports – August 2018**

**Distributed:** 18,987,758 gallons

#### **Reservoirs**

- Checked chlorine levels weekly

#### **Treatment Plant**

- Repaired leak in chlorine injection line
- Rebuilt head unit on chlorine pump
- Rebuilt head unit on Phosphate pump

#### **Distribution System**

- Collected and reported weekly chlorine and phosphate results.
- Sampled "Bac-T" (coliform detection) every Wednesday
- Changed out malfunctioning meter registers and bodies, (ongoing monthly)
- Repaired main break on Via Cortez, and Via Dona
- Replaced service line on Via Barba

#### **Miscellaneous**

- Held monthly safety meeting for crew
- PG&E came out to begin energy audit
- Had A&A Pump and Well Service brush and clean well 6 well casing
- Completed 30 backflow notifications, all were certified and returned



## **MISSION HILLS COMMUNITY SERVICES DISTRICT**

### **Wastewater Reports - August 2018**

#### **Influent**

- Total Influent: 6,359,150 gallons
- Percentage returned:  $6,359,150 / 18,987,758 = 33\%$
- Average Flow: 205,100 gallons/day
- Total trash removed from headworks: 375 lbs.

#### **Wastewater Treatment Plant**

- Continued increasing and adjusting pond levels for best performance
- Continued monitoring dissolved oxygen (DO) to optimize aerator placement and run times
- Adjusted baffles
- Skimmed scum and duckweed from pond #2
- Sampled B.O.D. TN, TSS, Chloride, TDS First week of the month
- Sampled Total N package the third week of the month TN 8.0 PPM Average for the month
- Controlled varmint and weed abatement

#### **Collection System**

- Repaired and replaced boot and clean-out at 1451 Pasado
- Jetted and Videoed sewer line 3500 block of Via Lato

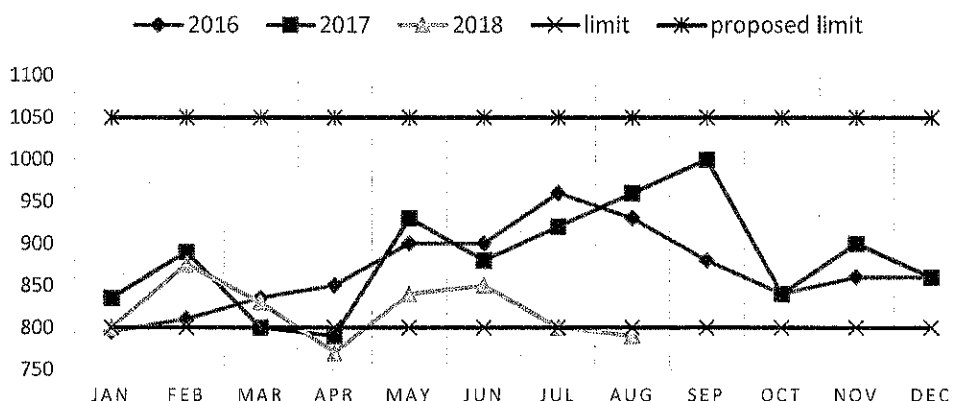
#### **Lift Station**

- Checked daily
- Continued developing standard operating procedures
- Pumped out solids from wet well

### Total Dissolved Solids (mg/L)

	2016	2017	2018
Jan	795	835	800
Feb	810	890	875
Mar	835	800	830
Apr	850	790	770
May	900	930	840
Jun	900	880	850
Jul	960	920	800
Aug	930	960	790
Sep	880	1000	
Oct	840	840	
Nov	860	900	
Dec	860	860	

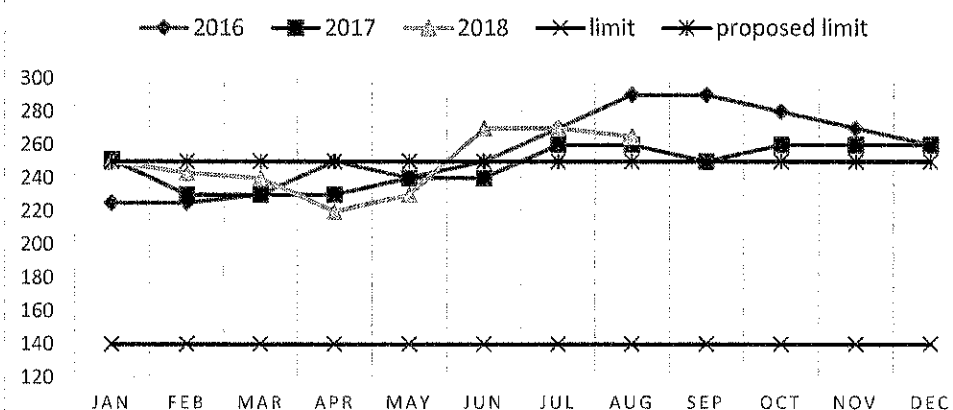
### TOTAL DISSOLVED SOLIDS (MG/L) - LIMIT 800



### Chloride (mg/L)

	2016	2017	2018
Jan	225	251	250
Feb	225	230	243
Mar	230	230	240
Apr	250	230	220
May	240	240	230
Jun	250	240	270
Jul	270	260	270
Aug	290	260	265
Sep	290	250	
Oct	280	260	
Nov	270	260	
Dec	260	260	

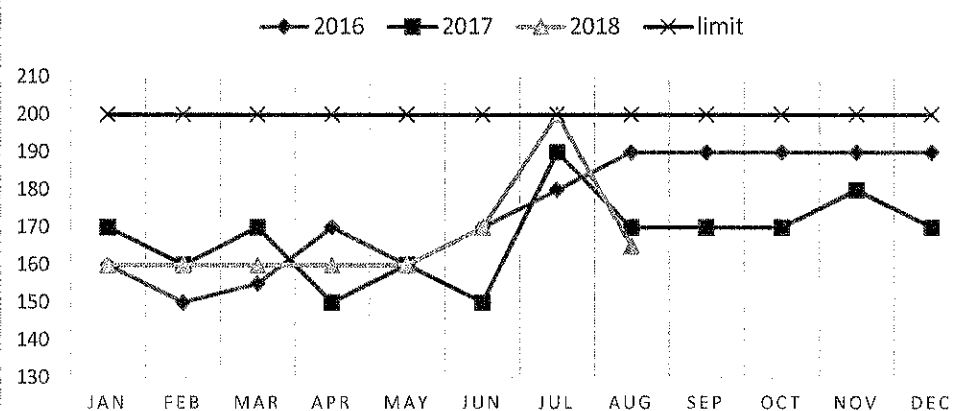
### CHLORIDE (MG/L) - LIMIT 140



### Sodium (mg/L)

	2016	2017	2018
Jan	160	170	160
Feb	150	160	160
Mar	155	170	160
Apr	170	150	160
May	160	160	160
Jun	170	150	170
Jul	180	190	200
Aug	190	170	165
Sep	190	170	
Oct	190	170	
Nov	190	180	
Dec	190	170	

### SODIUM (MG/L) - LIMIT 200

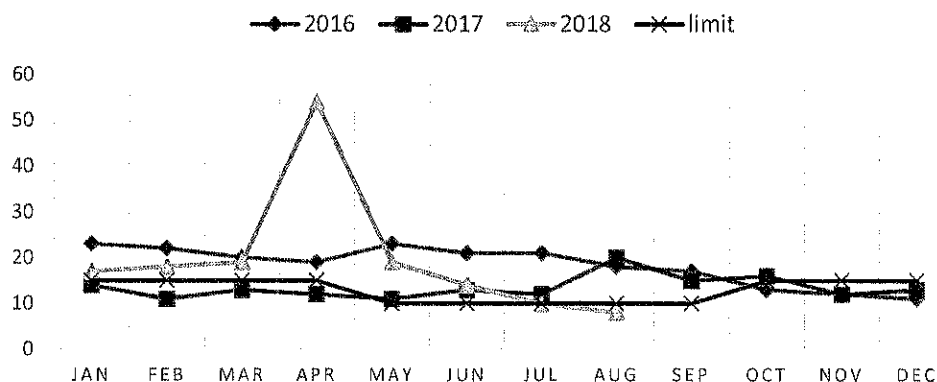


\* the proposed limit will not change with the new WDR

## Total Nitrogen (mg/L)

	2016	2017	2018
Jan	23	14	17
Feb	22	11	18
Mar	20	13	19
Apr	19	12	54
May	23	11	19
Jun	21	13	14
Jul	21	12	10
Aug	18	20	8
Sep	17	15	
Oct	13	16	
Nov	12	12	
Dec	11	13	

## TOTAL NITROGEN (MG/L) - LIMIT 10(MAY-SEP) /15(OCT-APR)



\* the proposed limit will not change with the new WDR

## Yearly Average

	limit	2012	2013	2014	2015	2016	2017	2018
Total Dissolved Solids (mg/L)	800	878	865	858	852	868	884	819
Chloride (mg/L)	140	257	256	248	254	257	248	249
Sodium	200	171	154	167	169	175	168	167
Total Nitrogen (N)	15/10	19	14	14	15	18	15	20

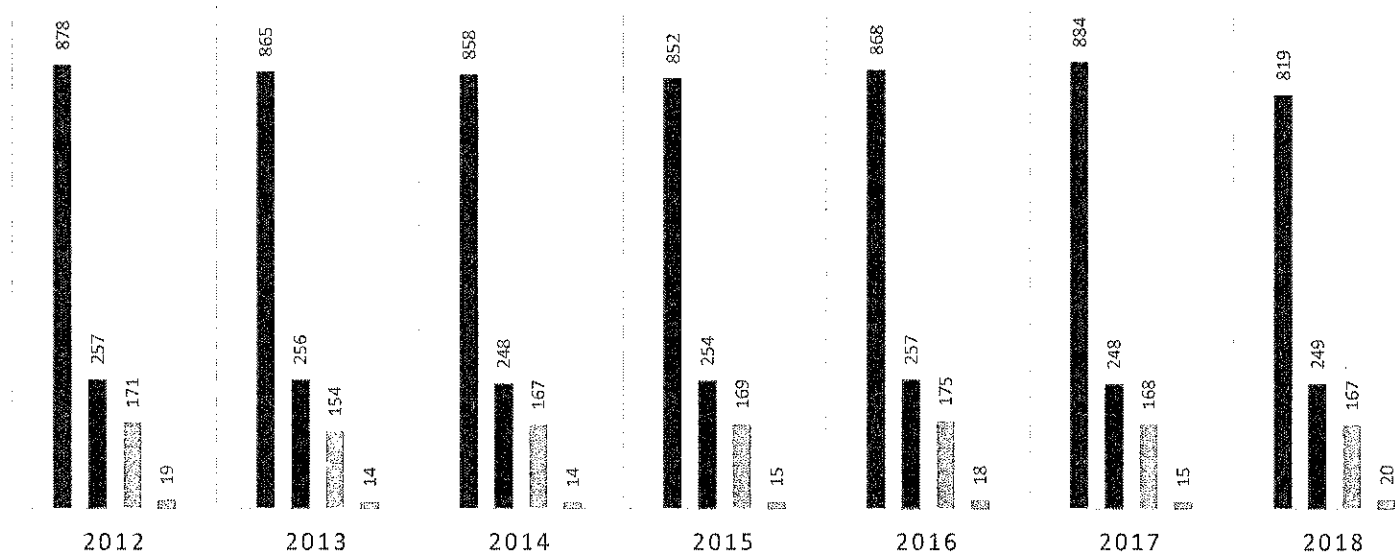
\*Total Nitrogen is going to average high based on the one month of high numbers due to pond stabilization after Pond #1 came back in service. Average number without that month would be 15

## Possible New WDR Limits

Total Dissolved Solids (mg/L)	1250
Chloride (mg/L)	250
Sodium	250
Total Nitrogen (N)	15/10

## YEARLY AVERAGE COMPARISON

■ Total Dissolved Solids (mg/L) ■ Chloride (mg/L) ■ Sodium ■ Total Nitrogen (N)





## **MISSION HILLS COMMUNITY SERVICES DISTRICT**

### **Financial and Expenditures Report – August 2018**

- Profit and Loss by Previous Year Comparison
- Disbursements Journal
- Bank Account Summary
- Variation from Projected Income

Mission Hills Community Services District  
Profit & Loss Prev Year Comparison  
August 2018

	Aug 18	Aug 17	\$ Change	Notes
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
4005 • 48 hour notice fees	740.00	750.00	-10.00	
4020 • Connection fees	0.00	1,830.55	-1,830.55	
4045 • Late fees	2,103.53	1,717.37	386.16	
4050 • Miscellaneous income	10.00	10.00	0.00	
4060 • Reconnection fees	180.00	60.00	120.00	
4075 • Returned check fees	0.00	50.00	-50.00	
4085 • Sewer basic charges	69,825.78	64,139.40	5,686.38	
4095 • Street sweeping charges	1,507.44	1,503.48	3.96	
4105 • Water basic charges	53,668.96	51,214.99	2,453.97	
4115 • Water usage charges	57,234.28	44,607.52	12,626.76	
4200 • Discount Revenue	0.00	41.47	-41.47	
<b>Total Income</b>	<b>185,269.99</b>	<b>165,924.78</b>	<b>19,345.21</b>	
<b>Expense</b>				
6000 • Salaries and wages				
6005 • Wage expense	41,847.84	42,368.58	-520.74	
6010 • Payroll tax expense	3,668.38	3,565.77	102.61	
<b>Total 6000 • Salaries and wages</b>	<b>45,516.22</b>	<b>45,934.35</b>	<b>-418.13</b>	
6050 • Employee benefits				
6060 • Disability Insurance	242.32	231.73	10.59	
6065 • Health Insurance	11,277.03	9,864.15	1,412.88	
6071 • Tuition Reimbursement	2,340.44	0.00	2,340.44	
6075 • Retirement expenses	1,142.30	1,224.17	-81.87	
6090 • Vacation & Sick Leave	4,333.68	3,324.48	1,009.20	
6095 • Benefit Administration	84.99	82.91	2.08	
<b>Total 6050 • Employee benefits</b>	<b>19,420.76</b>	<b>14,727.44</b>	<b>4,693.32</b>	
6100 • Director fees	1,500.00	0.00	1,500.00	
6110 • Depreciation expense	28,236.00	25,367.45	2,868.55	
6140 • Vehicle expenses				
6145 • Tractor and equipment	2,447.38	0.00	2,447.38	Backhoe Maintenance
6150 • Vehicle fuel	1,245.34	661.04	584.30	
6155 • Vehicle maintenance	817.27	724.50	92.77	
<b>Total 6140 • Vehicle expenses</b>	<b>4,509.99</b>	<b>1,385.54</b>	<b>3,124.45</b>	
6170 • Insurance expense				
6180 • Liability Insurance	2,177.17	3,757.75	-1,580.58	
<b>Total 6170 • Insurance expense</b>	<b>2,177.17</b>	<b>3,757.75</b>	<b>-1,580.58</b>	
6190 • Dues and memberships	26.40	16.60	9.80	
6200 • Office expenses				
6205 • Bank fees and charges	0.00	10.00	-10.00	
6210 • Cash (over) / short	2.07	-104.52	106.59	
6215 • Cleaning supplies	0.00	11.65	-11.65	
6220 • Licenses and fees	360.00	0.00	360.00	
6225 • Miscellaneous expenses	187.03	0.00	187.03	
6230 • Office supplies	123.82	371.52	-247.70	
6245 • Office Equipment	675.85	180.34	495.51	
<b>Total 6200 • Office expenses</b>	<b>1,348.77</b>	<b>468.99</b>	<b>879.78</b>	
6300 • Operating supplies and expenses				
6310 • Miscellaneous supplies	167.44	0.00	167.44	
6315 • Oil expense	0.00	1,088.65	-1,088.65	
6325 • Portable equipment	500.00	236.61	263.39	
6330 • Shop supplies	171.11	313.73	-142.62	
6335 • Small tools and appliances	0.00	626.80	-626.80	
6340 • Chemicals				
6344 • Chlorine	1,153.77	949.39	204.38	
6345 • Corrosion inhibitor	5,715.29	0.00	5,715.29	
6347 • Other chemicals	0.00	1,200.00	-1,200.00	
<b>Total 6340 • Chemicals</b>	<b>6,869.06</b>	<b>2,149.39</b>	<b>4,719.67</b>	
<b>Total 6300 • Operating supplies and expenses</b>	<b>7,707.61</b>	<b>4,415.18</b>	<b>3,292.43</b>	
6350 • Safety expenses				
6360 • Protective Clothing/Uniforms	545.36	593.97	-48.61	
<b>Total 6350 • Safety expenses</b>	<b>545.36</b>	<b>593.97</b>	<b>-48.61</b>	

**Mission Hills Community Services District**  
**Profit & Loss Prev Year Comparison**  
**August 2018**

	Aug 18	Aug 17	\$ Change	Notes
<b>6410 • Contractual services</b>				
6420 • Cleaning service	200.00	200.00	0.00	
6425 • Office equip maintenance	180.34	5.00	175.34	
6430 • Internet access	126.01	126.01	0.00	
6435 • Landscaping services	260.54	519.50	-258.96	
6437 • Pest Control	50.00	200.00	-150.00	
6445 • Security expense	112.50	112.50	0.00	
6450 • Software support	787.50	787.50	0.00	
6453 • Software Subscriptions	14.99	0.00	14.99	
6455 • Street sweeping services	1,286.00	1,286.00	0.00	
6466 • Emissions Testing	0.00	1,766.57	-1,766.57	
<b>Total 6410 • Contractual services</b>	<b>3,017.88</b>	<b>5,003.08</b>	<b>-1,985.20</b>	
<b>6475 • Professional services</b>				
6485 • Engineering services				
6486 • Developments	6,555.00	0.00	6,555.00	
6485 • Engineering services - Other	3,901.11	0.00	3,901.11	Capacity Charge Study
<b>Total 6485 • Engineering services</b>	<b>10,456.11</b>	<b>0.00</b>	<b>10,456.11</b>	
6490 • Legal services	36.54	126.00	-89.46	
<b>Total 6475 • Professional services</b>	<b>10,492.65</b>	<b>126.00</b>	<b>10,366.65</b>	
6500 • Printing and publication	272.38	1,081.55	-809.17	
6505 • Equipment lease and rentals	560.75	560.75	0.00	
<b>6525 • Research and monitoring</b>				
6530 • Lab & Testing Expenses	1,118.75	0.00	1,118.75	WW Testing Equipment
6535 • Monitoring expense	2,800.00	1,287.04	1,512.96	WW Additional Testing
<b>Total 6525 • Research and monitoring</b>	<b>3,918.75</b>	<b>1,287.04</b>	<b>2,631.71</b>	
<b>6600 • Travel and meetings</b>				
6605 • Director training	699.00	40.00	659.00	
6610 • Meals	83.09	134.21	-51.12	
6620 • Staff training	4,113.15	865.00	3,248.15	2 Field Staff WW Training
<b>Total 6600 • Travel and meetings</b>	<b>4,895.24</b>	<b>1,039.21</b>	<b>3,856.03</b>	
<b>6650 • Utilities</b>				
6655 • Cell phones	171.30	171.08	0.22	
6660 • Dump fees	46.11	0.00	46.11	
6665 • Electrical	12,333.49	10,067.11	2,266.38	Electric Well Increased Runtime
6670 • Natural gas	0.00	1,595.02	-1,595.02	Delayed Billing
6685 • Telephone	219.67	288.07	-68.40	
6691 • Trash & Recycling	58.70	45.68	13.02	
<b>Total 6650 • Utilities</b>	<b>12,829.27</b>	<b>12,166.96</b>	<b>662.31</b>	
<b>6700 • Government fees and charges</b>	<b>979.00</b>	<b>429.00</b>	<b>550.00</b>	
<b>6720 • Repairs and maintenance</b>				
6730 • Distribution expense	13,307.54	1,543.56	11,763.98	5 Main/Service Line Repairs
6750 • Collection expense	530.76	11.84	518.92	
6755 • Reservoirs	0.00	2,875.00	-2,875.00	
6760 • Shop and equip repairs	20.00	0.00	20.00	
6765 • Supplies and small tools	280.10	0.00	280.10	
6775 • Filtration Plant	0.00	675.24	-675.24	
6785 • Wells and pumping	2,352.06	7,469.85	-5,117.79	
6790 • Waste water plant	2,657.83	1,032.88	1,624.95	
6795 • Other repairs and maintenance	0.00	168.13	-168.13	
<b>Total 6720 • Repairs and maintenance</b>	<b>19,148.29</b>	<b>13,776.50</b>	<b>5,371.79</b>	
<b>Total Expense</b>	<b>167,102.49</b>	<b>132,137.36</b>	<b>34,965.13</b>	
<b>Net Ordinary Income</b>	<b>18,167.50</b>	<b>33,787.42</b>	<b>-15,619.92</b>	
<b>Other Income/Expense</b>				
<b>Other Income</b>				
7006 • Market Appreciation/(Depr)	1,910.90	-3,791.35	5,702.25	
7010 • Interest Income	2,868.98	21,835.69	-18,966.71	
<b>Total Other Income</b>	<b>4,779.88</b>	<b>18,044.34</b>	<b>-13,264.46</b>	
<b>Net Other Income</b>	<b>4,779.88</b>	<b>18,044.34</b>	<b>-13,264.46</b>	
<b>Net Income</b>	<b>22,947.38</b>	<b>51,831.76</b>	<b>-28,884.38</b>	

# Mission Hills Community Services District Disbursements Journal

	Date	Num	Name	August 2018	Amount	Notes
1060 - CHCU - General 4163						
1060.1 - Summit View Homes Trust						
	08/28/2018	29833	Phoenix Civil Engineering, Inc.		-555.00	Summit View Plan Checks
Total 1060.1 - Summit View Homes Trust					-555.00	
1060.2 - Burton Ranch Trust						
	08/28/2018	29840	Stantec		-6,000.00	Master Plan Update
Total 1060.2 - Burton Ranch Trust					-6,000.00	
1060 - CHCU - General 4163 - Other						
	08/01/2018		Tierzero		-90.00	
	08/08/2018	29773	ACWA Joint Powers Insurance Authority		-5,275.43	4qtr18 Workers Comp Insurance
	08/08/2018	29774	ACWA/JPIA *Medical Insurance		-11,830.13	
	08/08/2018	29775	Advanced Refrigeration Heating & AC		-197.19	
	08/08/2018	29776	American Industrial Supply		-241.10	
	08/08/2018	29777	Carmel & Naccasha LLP		-850.27	
	08/08/2018	29778	Comcast Cablevision		-126.01	
	08/08/2018	29779	County of Santa Barbara- Gen Svcs		-1,532.82	
	08/08/2018	29780	Gas Company		-18.14	
	08/08/2018	29781	Hach Company		-1,118.75	WW Testing Equipment
	08/08/2018	29782	Home Depot		-68.31	
	08/08/2018	29783	Inklings Printing Company		-2,542.93	Billing Forms/Envelopes
	08/08/2018	29784	Lahr Electric Motors Inc		-856.91	
	08/08/2018	29785	Mark Schwind Electric Inc		-440.00	
	08/08/2018	29786	Mission Paving Inc		-1,600.00	Asphalt Patch x2
	08/08/2018	29787	NBS		-16,905.00	Capacity Charge Study
	08/08/2018	29788	Oilfield Environmental & Compliance, Inc.		-2,386.00	Water/WW Testing
	08/08/2018	29789	PG&E		-3,702.27	
	08/08/2018	29790	Smith Alarms & Electronics, Inc.		-112.50	
	08/08/2018	29791	Standard Insurance Company		-242.32	
	08/08/2018	29792	Staples		-155.65	
	08/08/2018	29793	State Water Resources Control Board		-295.00	WW Exam Fee
	08/08/2018	29794	State Water Resources Control Board		-65.00	Water Exam Fee
	08/08/2018	29795	Sunbelt Rentals Inc		-550.98	
	08/08/2018	29796	TASC		-250.00	
	08/08/2018	29797	TD Ameritrade Trust Company		-3,658.22	
	08/08/2018	29798	Underground Service Alert of SC		-26.40	
	08/08/2018	29799	Verizon		-171.30	
	08/08/2018	29800	Waste Management		-58.70	
	08/15/2018	29801	A & A Pump & Well Service		-965.37	Well 6 Maintenance
	08/15/2018	29802	STAFF TRAINING		-132.00	
	08/15/2018	29803	Brenntag Pacific, Inc		-5,715.29	Bulk Phosphate
	08/15/2018	29804	Carr's Boots		-696.82	Field Crew Boots
	08/15/2018	29805	City of Lompoc		-38.70	
	08/15/2018	29806	County of Santa Barbara PW Trans		-95.00	
	08/15/2018	29807	Energy Link		-1,090.29	3qtr18 Emissions Testing
	08/15/2018	29808	Frontier Communications		-77.96	
	08/15/2018	29809	Hach Company		-317.00	
	08/15/2018	29810	Mission Paving Inc		-800.00	Asphalt Patch
	08/15/2018	29811	Oilfield Environmental & Compliance, Inc.		-745.00	
	08/15/2018	29812	PG&E		-1,858.03	
	08/15/2018	29813	STAFF TRAINING		-661.22	
	08/15/2018	29815	STAFF TRAINING		-368.00	
	08/15/2018	29816	Sunbelt Rentals Inc		-243.09	
	08/15/2018	29817	Valley Rock Ready Mix, Inc.		-275.30	
	08/27/2018		TASC		-84.99	
	08/28/2018	29818	ACECO Equipment Rentals		-97.58	
	08/28/2018	29819	American Industrial Supply		-84.12	
	08/28/2018	29820	Brenntag Pacific, Inc		-1,153.77	Bulk Chlorine
	08/28/2018	29821	Cannon		-2,889.00	Water Model Update
	08/28/2018	29822	Coastline Equipment		-1,618.29	Backhoe Repair & Maintenance
	08/28/2018	29823	TUITION REIMBURSEMENT		-2,340.44	



# Mission Hills Community Services District Disbursements Journal

August 2018

Date	Num	Name	Amount	Notes
08/28/2018	29824	East Mesa Oaks HOA	-11.35	
08/28/2018	29825	FIA/Bank of America	-2,604.70	
08/28/2018	29826	Frontier Communications	-51.71	
08/28/2018	29827	Jon's Lawn Mowing	-260.54	
08/28/2018	29828	Juana Rodriguez	-200.00	
08/28/2018	29829	Kristen Webster	-150.00	
08/28/2018	29830	Mission Paving Inc	-9,000.00	Concrete Apron & Sidewalk
08/28/2018	29831	Oilfield Environmental & Compliance, Inc.	-388.00	
08/28/2018	29832	PG&E	-6,467.56	
08/28/2018	29834	Pitney Bowes	-180.34	
08/28/2018	29835	Santa Barbara Co Air Pollution Control Dt	-884.00	Well 6 Permit to Operate
08/28/2018	29836	VOID	0.00	
08/28/2018	29837	SP Maintenance Services, Inc.	-1,340.00	
08/28/2018	29838	Speeds Oil Tool Service	-420.00	
08/28/2018	29839	Standard Insurance Company	-242.32	
08/28/2018	29841	Sunbelt Rentals Inc	-710.18	
08/28/2018	29842	TD Ameritrade Trust Company	-3,846.74	
08/28/2018	29843	Valley Rock Ready Mix, Inc.	-489.19	
Total 1060 - CHCU - General 4163 - Other			-104,961.22	
Total 1060 - CHCU - General 4163			-111,516.22	
<b>1070 - CHCU - Payroll 4155</b>				
08/01/2018		AFLAC	-159.96	
08/08/2018		PAYROLL	-15,881.95	
08/09/2018		TASC	-274.99	
08/10/2018	E-pay	EDD	-993.78	
08/10/2018	E-pay	IRS USATAXPYMT	-4,099.26	
08/22/2018		PAYROLL	-17,416.81	
08/22/2018		TASC	-274.99	
08/24/2018	E-pay	EDD	-1,042.96	
08/24/2018	E-pay	IRS USATAXPYMT	-4,383.64	
Total 1070 - CHCU - Payroll 4155			-44,528.34	
<b>1075 - CHCU - ACH 4130</b>				
08/31/2018		Applied Merchant Systems	-640.28	
Total 1075 - CHCU - ACH 4130			-640.28	
<b>TOTAL</b>			<b>-156,684.84</b>	

# Bank Account Summary

Year to date  
\$114,571

	6/30/2018	7/31/2018	8/31/2018
LAIF	\$1,084	\$1,044	\$101,044
TD AMERITRADE/RNC GENTER	\$2,245,932	\$2,237,913	\$2,242,335
Coast Hills FCU			
Checking	\$229,056	\$271,843	\$208,074
Investment Checking	\$233,422	\$233,551	\$253,687
Savings	\$201	\$201	\$201
Payroll	\$117,158	\$122,384	\$127,927
ACH (Sweep Account)	\$1,000	\$8,500	\$9,156
Total Coast Hill FCU	\$580,837	\$636,479	\$599,045
Balance	\$2,827,853	\$2,875,436	\$2,942,424
Monthly Change	\$0	\$47,583	\$66,988

# Variation From Projected Income

## Fiscal Year Ending 6-30-2019

Billing Month	Water			Wastewater			Total (Loss) / Gain	Current Year Units Sold	Last Year Units Sold	5 Year Average Units Sold
	Projected Income*	Actual Income	Variation	Projected Income	Actual Income	Variation				
Jul-18	\$ 102,695	\$ 100,889	\$ (1,806)	\$ 68,151	\$ 69,952	\$ 1,801	\$ (4)	20,929	23,012	22,486
Aug-18	\$ 105,023	\$ 110,443	\$ 5,420	\$ 68,151	\$ 69,456	\$ 1,305	\$ 6,724	25,069	21,438	23,544
Sep-18	\$ 104,918			\$ 68,151			\$ -		27,161	23,496
Oct-18	\$ 104,311			\$ 68,151			\$ -		27,899	23,221
Nov-18	\$ 99,089			\$ 68,151			\$ -		23,121	20,847
Dec-18	\$ 87,030			\$ 68,151			\$ -		18,328	15,366
Jan-19	\$ 81,120			\$ 68,151			\$ -		10,042	12,680
Feb-19	\$ 82,407			\$ 68,151			\$ -		10,706	13,265
Mar-19	\$ 79,916			\$ 68,151			\$ -		12,162	12,133
Apr-19	\$ 83,431			\$ 68,151			\$ -		11,102	13,730
May-19	\$ 95,856			\$ 68,151			\$ -		25,948	19,378
Jun-19	\$ 102,059			\$ 68,151			\$ -		22,177	22,197
<b>Total</b>	<b>\$ 1,127,855</b>	<b>\$ 211,332</b>	<b>\$ 3,614</b>	<b>\$ 817,812</b>	<b>\$ 139,408</b>	<b>\$ 3,106</b>	<b>\$ 6,720</b>	<b>45,998</b>	<b>233,096</b>	<b>222,343</b>

Monthly Average

YTD avg

100%

19%

100%

17%

22,999

19,425

18,529

FY 2018/19 Budget estimates 213,264 annual billable pumping units. Billing is for prior month's water usage.

\* Projected Income is calculated by using current year and previous 5 year average monthly units sold.

## Units Sold by Calendar Year (1 Unit = 1 HCF = 748 Gallons)

2010	2011	2012	2013	2014	2015	2016	2017
263,396	263,264	272,065	254,185	228,649	196,502	194,187	233,096



## MISSION HILLS COMMUNITY SERVICES DISTRICT

### MEMORANDUM

**TO:** Board of Directors  
**FROM:** Loch A. Dreizler, General Manager  
**DATE:** September 19, 2018  
**SUBJECT:** Committee Meetings and Goals

#### Recommendation / Proposed Motion

- Recommendation to review committee meetings action items and future meetings

#### Policy Implications

- Top Five outstanding issues was included in a Board Memorandum from January 2018. To address these outstanding issues committee meetings are scheduled to offer a process to establish priorities and goals.
- Goals for Fiscal Year 2018/2019 were established at the August 2018 Board Meeting and included in this memorandum.

#### Budget Implications

- None

#### Alternatives Considered

- None

#### Background

At the March meeting Staff proposed dates for future committee meetings to establish more efficiency in committee preparation while balancing operations and maintenance of facilities.

#### Discussion

This memorandum is a summary of committee meetings to allow Board members that are not directly involved with individual committees to get brief updates. An additional goal, if appropriate, is to bring separate Board Memorandums with associated action items with committee recommendations to the full Board.

## Goals for FY 18-19

### Wastewater

- Successfully negotiate new Waste Discharge Requirements (WDR) with limits that are achievable
  - A letter requesting that we maintain our current Nitrogen Levels at 10/15 mg/L and a quarterly average for Chloride Levels at 300 mg/L for 5 years was sent to Regional Water Quality Control Board (RWQCB) on June 19, 2018. We expect to be implementing our new WDR by June 30, 2019. We don't foresee exceeding levels for Total Dissolved Solids, Sodium, Biochemical Oxygen Demand or Total Suspended Solids with the new WDR.
- Establish a pond optimization control plan which reduces the average 2014 through 2017 Nitrogen levels from 14/16 to average annual levels equal to, or less than a seasonal 10/15 by June 30, 2019.
- Establish cost to treat Burton Ranch effluent via City of Lompoc and determine an assess feasibility by September 28, 2018.
- Complete NITROX / TriplePoint study and obtain capital cost and annual operating cost estimates by October 30, 2018

### Water

- Develop and execute a water system pressure / surge protection plan to reduce water system pressure problems, by October 31, 2018, and implement the project by June 30, 2020.

### Electric Power / Emergency Back-up

- Determine backup requirements and phased approach for critical equipment by July 2018.
- Establish a timeline to implement in Phases by July 2018.
- Implement Phase 1 as outlined with Board of Directors on July 18, 2018, by June 30, 2019.

### Personnel Development

- Establish performance goals and personal development plans for each district employee by end of September 2018.
- Establish specific operator license plan to provide backup by October 2018.
- Perform useful annual performance reviews with employees by June 30, 2019.

### New developments

- Effectively support plan content and approval to support district needs for the following:
  - Summit View
  - Burton Ranch
  - Supportive Housing

### Basic goals

- **Safety** - establish a proactive safety program
- **Budget** - meet or exceed all budget goals regarding revenue and expenses
- **GM Job Description** - All duties as described

<b>Standing Committee</b>	<b>Committee Members</b>	<b>Alternate</b>
1) Operations	Mac Kenzie, Heavin	Fasold
2) Personnel	Nix, Fasold	Heavin
3) Finance	Mac Kenzie, Dietrich	Heavin
<b>Ad-Hoc Committee</b>	<b>Committee Members</b>	<b>Dissolution</b>
4) Alternative Energy	Heavin, Fasold	Inactive
5) Waste Discharge Requirements (WDR)	Fasold, Nix	When WDRs Finalized
6) Development		When Developments Completed
a) Operations	Mac Kenzie, Dietrich	
b) Development Agreements	Fasold, Dietrich	
<b>Representatives</b>	<b>Committee Members</b>	
7) VAFB IR Programs	Mac Kenzie, Dietrich	
8) ACWA/JPIA	Mac Kenzie, Nix	
9) Santa Ynez Water Conserve. Dist. Sustainable Groundwater Mgmt. Act	Nix	

### 1) Operations (Mac Kenzie, Heavin)

- a) Next Committee Meeting: October 3 @ 10:45
- b) Proposed Agenda:
  - i) Review Triple Point's aeration proposal
  - ii) Review other aeration Options
  - iii) Review Lighting Audit from PG&E and Eco-solutions
  - iv) AWWA - Water Loss Control Standards developed, prepare 2 reports for Operations Committee Review every 6 months – February and July
- c) Last Meeting: June 11 @ 9:15 AM
  - i) Outcomes:
    - (1) Backup Generators – Committee and Staff developed a 5-year plan
  - ii) Staff Directive:
    - (a) 5-year plan developed for generators, implement Phase 1 and then reassess prior to moving forward with additional purchases.
    - (b) Continue to work with Cannon Engineering to develop Water Pressure Model, scheduled to be completed by the end of September.
      - (i) If contract scope allows – consider impact of Burton Ranch
    - (c) Gas Engine/Electric Engines – Memo at previous meeting, prepare 2 reports for Operations Committee Review every 6 months - February and July
    - (d) AWWA - Water Loss Control Standards developed, prepare 2 reports for Operations Committee Review every 6 months – February and July
    - (e) Staff met with PG&E, So Cal Gas and Energy Watch Representative on July 13<sup>th</sup> to discuss different programs to save MHCSD energy costs.

**2) Personnel** (Nix, Fasold) No Change since last meeting

- a) Next Committee Meeting: Re-scheduled for October 3 @ 9:15
- b) Proposed Agenda: Personnel Goals for 2018/2019, Personnel Annual Performance Review Guidelines and Methods, GM One on Ones with employees, Preparation and expectations for GM 6-month review
- c) Last Meeting: April 11, 2018
  - i) Outcomes: maintain existing organization flow chart
  - ii) Staff Directive: NA

**3) Finance** (Mac Kenzie, Dietrich)

- a) Next Committee Meeting: TBD
- b) Proposed Agenda: TBD
- c) Last Meeting: August 8, 2018
  - i) Outcomes:
    - (1) Staff updated the Finance Committee on the status of the NBS Capacity Charge Study and discussed Meter sizing with Phoenix Engineering.
- d) Staff Directive: Research suggested modifications, hold a Special Meeting on August 29, 2018 to receive additional input from Directors. Also, Phoenix Engineering to develop a standard for specifying a 1" meter using building codes, water pressure, domestic water demand and fire flow demands. Some responsibility will be dependent on a Fire Sprinkle design, usually completed at the developer's cost.

**4) Alternative Energy** (Fasold, Heavin)

- a) Inactive while waiting on utility energy audits

**5) Waste Discharge Requirements (WDR)** (Fasold, Nix)

- a) Next Committee Meeting: TBD
- b) Proposed Agenda: Review Draft from RWQCB after received
- c) Last Meeting: May 2018
  - i) Outcomes:
    - (1) Update Directors Nix and Fasold on WDR discussions. There is not a draft from RWQCB to date, but Staff expects sometime in August.
  - ii) Staff Directive:
    - (1) Negotiate new WDR with limits and compliance times that are achievable.
    - (2) Establish a short-term pond optimization control plan,
    - (3) long-term plan to comply with new WDRs
  - iii) Other Goals
    - (1) Establish a plan to achieve 10/15 Nitrogen, considering future development
    - (2) Establish curiosity cost estimate to treat Burton Ranch effluent via City of Lompoc compare with item (1) above.

## 6) Development

### Summit View

- a) **Operations** (Mac Kenzie, Dietrich)
  - i) Next Committee Meeting: TBD
  - ii) Proposed Agenda: TBD
  - iii) Last Meeting: NA
    - (1) Outcomes:
  - iv) Staff Directive:
- b) **Development Agreement** (Fasold, Dietrich)
  - i) Finalize General Conditions
  - ii) Costs for Capital Projects in Capacity Charges
- c) Next Committee Meeting: TBD
- d) Proposed Agenda: Finalize General Conditions of Development Agreement
- e) Last Meeting: July 20
  - i) Proposed Agenda: Update on Progress, Development Agreement
    - (1) Outcomes:
      - (a) General Conditions of Development Agreement
      - (2) Staff Directive: Work with Phoenix Engineering to garner consistency and coordination with District standards and other developments



## 6) Development (continued)

### Burton Ranch

#### a) Operations (Mac Kenzie, Dietrich)

- i) Next Committee Meeting: TBD
- ii) Proposed Agenda
- iii) Last Meeting: NA
  - (1) Outcomes:
- iv) Staff Directive:

#### b) Development Agreement (Fasold, Dietrich)

- i) Last Meeting: August 31, 2018
  - (1) Outcomes:
    - (a) Discussions about project in the Development Agreement and inclusions to the Capacity Charge Study
    - (2) Staff Directive: Use discussion above about Development Agreement and Capacity Charge Study to assist with continuing progress with Burton Ranch Small Working Group held on September 6, 2018
    - (3) Other Goals: Develop Project Inclusions for the Development Agreement.
- ii) Next Committee Meeting: TBD
  - (1) Proposed Agenda: Update on Progress, Development Agreement, Water Storage Model,

## 6) Development (continued)

# Supportive Housing

### iii) Operations (Mac Kenzie, Dietrich)

- (1) Next Committee Meeting: TBD
- (2) Proposed Agenda: Not Applicable
- (3) Last Meeting: Not Applicable
  - (a) Outcomes: Not Applicable
  - (b) Staff Directive: Not Applicable

### iv) Development Agreement (Fasold, Dietrich)

- (1) Next Committee Meeting: TBD
- (2) Proposed Agenda: Not Applicable
- (3) Last Meeting: May 2018
  - (a) Outcomes:
    - (i) Reviewed submitted preliminary plans
    - (ii) Reviewed letter of request for a Can and Will Serve from developer
  - (b) Staff Directive:
    - (i) Track Project as it moves forward in the planning process

# Backup Generators 5-Year Plan

If finances allow, and with Board approval

## 1. Phase 1 - Fiscal Year 2018/2019

- a. Purchase a 10 – 25 KW portable diesel generator to power SCADA, building lights, etc.,
- b. Purchase a 10 – 25 KW permanent generator to power Murphy Panel and Programmable Logic Controller (PLC)
- c. Install transfer switch to accommodate (a.) and (b.) above
- d. Install transfer switch at Well #5 and Maintenance Yard for future auto-switch generator
- e. Review and Assess prior to moving forward with Phase 2

## 2. Phase 2 - Fiscal Year 2019/2020

- a. Purchase a portable generator that can run either Well #5 and the Water Treatment Process or Well #7 (already has a transfer switch installed), and Lift Station
- b. Install transfer switch at Lift Station for future auto-switch generator

## 3. Phase 3 - Fiscal Year 2020/2021

- a. Purchase permanent auto-switch generator for Lift Station
- b. Install transfer switch to accommodate headworks and aerations

## 4. Phase 4 - Fiscal Year 2021/2022

- a. Purchase permanent generator to run Well #5/Treatment/SCADA + Building
- b. *Use large already purchased portable for other locations and Well #7*
- c. Purchase permanent auto-switch generator to run Headworks and Aeration

## 5. Phase 5 - Fiscal Year 2022/2023

- a. Install transfer switch to accommodate main office essentials
- b. Use the portable generator that was running the SCADA, building lights, etc., to run the office



**MISSION HILLS COMMUNITY SERVICES DISTRICT**

**MEMORANDUM**

**TO:** Board of Directors

**FROM:** Loch A. Dreizler, General Manager  
Casey Fowler, Administrative Assistant

**DATE:** September 12, 2018

**SUBJECT:** 2018 Conflict of Interest Biennial Review

**Recommendation / Proposed Motion**

- Recommendation: Review the current Conflict of Interest Code
- Proposed Motion(s): Approve the biennial review and note that no amendments are needed at this time and direct district staff to submit the required documentation.

**Policy Reference**

On September 19, 2012, the MHCS D passed Resolution 12-205 amending the District's Conflict of Interest code and approving Policy 1002 Conflict of Interest.

**Budget Resource**

Staff's recommendation would not require the use of funds

**Alternatives Considered**

No alternatives considered at this time

**Background**

The Political Reform Act, Government Code Section 81000, et seq., requires state and local government agencies adopt and publicize conflict of interest codes. The Fair Political Practices Commission has adopted regulation, 2 Cal. Code of Regs. Section 18730, which contains the terms of a standard conflict of interest code and is discussed in greater detail on Policy 1002. Specific employees of the District are designated and shall follow the disclosure categories as stated in the Conflict of Interest Code of the Mission Hills Community Services District.

**Discussion**

In reviewing the District's Conflict of Interest Code the key areas of importance are as follows:

1. Incorporation of the FPPC Regulation 18730 by reference, which provides the rules for disqualification procedures, reporting financial interests, and references the current gift limit. This section also designates where the form 700's are filed and retained.
2. List of Designated Positions – The code must specifically list positions that make or participate in decision making decisions.
3. Detailed Disclosure Categories – a description of the types of financial interests to be included on their form 700s.

The District's current Resolution and Policy have all of the key area of importance addressed. If the Board of Directors felt the current Conflict of Interest Code needed to be amended it must be submitted to the County of Santa Barbara no later than Monday, October 1, 2018.

Attachment(s):

1. Resolution No 12-205
2. Policy 1002

## RESOLUTION NO. 12-205

### A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MISSION HILLS COMMUNITY SERVICES DISTRICT AMENDING THE DISTRICT'S CONFLICT OF INTEREST CODE

**WHEREAS**, the Mission Hills Community Services District (the "District") is a community services District duly formed under California Government Code Section 61000 *et. seq.*, to provide community services within the District's service area, including water and sewer services; and

**WHEREAS**, the District has the authority to establish policies for the operation of the District, pursuant to Government Code Section 61045(g); and

**WHEREAS**, the Political Reform Act, Government Code Section 81000 *et. seq.*, requires State and local government agencies to adopt a conflict of interest code; and

**WHEREAS**, the Fair Political Practices Commission has adopted a regulation, 2 Cal. Code of Regs. Section 18730, which contains the terms of a standard conflict of interest code; and

**WHEREAS**, the Fair Political Practices Commission recommends that public agencies incorporate Section 18730 by reference, along with an Appendix A, in which employees are designated and disclosure categories are set forth; and

**WHEREAS**, the District previously adopted a Conflict of Interest Code; and

**WHEREAS**, Government Code Section 87306.5 requires public agencies to review their conflict of interest codes each even-numbered year and if a change to its code is necessary due to changed circumstances, the agency must submit an amended conflict of interest code to the code reviewing body; and

**WHEREAS**, the District desires to amend its Conflict of Interest Code in order to more accurately reflect the employee positions at the District for which disclosure is required and to ensure compliance with all of the requirements of the Political Reform Act; and

**WHEREAS**, the Board of Directors has determined that the attached Appendix, marked Exhibit "A," accurately sets forth those employees that should be designated and the categories of financial interests that should be disclosed; and

**WHEREAS**, the attached Conflict of Interest Code will not be effective until it has been approved by the County Board of Supervisors, pursuant to Government Code Section 87303.

**NOW THEREFORE**, be it resolved by the Board of Directors of the Mission Hills Community Services District as follows:

1. The District's Conflict of Interest Code is hereby amended and replaced in its entirety with Exhibit "A," attached hereto and incorporated herein by this reference.

On motion of Director Schlottmann, seconded by Director Jones, and on the following roll call vote, to-wit:

AYES: Jones, Nix, Schlottmann, Warnstrom

NOES:

ABSENT: Mac Kenzie

ABSTAIN:

The foregoing Resolution is hereby passed and adopted this 19<sup>th</sup> day of September, 2012.

\_\_\_\_\_  
Susan Warnstrom, President  
Board of Directors

ATTEST:

\_\_\_\_\_  
Casey Fowler, Secretary to the Board

APPROVED AS TO FORM:

\_\_\_\_\_  
Ziyad I. Naccasha, District Counsel

Attachment: Exhibit "A"

## **Exhibit "A"**

### **1002 Conflict of Interest**

Effective Date: **September 19, 2012**

Resolution Reference: **Resolution 12-205**

Revision Date:

Resolution Reference:

1. The Political Reform Act, Government Code Section 81000, et seq., requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation, 2 Cal. Code of Regs. Section 18730, which contains the terms of a standard conflict of interest code. It can be incorporated by reference and may be amended by the Fair Political Practices Commission after public notice and hearings to conform to amendments in the Political Reform Act. Therefore, the terms of 2 Cal. Code of Regs. Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference and, along with the attached Appendix A in which employees are designated and in which disclosure categories are set forth, shall constitute the Conflict of Interest Code of the Mission Hills Community Services District.
2. All persons required to file Statements of Economic Interest, shall file the Statement of Economic Interest either, electronically with the County Clerk, or with the MHCSO Secretary to the Board of Directors. Upon receipt of the Statements of Economic Interest, the District will make and retain a copy and forward the original Statements of Economic Interest to the Clerk of the Board of Supervisors. The Statements of Economic Interest are public records subject to Government Code Section 81008. The public may review and obtain copies of the Statements of Economic Interest pursuant to Section 81008.



## APPENDIX A

The positions listed below manage public investments and are subject to the disclosure requirements of Article 2, Chapter 7 of the Political Reform Act and must file a Statement of Economic Interest pursuant to State law:

- Members of the Board of Directors
- District General Manager
- District Counsel

### Designated Employees:

1. It has been determined that the designated employees listed below make or participate in the making of decisions that may foreseeably have a material effect on economic interests. These designated employees are subject to the disclosure requirements of Article 3, Chapter 7 of the Political Reform Act and shall disclose pursuant to the disclosure categories designated below:

- Secretary to the Board of Directors
- District Accountant
- Operations Superintendent
- Consultants\*

\*Consultants shall disclose pursuant to the broadest disclosure categories subject to the following limitation:

2. The District General Manager may determine in writing that a particular consultant, although a "designated employee," is hired to perform a range of duties that are limited in scope and thus is not required to fully comply with the disclosure requirements described in this section. Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The District General Manager's determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code.

### Disclosure Categories:

All designated employees shall disclose financial interests in the following categories:

1. Investments: California Fair Political Practices Commission ("FPPC") Form 700, Schedules A-1 and A-2.
2. Interests in Real Property: FPPC Form 700, Schedule B.
3. Income & Business Positions: FPPC Form 700, Schedule C



## MISSION HILLS COMMUNITY SERVICES DISTRICT

### MEMORANDUM

**TO:** Board of Directors

**FROM:** Loch A. Dreizler, General Manager  
Casey Fowler, Administrative Assistant  
Melissa Crouthers, Accountant

**DATE:** September 19, 2018

**SUBJECT:** Capacity Charge Study

#### Recommendation / Proposed Motion

- Recommendation: Board of Director's review and approve the Water and Sewer Capacity Charge Study as presented by NBS Government Finance Group.
- Proposed Motion: Accept the NBS Water and Sewer Capacity Charge Study dated September 2018 as submitted and begin the Public Notice/ Ordinance approval process.

#### Policy Reference

- Current Capacity Charges for Water and Sewer Facilities are established in Ordinance No 16-82, Article II - *Schedule of Fees to Connect to District Facilities*, Section 1. *Connection Fee Charges*.
- Connection Fees determined by current rate schedule but can be amended by a motion of the Board of Directors through approval of an Ordinance.
- California Government Code §66013 allows local agencies, including special districts, to impose fees (capacity charges) for water and wastewater.

#### Budget Resource

- The contract for the capacity charge study includes a not to exceed the amount of \$37,620. The District expended those funds on September 4, and we are paying NBS hourly from that day forward.
- Capacity Charges, and subsequently monthly usage rates are a source of revenue for funding capital facilities.

#### Alternatives Considered

None

### **Background**

At the March regular meeting, the Board approved the proposal from NBS Government Finance Group to commence a study of the District's water and sewer capacity charges. A Draft report was presented to the Finance Committee on July 11, 2018, for review and discussion. Minor revisions to this draft were made and included in the updated draft study presented tonight.

The District's water and wastewater capacity charges are being revised in anticipation of future development and giving the district a legally defensible reference. From NBS Proposal:

"Overview of Capacity Charges - Capacity charges are intended to ensure that future customers pay their "fair share" of the current system assets funded by current ratepayers plus the costs of new facilities needed to serve them. In its simplest form, capacity charges are the result of dividing the cost (or value) of the system's current capacity plus planned capital improvements, by the expected number of new customers."

### **Discussion**

The Board first reviewed the NBS Study at a Regular Meeting July 18, and subsequently a Finance Committee meeting August 8, an additional Regular Meeting on August 15, a Special Meeting on August 29, and tonight.

Goals achieved at the last Special Meeting; this study takes into consideration the building of one custom home by an individual builder who will pay equitable costs with developers, future customers and developers will pay an allocated percentage.

### **Recommendation**

Approve and Accept this Study: District Staff recommends the Board of Directors approve and adopt this Study and its recommendations and proceed with the steps outlined to implement the new capacity charges. Approval will provide documentation of the study and the basis for adopting the new capacity charges.

Implement New Water and Sewer Capacity Charges: Based on the analysis presented in this report, the District's Board of Directors should implement the new capacity charges based on *Figure 1. Updated Water Capacity Charges*, and *Figure 2. Updated Sewer Capacity Charges*.

District Staff to Annually Review Rates, Charges, and Revenue: Any time an Agency adopts new rates and charges, they should be periodically reviewed — even more so when new capital facilities are planned, and significant repair and replacements projects are undertaken. Approval will help ensure the revenue generated is enough to cover the cost of capital projects, the fiscal health of the District is maintained, and future customers bear their fair share of infrastructure costs.

With Board approval and direction, staff can begin the ordinance process, posting and public hearing. Scheduling the second reading and public hearing for September's regular meeting and, by California Government Code §66017, the new capacity charges would go into effect November 19, 2018 - 60 days following adoption of the new ordinance.

**Attachments** - Mission Hills Community Services District Water and Sewer Capacity Study



# **MISSION HILLS COMMUNITY SERVICES DISTRICT**

**DRAFT Water and Sewer  
Capacity Charge Study  
September 2018**

#### **OFFICE LOCATIONS:**

Temecula – Corporate Headquarters  
32605 Temecula Parkway, Suite 100  
Temecula, CA 92592

San Francisco – Regional Office  
870 Market Street, Suite 1223  
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Joshua Tree, Riverside,  
Sacramento, San Jose

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[www.nbsgov.com](http://www.nbsgov.com)

Prepared by:

 **NBS** helping communities fund tomorrow

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## SECTION 1. PURPOSE AND INTRODUCTION TO THE STUDY

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### A. PURPOSE

Mission Hills Community Services District (District) retained NBS to conduct a water and sewer capacity charge<sup>1</sup> study to ensure these fees reflect the cost of capital infrastructure needed to serve new connections, or any person requesting additional capacity in the District's Water and/or Sewer Utility (referred to throughout as "future customers").

In developing the new capacity charges, NBS worked cooperatively with District staff. The capacity charges presented in this study reflect input provided by District staff about financial matters, available capacity in the Water and Sewer Utilities, existing asset values and planned capital improvements. The purpose of this report is to summarize the results of the study and present the updated capacity charges that may be imposed on new connections.

### B. INTRODUCTION

California Government Code Section 66013 authorizes public agencies to impose capacity charges on connecting customers, to ensure that they pay their fair share of the current Water and Sewer Utility assets, plus the costs of new facilities needed to serve them. In its simplest form, capacity charges are the result of dividing the cost (or value) of the Utility's current capacity plus planned capital improvements, by the expected number of future customers.

Specifically, Section 66013 defines a capacity charge as a one-time "charge for public facilities in existence at the time a charge is imposed or charges for new public facilities to be acquired or constructed in the future that are of proportional benefit to the person or property being charged, including supply or capacity contracts for rights or entitlements, real property interests, and entitlements and other rights of the local agency involving capital expense relating to its use of existing or new public facilities."

A capacity charge ensures that future customers pay their proportional share of costs to recover the following:

1. A system "buy-in" component, that reflects future customers proportional share of existing Utility asset costs.
2. An "incremental" component, that reflects future customers proportional share of planned (or "incremental") capital improvement costs that are required to provide them sufficient capacity in the Utility.

As a result, future customers connecting to the District's Water and/or Sewer Utilities would enter as equal participants (compared to current customers) regarding their financial commitment and obligations to the utilities. All Water and Sewer Utility asset values included in this study are in 2018 dollars.

The capacity charges were calculated according to industry standard set by the American Water Works Association (AWWA)<sup>2</sup>, using the methodology is referred to as the "Combination Approach". Further, it

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<sup>1</sup> Otherwise known as system development charges or connection fees.

<sup>2</sup> Method of calculating Capacity Charges (also known as System Development Charges) are set forth in the American Water Works Association's Principles of Water Rates, Fees and Charges Seventh Edition (2017) pages 311 to 347.

should be noted that this study defines the *maximum* amount that could be charged for new connections, and the District's Board of Directors retains the option to set a lower charge should they desire.

### C. SUMMARY OF UPDATED CAPACITY CHARGES

The Water and Sewer Capacity Charges developed in this study are shown in Figure 1 and in Figure 2. The following sections of this report discuss the methodology used to develop these capacity charges.

**Figure 1. Updated Water Capacity Charges**

Meter Size	Equivalency Factor		Maximum Capacity Charge Per Meter
	Maximum Continuous Flow (gpm) <sup>1</sup>	Equivalency to 3/4-inch meter	
3/4 Inch	30	1.00	\$6,578
1 Inch	50	1.67	\$10,963
1 1/2 Inch	100	3.33	\$21,925
2 Inch	160	5.33	\$35,081
3 Inch	320	10.67	\$70,161
4 Inch	500	16.67	\$109,627
6 Inch	1,000	33.33	\$219,254
8 Inch	2,800	93.33	\$613,911

1. Source: AWWA M1, Table B-2. Assumes displacement meters for 5/8" through 2", Compound Class I for 3" through 6" and Turbine Type, Class II, Inline for 8" meter.

**Figure 2. Updated Sewer Capacity Charges**

Sewer Capacity Charge Per EDU	\$8,205
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1. One (1) EDU is equivalent to a Single Family Residential unit.



## SECTION 2. WATER CAPACITY CHARGE STUDY

### A. EXISTING CONNECTIONS AND PROJECTED FUTURE GROWTH

The District currently has approximately 1,600, 3/4-inch equivalent meter connections to the Water Utility; Figure 3 shows the number of meters by size that are currently connected. The maximum flow rate, in gallons per minute (gpm) for each size meter is used to determine the number of 3/4-inch meter equivalent units currently connected, as shown in the fifth column of Figure 3.

**Figure 3. Current Water Customers**

Meter Size	Existing Water Meters <sup>1</sup>	Meter Equivalence		Existing 3/4-inch Water Meter Equivalent Units
		Maximum Flow (gpm) <sup>2</sup>	Equivalency to 3/4-inch meter	
3/4 Inch	856	30	1.00	856
1 Inch	403	50	1.67	672
1 1/2 Inch	2	100	3.33	7
2 Inch	5	160	5.33	27
3 Inch	1	320	10.67	11
4 Inch	2	500	16.67	33
<b>Total</b>	<b>1,269</b>			<b>1,605</b>

1. Source: Summary of Customer Information.xlsx.

2. Source: AWWA M1, Table B-1. Assumes displacement meters for 5/8" through 2" and Compound Class I for 3" through 4".

Figure 4 shows total water consumption, for all existing connections to the Water Utility. Total water consumption for all existing connections is divided by the number of 3/4-inch meter equivalent units in Figure 3, to determine the Average Daily Consumption per 3/4-inch meter. On average, a 3/4-inch water meter consumes 304 gallons of water per day.

**Figure 4. Average Daily Consumption Per 3/4-inch Meter Equivalent**

Customer Class	Number of Units <sup>1</sup>	Water Duty Factor (gpd/Unit) <sup>1</sup>	Total Water Consumption (Gallons/Day)
Existing Single Family Homes	1,262	385	485,870
Existing Commercial Facilities	7	233	1,631
<b>Total</b>	<b>1,269</b>		<b>487,501</b>
<b>Average Daily Consumption per 3/4-inch Equivalent <sup>2</sup></b>			<b>304</b>

1. Source: *Mission Hills EDU Revision 5.21.18.pdf*. The Duty Factor is the demand that each type of customer places on the system.

2. Total water consumption divided by number of 3/4-inch meter equivalent units currently connected.

The District has several developments that are expected to connect to the Water Utility in the next five years, along with projected water use for each. These projections were used in this study to determine the number of 3/4-inch equivalent meters that will connect to the Water Utility. As shown in Figure 5, there are seven residential developments and one commercial kitchen planned, which is equivalent to 581, 3/4-inch meters that are expected to connect in the next five years.

**Figure 5. Water Consumption Projection for Future Development Projects**

Project <sup>1</sup>	Number of Single Family Homes	Number of Commercial Facilities	Estimated Year of Construction	Water Duty Factor (gpd/Unit)	Total Water (Gallons/ Day)	3/4 inch Meter Equivalent Units <sup>2</sup>
Summit Views	44	0	2019	330	14,520	48
Burton Ranch Multi-Family Residence	100	0	2020	233	23,250	76
Burton Ranch SFR - Phase 1	55	0	2021	330	18,150	60
Burton Ranch SFR - Phase 2	210	0	2022	330	69,300	228
Burton Ranch SFR - Phase 3	74	0	2023	330	24,420	80
Supportive Housing Units	70	0	2019	233	16,275	53
Supportive Housing Commercial Kitchen (4,900 SF)	0	1	2019	1400 gpd/acre	785	3
Lots for Future Single Family Residences	30	0	2023	330	9,900	33
<b>Total</b>	<b>583</b>	<b>1</b>			<b>176,600</b>	<b>581</b>

1. Source: Mission Hills EDU Revision 5.21.18.pdf

2. Total Water Use (Gallons/Day) divided by flow per 3/4" Equivalent shown in Figure 2.

Capacity in the District's Water Utility is allocated to current and future customers, as shown in Figure 6. The percentage assigned to current and future customers is based upon their assigned share of 3/4-inch meter equivalent units.

**Figure 6. Allocation of Capacity to Current and Future Customers**

Water Utility Capacity Allocation	Current Customers	Anticipated Future Connections <sup>1</sup>	Projected Service Total
Current vs. Future Customers (Equivalent 3/4-inch meters)	1,605	581	2,186
Current vs. Future Customers (% of Total Capacity)	73.4%	26.6%	100.0%

1. Customer growth is based on flow projections provided by District staff.

Source: Mission Hills EDU Revision 5.21.18.pdf

## B. EXISTING AND PLANNED ASSETS

The capital assets addressed in this study include existing assets and planned capital improvements (i.e. the buy-in and incremental assets). An important aspect of this study is how the value of existing utility assets is determined. For example, purchase price does not account for wear and tear, and current book value<sup>3</sup> typically underestimates the "true value" of facilities, as it does not account for cost increases over time. Therefore, this study uses the replacement-cost-less depreciation (RCNLD<sup>4</sup>) approach to estimate

<sup>3</sup> Book value is purchase price less accumulated depreciation.

<sup>4</sup> American Water Works Association's Principles of Water Rates, Fees and Charges Seventh Edition (2017) page 332.

existing asset values, because it provides an up to date asset value that reflects estimated cost inflation and depreciation.<sup>5</sup>

The Engineering News Record (ENR) Construction Cost Index and Handy-Whitman Index of Public Utility Construction Costs are cost inflation indices that track construction costs; these were used to estimate the replacement value of the existing assets. The RCNLD, also known as the System Buy-In Cost Basis, is calculated by taking the book value of existing assets and escalating them to current-day values using the ENR Construction Cost or Handy-Whitman Index. Figure 7 summarizes the System Buy-In Cost Basis by Asset Category for the Water Utility. This approach was used for all assets, except Land. The value of land reflects a Real Estate Broker's Price Opinion for three parcels of land that the District owns<sup>6</sup>. The Water Utility owns one parcel of land, which is reflected in the System Buy-In Cost Basis.

For this analysis, assets that have exceeded their useful life (as defined in the District's asset records) were considered to have no remaining value. The total estimated value of existing assets are summarized in Figure 7 as the System Buy-In Cost Basis. General Assets, which are mostly office assets and vehicles, are shared between the Water and Sewer Utility. They are separated based on the share of fixed assets for each Utility. The Water Utility owns 49.79 percent of these general assets, and the Sewer Utility owns 50.21 percent of these assets.

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<sup>5</sup> The RCNLD approach was used to estimate all existing asset values, except for land. The value of land reflects the replacement cost new (RCN) approach to estimating land value.

<sup>6</sup> See the August 23, 2018 Broker's Price Opinion provided to MHCSD by RE/Max Mission Realty (Broker Price Opinion Letter.pdf).

**Figure 7. Summary of Existing Asset Values – Water Utility**

Asset Category <sup>1</sup>	Original Values <sup>1</sup>		Asset Cost Less Depreciation	System Buy-In Cost Basis <sup>2</sup>	System Buy in Cost Basis w/ General Assets <sup>3</sup>
	Asset Cost	Depreciation to Date			
Building	\$ 206,544	\$ 203,740	\$ 2,804	\$ 5,801	\$ 5,801
Filtration	467,808	370,847	96,961	130,106	130,106
General	442,000	321,664	120,336	183,939	91,583
Hydrants	206,384	150,467	55,916	133,474	133,474
Land	59,241	-	59,241	475,000	475,000
Mains	1,925,836	769,079	1,156,757	2,692,228	2,692,228
Meter	217,256	121,197	96,059	107,304	107,304
Tank	689,449	431,302	258,146	1,308,166	1,308,166
Tools	104,868	82,302	22,567	29,269	29,269
Vehicles	61,702	37,825	23,877	24,664	24,664
Well	2,008,831	1,175,852	832,979	1,079,030	1,079,030
<b>Total</b>	<b>\$ 6,389,920</b>	<b>\$ 3,664,276</b>	<b>\$ 2,725,644</b>	<b>\$ 6,168,981</b>	<b>\$ 6,076,626</b>

1. Source: *Fixed Asset Template (NBS).xlsx*.

2. Cost basis for consideration is calculated as replication value less accumulated depreciation. Replacement values are calculated by escalating the original values (from District's fixed asset report) from service date to 2018 values using historical cost inflation. Per direction from District staff, the current value of land is based on realtor value of the Treatment Yard. (Per Email from District staff dated August 24, 2018 Source: *Broker Price Opinion Letter.pdf*) and represents the Replacement Cost New valuation methodology.

3. General assets are shared with sewer. Per District direction, Water owns 49.79% of these assets, the remaining 50.21% is the sewer's share of these assets. The Water Utility's share of these assets are shown here.

Most of the RCNLD costs were allocated to current customers based on the 73.4 percent allocation factor shown in Figure 6 (and the 26.6 percent allocation factor for future customers). Meters are allocated 100 percent to current customers, as meters do not benefit future customers and are for current connections. Figure 8 shows the allocation of the \$6,076,626 in existing assets to current and future customers. Future customers are allocated \$1,587,382 of the existing Water Utility assets.

**Figure 8. Existing Asset Values Allocated to Current and Future Customers – Water Utility**

Asset Category	Total System Buy-In Cost Basis	Allocation Basis (%)		Distribution of Cost Basis (\$)	
		Current Customers	Future Customers	Current Customers	Future Customers
Building	\$ 5,801	73.4%	26.6%	\$ 4,259	\$ 1,543
Filtration	130,106	73.4%	26.6%	95,508	34,598
General	91,583	73.4%	26.6%	67,229	24,354
Hydrants	133,474	73.4%	26.6%	97,980	35,494
Land	475,000	73.4%	26.6%	348,686	126,314
Mains	2,692,228	73.4%	26.6%	1,976,302	715,926
Meter	107,304	100.0%	0.0%	107,304	-
Tank	1,308,166	73.4%	26.6%	960,294	347,872
Tools	29,269	73.4%	26.6%	21,486	7,783
Vehicles	24,664	73.4%	26.6%	18,105	6,559
Weil	1,079,030	73.4%	26.6%	792,091	286,939
<b>Total</b>	<b>\$ 6,076,626</b>	<b>73.9%</b>	<b>26.1%</b>	<b>\$ 4,489,243</b>	<b>\$ 1,587,382</b>

The District's capital improvement plans extend to 2023. Some of the cost estimates for planned future improvements used to calculate the system development component of the capacity charge are allocated using the same allocations found in Figure 6, as these projects benefit both current and future customers. However, the cost of two projects are allocated 100% to future customers: Storage Reservoir and Water Treatment Plant. These projects are only needed to serve future customers. The Meter Replacement Program is excluded from this analysis as it only benefits current customers. Figure 9 includes a list of future projects; future customers are allocated \$1,805,615 of planned asset costs.

**Figure 9. Planned Assets Allocated to Current and Future Customers – Water Utility**

Facility / Equipment <sup>1,2</sup>	System Development Cost Basis <sup>1</sup>	% Allocation <sup>2</sup>		Distribution of Cost Basis (\$)	
		Current Customers	Future Customers	Current Customers	Future Customers
<b>Distribution</b>					
Valve Replacement Project	\$ 100,000	73.4%	26.6%	\$ 73,408	\$ 26,592
Upgrade Cla-Vals - Pressure Reducing Stations	120,000	73.4%	26.6%	88,089	31,911
Meter Replacement Program <sup>3</sup>	35,000	100.0%	0.0%	35,000	-
Water Main Replacement	125,000	73.4%	26.6%	91,760	33,240
<b>Equipment</b>					
Backup Generator	400,000	73.4%	26.6%	293,631	106,369
Replace Dump Truck	50,000	73.4%	26.6%	36,704	13,296
Replace Vehicle #2 08 F-150	40,000	73.4%	26.6%	29,363	10,637
Replace Vehicle #1 (50% share)	12,500	73.4%	26.6%	9,176	3,324
Replace Electric Gate	7,000	73.4%	26.6%	5,139	1,861
<b>Storage</b>					
Rehabilitate Reservoir Tanks 1 & 2	325,000	73.4%	26.6%	238,575	86,425
Reservoir	500,000	0.0%	100.0%	-	500,000
<b>Treatment</b>					
Filter Media Replacement	30,000	73.4%	26.6%	22,022	7,978
Water Treatment Plant	500,000	0.0%	100.0%	-	500,000
<b>Wells &amp; Pumping</b>					
New Well Installation - #8	1,500,000	73.4%	26.6%	1,101,115	398,885
Replace or Rebuild Waukesha Engine	150,000	73.4%	26.6%	110,111	39,889
Well #6 Rehabilitation	60,000	73.4%	26.6%	44,045	15,955
Well #7 Rehabilitation	60,000	73.4%	26.6%	44,045	15,955
Well #5 Rehabilitation	50,000	73.4%	26.6%	36,704	13,296
<b>Total</b>	<b>\$ 4,064,500</b>	<b>55.6%</b>	<b>44.4%</b>	<b>\$ 2,258,885</b>	<b>\$ 1,805,615</b>

1. FY 2018/19 - FY 2022/23 Capital projects are per source file: *Capital Improvement Plan v2 August 2018.xlsx* and Email from District sent September 4, 2018 and September 6, 2018.

2. Most project costs are allocated to current and future customers based on projected growth in the system. See Demographics tab for detail. Storage Reservoir and Water Treatment Plant are allocated 100% to future customers. These projects will only serve future customers.

3. Meter replacement projects are excluded because they are for current customers.

The District may have additional capital projects that are needed to serve future developments, and the cost of such projects may be recovered through a development agreement. This will be evaluated on a case by case basis as part of the development review process.

### C. ADJUSTMENTS TO THE COST BASIS

Before the capacity charges are developed, an adjustment is applied to the cost basis to account for existing cash reserves.

Existing cash reserves are treated as an asset because they were funded by current customers and are available to pay for capital and/or operating costs of the Water Utility that future customers will benefit from, once connected. The cash reserves are, in a sense, no different than any other Water Utility asset. The existing cash reserves allocated to current and future customers are summarized in Figure 10. This calculation also uses the same 26.6 percent allocation factor from Figure 6. Future Customers are allocated \$431,365 of cash reserves as shown in Figure 10.

**Figure 10. Cash Reserves Allocated to Future Customers – Water Utility**

Cash Reserves	Beginning Cash <sup>1</sup>	% Allocation		\$ - Allocation	
		Current Customers	Future Customers	Current Customers	Future Customers
Operating Reserve	\$ 184,013	73.4%	26.6%	\$ 135,080	\$ 48,933
Capital Replacement Reserve	1,129,627	73.4%	26.6%	829,233	300,394
Capital Contingency	308,500	73.4%	26.6%	226,463	82,037
<b>Total Beginning Cash</b>	<b>\$ 1,622,141</b>	<b>73.4%</b>	<b>26.6%</b>	<b>\$ 1,190,775</b>	<b>\$ 431,365</b>

1. Beginning cash balances at 3.31.18. Source: *Mission Hills CSD Cash Balances 3.31.18.xlsx*.

The Water Utility is not obligated to any outstanding debt; therefore, there is no adjustment to the cost basis in the capacity charge calculation to account for it.

### D. CALCULATED CAPACITY CHARGES

The sum of the existing and planned asset values (that is, the system buy-in and system development costs), along with the adjustment for cash reserves, defines the total cost basis allocated to future customers. Figure 11 summarizes this calculation.

**Figure 11. Summary of Cost Basis Allocated to Future Customers – Water Utility<sup>7</sup>**

<b>System Asset Values Allocated to Future Customers</b>	
<i>System Asset Values Allocated to Future Customers</i>	
Existing System Buy-In	\$ 1,587,382
Future System Development	1,805,615
Total: Existing & Future System Costs	\$ 3,392,997
<i>Adjustments to Cost Basis Allocated to Future Customers:</i>	
Cash Reserves	\$ 431,365
Outstanding Long-Term Debt (Principal)	-
Total: Adjustments to Cost Basis	\$ 431,365
<b>Total Adjusted Cost Basis for Future Customers</b>	<b>\$ 3,824,362</b>

The total adjusted cost basis is then divided by the number of future customers, measured in 3/4-inch meter equivalents, expected to connect to the Water Utility (that is, the 581-meter equivalents shown in Figure 6) in order to determine the base capacity charge, for a 3/4-inch water meter. This calculation is shown in Figure 12.

**Figure 12. Summary of New Base Capacity Charges – Water Utility**

<b>Summary of Maximum Base Capacity Charge Calculation</b>	<b>Adjusted System Cost Basis</b>	<b>Future 3/4-inch meter Equivalents</b>	<b>Maximum Base Capacity Charge</b>
Maximum Water Capacity Per 3/4-inch meter	\$3,824,362	581	\$ 6,578

Based on the combined system buy-in and incremental capacity charge methodology, and the assumptions used in this analysis, NBS has calculated the new capacity charges for various water meter sizes, as shown in Figure 13. The updated capacity charges represent the maximum that the District can charge for new connections.

<sup>7</sup> Details on Future Water Utility Expansion allocated to future customers can be found in Exhibit 5 of Appendix A.



**Figure 13. Updated Water Capacity Charges**

<b>Meter Size</b>	<b>Equivalency Factor</b>		<b>Maximum Capacity Charge Per Meter</b>
	<b>Maximum Continuous Flow (gpm)<sup>1</sup></b>	<b>Equivalency to 3/4-inch meter</b>	
3/4 Inch	30	1.00	<b>\$6,578</b>
1 Inch	50	1.67	<b>\$10,963</b>
1 1/2 Inch	100	3.33	<b>\$21,925</b>
2 Inch	160	5.33	<b>\$35,081</b>
3 Inch	320	10.67	<b>\$70,161</b>
4 Inch	500	16.67	<b>\$109,627</b>
6 Inch	1,000	33.33	<b>\$219,254</b>
8 Inch	2,800	93.33	<b>\$613,911</b>

1. Source: AWWA M1, Table B-2. Assumes displacement meters for 5/8" through 2", Compound Class I for 3" through 6" and Turbine Type, Class II, Inline for 8" meter.

## SECTION 3. SEWER CAPACITY CHARGE STUDY

### A. EXISTING CONNECTIONS AND PROJECTED FUTURE GROWTH

There are currently 1,271 Equivalent Dwelling Units (EDUs) connected to the sewer utility. Figure 14 shows the number of current residential and commercial customers, and the estimated sewer flow produced by each. Individual customer impact on the Sewer Utility is measured in Equivalent Dwelling Units (EDU). Currently, the District utilizes EDU factors<sup>8</sup> based on tenant types to calculate sewer capacity charges. One EDU is based on a single-family home generating 220 gallons per day of domestic wastewater.

**Figure 14. Current Sewer Customers**

Customer Class <sup>1</sup>	Number of SFR Homes	Number of Commercial Facilities	Wastewater Duty Factor (gpd/unit) <sup>2</sup>	Total Wastewater (Gallons/Day)	Number of Wastewater EDUs
Existing Single Family Homes	1,262	0	220	278,080	1,264
Existing Commercial Facilities	0	7	155	1,085	7
<b>Total</b>	<b>1,262</b>	<b>7</b>		<b>279,165</b>	<b>1,271</b>

1. Source: *Mission Hills EDU Revision 5.21.18.pdf*

2. The Duty Factor is the estimated sewer flow each type of customer contributes to the sewer system.

The same developments that are expected to connect to the Water Utility, will also connect to the District's Sewer Utility. Figure 15 below shows the number of units planned for each development, along with estimated sewer flow produced by each, which is used to determine the number of EDU's that will connect to the Sewer Utility. As shown, there are seven residential developments and one commercial kitchen planned, which is equivalent to 534 EDU's that are expected to connect in the next five years.

**Figure 15. Wastewater Flow Summary for Future Development Projects**

Project <sup>1</sup>	Number of Single Family Homes	Number of Commercial Facilities	Wastewater Duty Factor (gpd/unit)	Total Wastewater (Gallons/Day)	Future Sewer EDUs <sup>2</sup>	Estimated Year of Construction
Summit Views	44	-	220	9,680	44	2019
Burton Ranch Multi-Family Residence	100	-	155	15,500	70	2020
Burton Ranch Single Family Residence- Phase 1	55	-	220	12,100	55	2021
Burton Ranch Single Family Residence- Phase 2	210	-	220	46,200	210	2022
Burton Ranch Single Family Residence- Phase 3	74	-	220	16,280	74	2023
Supportive Housing Units	70	-	155	10,850	49	2019
Supportive Housing Commercial Kitchen (4,900 SF)	-	1	1400 gpd/acre	157	1	2019
Lots for Future Single Family Residences	30	-	220	6,600	30	2023
<b>Total</b>	<b>583</b>	<b>1</b>		<b>117,367</b>	<b>534</b>	

1. Source: *Mission Hills EDU Revision 5.21.18.pdf*

2. One Equivalent Dwelling Unit (EDU) is equal to 220 gpd of sewer flow.

<sup>8</sup> Also referred to as a "duty factor."

Capacity in the District's Sewer Utility is allocated to current and future customers, as shown in Figure 16. The percentage of capacity assigned to current and future customers is based upon their assigned share of EDU's.

**Figure 16. Allocation of Capacity to Current and Future Customers**

<b>Sewer Utility Capacity Allocation</b>	<b>Current Customers</b>	<b>Anticipated Future Connections <sup>1</sup></b>	<b>Projected Service Total</b>
Connections in EDU's	1,271	534	1,805
<b>Percent of Total Capacity</b>	<b>70.4%</b>	<b>29.6%</b>	<b>100.0%</b>

1. Customer growth is based on flow projections provided by District staff.

Source: *Mission Hills EDU Revision 5.21.18.pdf*

## **B. EXISTING AND PLANNED ASSETS**

The same approach was used to estimate asset value for the Sewer Utility as was described previously in in Section 2B for the Water Utility, as follows:

- The replacement-cost-new-less-depreciation (RCNLD) value of existing capital assets was used in this study to determine the system buy-in component of the sewer capacity charge, for all assets except for land.
- The ENR Construction Cost Index and Handy-Whitman Index of Public Utility Construction Costs were used to estimate the RCNLD value of the existing Sewer Utility assets.
- The value of land reflects a Real Estate Broker's Price Opinion for three parcels of land that the District owns<sup>9</sup>. Two parcels are owned by the Sewer utility and are reflected in the System Buy-In Cost Basis.
- The cost of General Assets that are shared between the Water and Sewer, are separated based on the share of capital assets for each utility; the Water Utility owns 49.79 percent of these assets, and the Sewer Utility owns 50.21 percent of the assets.

The resulting RCNLD value of existing Sewer Utility assets are summarized in Figure 17, as the System Buy-In Cost Basis.

<sup>9</sup> See the August 23, 2018 Broker's Price Opinion provided to MHCSO by RE/Max Mission Realty (Broker Price Opinion Letter.pdf).

**Figure 17. System Buy-in Cost Basis by Asset Category – Sewer Utility**

Asset Category <sup>1</sup>	Original Values <sup>1</sup>		Asset Cost Less Depreciation	System Buy-in Cost Basis <sup>2</sup>	System Buy in Cost Basis w/ General Assets <sup>3</sup>
	Asset Cost	Depreciation to Date			
Building	\$ 280,105	\$ 225,271	\$ 54,834	\$ 130,973	\$ 130,973
General	442,000	321,664	120,336	183,939	92,356
Land	270,785	-	270,785	2,275,000	2,275,000
Large Equipment	2,673,544	779,586	1,893,957	2,714,032	2,714,032
Main	2,257,126	786,008	1,471,118	2,461,341	2,461,341
Small Equipment	28,554	25,464	3,091	3,312	3,312
Vehicle	89,039	80,294	8,746	12,184	12,184
<b>Total</b>	<b>\$ 6,041,153</b>	<b>\$ 2,218,286</b>	<b>\$ 3,822,867</b>	<b>\$ 7,780,782</b>	<b>\$ 7,689,199</b>

1. Source: *Fixed Asset Template (NBS).xlsx*.

2. Cost basis for consideration is calculated as replacement value less accumulated depreciation. Replacement values are calculated by escalating the original values (from District's fixed asset report) from service date to 2018 values using historical cost inflation. Per direction from District staff, the current value of land is based on realtor value of the Treatment Ponds & Office and Rucker Pond (Per Email from District staff dated August 24, 2018 Source: *Broker Price Opinion Letter.pdf*) and represents the Replacement Cost New valuation methodology.

3. General assets are shared with sewer. Per District direction, Water owns 49.79% of these assets, the remaining 50.21% is the sewer's share of these assets. The Sewer Utility's share of these assets is shown here.

All of the RCNLD costs were allocated to current customers based on the 70.4 percent allocation factor shown in Figure 16 (and the 29.6 percent allocation factor for new future customers). Figure 18 shows the allocation of the \$7,689,199 in existing Sewer Utility assets to current and future customers. Future customers are allocated \$2,274,128 of the existing Sewer Utility assets as shown in Figure 18.

**Figure 18. Existing Asset Values Allocated to Current and Future Customers – Sewer Utility**

Asset Category	Total System Buy-In Cost Basis	Allocation Basis (%)		Distribution of Cost Basis (\$)	
		Current Customers	Future Customers	Current Customers	Future Customers
Building	\$ 130,973	70.4%	29.6%	\$ 92,237	\$ 38,736
General	92,356	70.4%	29.6%	65,041	27,315
Land	2,275,000	70.4%	29.6%	1,602,155	672,845
Large Equipment	2,714,032	70.4%	29.6%	1,911,340	802,692
Main	2,461,341	70.4%	29.6%	1,733,384	727,957
Small Equipment	3,312	70.4%	29.6%	2,332	979
Vehicle	12,184	70.4%	29.6%	8,581	3,604
<b>Total</b>	<b>\$ 7,689,199</b>	<b>70.4%</b>	<b>29.6%</b>	<b>\$ 5,415,070</b>	<b>\$ 2,274,128</b>

The District's capital improvement plans extend to 2023. Some of the estimated cost of planned future improvements used to calculate the system development component of the capacity charge are allocated using the allocations found in Figure 16, as these projects benefit current and future customers. However, there are three projects that are allocated 100% to future customers: Sewer Treatment Additional Aeration- Developments, Treatment Capacity- Pond 3 Liner and WDR Compliance- Additional Loads. These projects are only needed to serve future customers. Figure 19 shows a list of future capital projects the District is planning for, that will either expand capacity, or extend the useful life assets so that they will be available to serve current and future customers. Future customers are allocated \$1,845,050 of planned project costs.

**Figure 19. Planned Asset Values Allocated to Current and Future Customers – Sewer Utility**

Facility / Equipment <sup>1</sup>	System Development Cost Basis <sup>1</sup>	% Allocation <sup>2</sup>		Current Customers	Future Customers
		Current Customers	Future Customers		
<b>Collections</b>					
Collection System Replacement (Slip Lining)	\$ 165,000	70.4%	29.6%	\$ 116,200	\$ 48,800
Collection System Video Assessment	330,000	70.4%	29.6%	232,400	97,600
<b>Equipment</b>					
Replace Vehicle #3	40,000	70.4%	29.6%	28,170	11,830
Replace Vehicle #4	40,000	70.4%	29.6%	28,170	11,830
Replace Vehicle #1 (50% share)	12,500	70.4%	29.6%	8,803	3,697
<b>Lift Station</b>					
Lift Station Upgrades	70,000	70.4%	29.6%	49,297	20,703
Wastewater SCADA Install	35,000	70.4%	29.6%	24,649	10,351
Property Acquisition	160,000	70.4%	29.6%	112,679	47,321
Backup Generator	200,000	70.4%	29.6%	140,849	59,151
<b>Sewer Treatment</b>					
Pond #2 Desludge	250,000	70.4%	29.6%	176,061	73,939
Pond Valve Replacement	100,000	70.4%	29.6%	70,424	29,576
Aeration System	250,000	70.4%	29.6%	176,061	73,939
Pond 7 Rehabilitation	250,000	70.4%	29.6%	176,061	73,939
Pond 3, 4, 5 Rehabilitation	250,000	70.4%	29.6%	176,061	73,939
Additional Aeration- Developments	100,000	0.0%	100.0%	-	100,000
Treatment Capacity- Pond 3 Liner	500,000	0.0%	100.0%	-	500,000
WDR Compliance <sup>3</sup>	840,000	70.4%	29.6%	591,565	248,435
WDR Compliance- Additional Loads <sup>3</sup>	360,000	0.0%	100.0%	-	360,000
<b>Total</b>	<b>\$ 3,952,500</b>	<b>53.3%</b>	<b>46.7%</b>	<b>\$ 2,107,450</b>	<b>\$ 1,845,050</b>

1. FY 2018/19 - FY 2022/23 Capital projects are per source file: *Capital Improvement Plan v2 August 2018.xlsx* and Email from District sent September 4, 2018 and September 6, 2018.

2. Most project costs are allocated to current and future customers based on projected growth in the system. See Demographics tab for detail. Sewer Treatment Projects Additional Aeration- Development, Treatment Capacity- Pond 3 Liner, WDR Compliance- Additional Loads are allocated 100% to future customers. These projects will only serve future customers.

3. The WDR Compliance Projects are for a new wastewater treatment system purchase and installation to address ongoing compliance issues.

As noted previously, the District may have additional capital projects that are needed to serve future developments, and the cost of such projects may be recovered through a development agreement. This will be evaluated on a case by case basis as part of the development review process.

## C. ADJUSTMENTS TO THE COST BASIS

Before the capacity charges are developed, an adjustment is applied to the cost basis to account for existing cash reserves. Existing cash is treated as an asset, since it was contributed by current customers and is available to pay for capital and/or operating costs of the Sewer Utility, which future customers will benefit from. The cash is, in a sense, no different from any other asset and therefore, are allocated to current and future customers as summarized in Figure 20. Cash is allocated according to the percentages in Figure 16. The allocation of cash reserves to future customers is \$260,274.

**Figure 20. Cash Allocated to Existing and Future Customers**

Cash Reserves	Beginning Cash <sup>1</sup>	% Allocation		\$ - Allocation	
		Current Customers	Future Customers	Current Customers	Future Customers
Operating Reserve	\$ 185,565	70.4%	29.6%	\$ 130,683	\$ 54,882
Capital Replacement Reserve	398,896	70.4%	29.6%	280,920	117,976
Capital Contingency	295,567	70.4%	29.6%	208,151	87,416
<b>Total Beginning Cash</b>	<b>\$ 880,029</b>	<b>70.4%</b>	<b>29.6%</b>	<b>\$619,755</b>	<b>\$260,274</b>

1. Beginning cash balances at 3.31.18. Source: *Mission Hills CSD Cash Balances 3.31.18.xlsx*.

The Sewer Utility is not obligated to any outstanding debt; therefore, there is no adjustment to the cost basis in the capacity charge calculation to account for it.

## D. CALCULATED CAPACITY CHARGES

The sum of the existing asset values (that is, the system buy-in and system development components), along with the adjustments for existing cash reserves, defines the total cost basis allocated to future customers as shown in Figure 21.

**Figure 21. Summary of Costs Allocated to Future Customers – Sewer Utility**

System Asset Values Allocated to Future Customers	
<b>Existing and Future System Costs</b>	
Existing System Buy-In	\$ 2,274,128
Future System Development	1,845,050
<b>Total: Existing &amp; Future System Costs</b>	<b>\$ 4,119,179</b>
<b>Adjustments to Cost Basis</b>	
Cash Reserves	\$ 260,274
Outstanding Long-Term Debt (Principal) Allocated to Future Users	-
<b>Total: Adjustments to Cost Basis</b>	<b>\$ 260,274</b>
<b>Total: Cost Basis for Future Customers</b>	<b>\$ 4,379,453</b>

The Total Adjusted Cost Basis for future customers is divided by the planned customer growth (measured in EDU's) through 2023. This represents the maximum that the District could charge per EDU for future customers as shown in Figure 22.

**Figure 22. Summary of New Base Capacity Charges – Sewer Utility**

<b>Capacity Charge Development</b>	
Cost Basis for Future Customers	\$ 4,379,453
Projected Customer Growth (in EDU's)	534
<b>Calculated Sewer Capacity Charge Per EDU</b>	<b>\$ 8,205</b>

A connecting single-family residential customer represents one EDU. The EDUs assigned to a given customer is a measure of expected impact on the Sewer Utility relative to the average impact of a single-family residential (SFR) user. The measure is based upon a customer's expected flow and the strength of effluent (using BOD and TSS). For example, each single-family home is assigned one EDU, and a customer who puts twice the demand on the sewer system (in terms of collection and treatment) would be assigned two EDUs.

The EDU's for new non-SFR customers connecting to the District's Sewer Utility will be calculated to reflect the individual flow and strength characteristics of the new customer. Strength characteristics are based on the Revenue Program Guidelines of the State Water Resources Control Board, March 1998 Edition<sup>10</sup>. NBS has provided the District with a calculation template reflecting the formula used to calculate the fees for non-SFR customers, which is shown in Figure 23. The capacity fee for connecting non-SFR customers is proportional to the flow and strength characteristics for one EDU (i.e., one typical residential dwelling unit). In this formula, the proportional part of an EDU for each constituent (Flow, BOD and TSS) is developed and summed to get the total number of EDUs, which is then used to calculate the capacity fee. Figure 23 shows how the capacity fee is developed for a non-SFR customer with one EDU.

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<sup>10</sup> If the State's guidelines are updated, the City will utilize the new guidelines in the development of the sewer capacity fees for non-SFR customers.

**Figure 23. Sewer Capacity Charge Calculation for Non-SFR Customers**

Calculation Factor		\$/EDU	Flow (gpd)	BOD (mg/l)	TSS (mg/l)
<b>Capacity Charge (\$/EDU) <sup>1</sup></b>	<b>A</b>	<b>\$ 8,205</b>			
Standard EDU (per SFR) <sup>2</sup>	B	220 gpd	220 gpd	250 Mg/l	250 Mg/l
<b>Non-SFR Effluent Values <sup>3</sup></b>	<b>C</b>	<b>--</b>	<b>220 gpd</b>	<b>250 Mg/l</b>	<b>250 Mg/l</b>
Single-Constituent EDU (= C / B)	D	--	1.00	1.00	1.00
Proportional EDU's <sup>4</sup>	E	1.00	0.60	0.20	0.20
<b>Non-SFR EDU's (= D * E * D (flow EDU) ) <sup>5</sup></b>	<b>F</b>	<b>--</b>	<b>0.60</b>	<b>0.20</b>	<b>0.20</b>
<b>Total EDU's <sup>6</sup></b>		<b>--</b>	<b>1.00</b>		
<b>Charge/Constituent (= F * A)</b>		<b>--</b>	<b>\$4,922.83</b>	<b>\$1,640.94</b>	<b>\$1,640.94</b>
<b>Total Non-SFR Capacity Charge (Per EDU) <sup>7</sup></b>			<b>\$8,205</b>		

1. Capacity Charge per EDU.

2. Standard flow and strength values per EDU. This determines the relationship of the connecting customer to a standard EDU.

3. Non-SFR Effluent flow and strength values are inputs that will be determined for connecting customers based on the Revenue Program Guidelines of the State Water Resources Control Board, March 1998 Edition.

4. Proportion of each constituent to an EDU factor. Standard proportion of 60% Flow, 20% BOD and 20% TSS is assumed.

5. Determination of the EDU's calculated for each constituent.

6. Total EDU's is the sum of the EDU's for each constituent, shown in the row above.

7. Total Charge is the sum of the Charge for each constituent, shown in the row above (rounded to nearest whole dollar.)



## **SECTION 4. RECOMMENDATIONS AND NEXT STEPS**

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### **A. CONSULTANT RECOMMENDATIONS**

NBS recommends the District take the following actions:

- **Approve and Accept this Study:** NBS recommends the Board of Directors formally approve and adopt this Study and its recommendations and proceed with the steps outlined below to implement the new capacity charges. This will provide documentation of the study and the basis for adopting the new capacity charges.
- **Implement New Water and Sewer Capacity Charges:** Based on the analysis presented in this report, the District's Board of Directors should implement the new capacity charge of \$6,578 per 3/4-inch water meter equivalent unit and \$8,205 per sewer EDU recommended in this report.
- **Annually Review Rates, Charges and Revenue:** Any time an Agency adopts new rates and charges, they should be periodically reviewed — even more so when new capital facilities are planned, and/or significant repair and replacements projects are undertaken. This will help ensure the revenue generated is sufficient to cover the cost of capital projects, the fiscal health of the District is maintained, and future customers bear their fair share of infrastructure costs.

### **B. PRINCIPAL ASSUMPTIONS AND CONSIDERATIONS**

In preparing this report and the recommendations included herein, NBS has relied on a number of principal assumptions and considerations with regard to financial matters, number of customer accounts, conditions and events that may occur in the future. This information and assumptions, including the District's asset records, financial information and customer billing data (provided by District staff), were provided by sources we believe to be reliable, although NBS has not independently verified this data.

While we believe NBS' use of such information and assumptions is reasonable for the purpose of this Study and its recommendations, some assumptions will invariably not materialize as stated herein or may vary significantly due to unanticipated events and circumstances. Therefore, the actual results can be expected to vary from those projected to the extent that actual future conditions differ from those assumed by us or provided to us by others.

## APPENDIX A: TABLES FROM THE WATER CAPACITY CHARGE STUDY

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Mission Hills Community Services District  
Water Capacity Charge Analysis  
Demographic Data and Projections

**TABLE 1**  
**Meter Equivalent Units**

Meter Size	Existing Water Meters <sup>1</sup>	Meter Equivalence		Existing 3/4-inch Water Meter Equivalent Units
		Maximum Flow (gpm) <sup>2</sup>	Equivalency to 3/4-inch meter	
3/4 Inch	856	30	1.00	856
1 Inch	403	50	1.67	672
1 1/2 Inch	2	100	3.33	7
2 Inch	5	160	5.33	27
3 Inch	1	320	10.67	11
4 Inch	2	500	16.67	33
<b>Total</b>	<b>1,269</b>			<b>1,605</b>

1. Source: *Summary of Customer Information.xlsx*.

2. Source: *AWWA M1, Table B-1*. Assumes displacement meters for 5/8" through 2" and Compound Class I for 3" through 4".

**TABLE 2**  
**Existing Water Usage**

Customer Class	Number of Units <sup>1</sup>	Water Duty Factor (gpd/Unit) <sup>1</sup>	Total Water Consumption (Gallons/Day)
Existing Single Family Homes	1,262	385	485,870
Existing Commercial Facilities	7	233	1,631
<b>Total</b>	<b>1,269</b>		<b>487,501</b>
<b>Average Daily Consumption per 3/4-inch Equivalent <sup>2</sup></b>			<b>304</b>

1. Source: *Mission Hills EDU Revision 5.21.18.pdf*. The Duty Factor is the demand that each type of customer places on the system.

2. Total water consumption divided by number of 3/4-inch meter equivalent units currently connected.

Mission Hills Community Services District  
Water Capacity Charge Analysis  
Demographic Data and Projections

TABLE 3  
Mission Hills Proposed Development

Project <sup>1</sup>	Number of Single Family Homes	Number of Commercial Facilities	Estimated Year of Construction	Water Duty Factor (gpd/Unit)	Total Water (Gallons/ Day)	Future 3/4-inch Meter Equivalent Units <sup>2</sup>
Summit Views	44	0	2019	330	14,520	48
Burton Ranch Multi-Family Residence	100	0	2020	233	23,250	77
Burton Ranch Single Family Residence- Phase 1	55	0	2021	330	18,150	60
Burton Ranch Single Family Residence- Phase 2	210	0	2022	330	69,300	228
Burton Ranch Single Family Residence- Phase 3	74	0	2023	330	24,420	80
Supportive Housing Units	70	0	2019	233	16,275	54
Supportive Housing Commercial Kitchen (4,900 SF)	0	1	2019	1400 gpd/acre	785	3
Lots for Future Single Family Residences	30	0	2023	330	9,900	33
<b>Total</b>	<b>583</b>	<b>1</b>			<b>176,600</b>	<b>581</b>

1. Source: Mission Hills EDU Revision 5.21.18.pdf

2. Total Water Use (Gallons/Day) divided by flow per 3/4-inch Equivalent calculated in Table 2

TABLE 4  
Existing and Projected Service Numbers

Demographic Statistics	Current Customers	Anticipated Future Connections <sup>1</sup>	Projected Service Total	Allocation Factors	
				Current Customers	Future Customers
Equivalent 3/4-inch meters	1,605	581	2,186	73.4%	26.6%
					Total
					100.0%

1. Customer growth is based on flow projections provided by District staff. Source: Mission Hills EDU Revision 5.21.18.pdf

**Mission Hills Community Services District  
Water Capacity Charge Analysis  
Existing Capital Facilities and Equipment for Consideration (System Buy-In)**

**TABLE 5  
Existing Assets**

Asset Category <sup>1</sup>	Original Values <sup>1</sup>		Asset Cost Less Depreciation	System Buy-In Cost Basis <sup>2</sup>	System Buy-In Cost Basis w/ General Assets <sup>3</sup>
	Asset Cost	Depreciation to Date			
Building	\$ 206,544	\$ 203,740	\$ 2,804	\$ 5,801	\$ 5,801
Filtration	467,808	370,847	96,961	130,106	130,106
General	442,000	321,664	120,336	183,939	91,583
Hydrants	206,384	150,467	55,916	133,474	133,474
Land	59,241	-	59,241	475,000	475,000
Mains	1,925,836	769,079	1,156,757	2,692,228	2,692,228
Meter	217,256	121,197	96,059	107,304	107,304
Tank	689,449	431,302	258,146	1,308,166	1,308,166
Tools	104,868	82,302	22,567	29,269	29,269
Vehicles	61,702	37,825	23,877	24,664	24,664
Well	2,008,831	1,175,852	832,979	1,079,030	1,079,030
<b>Total</b>	<b>\$ 6,389,920</b>	<b>\$ 3,664,276</b>	<b>\$ 2,725,644</b>	<b>\$ 6,168,981</b>	<b>\$ 6,076,626</b>

1. Source: *Fixed Asset Template (NBS).xlsx*.

2. System Buy-in cost basis is calculated as replication value less accumulated depreciation. Replacement values are calculated by escalating the original values (from District's fixed asset report) from service date to 2018 values using historical cost inflation. Per direction from District staff, the current value of land is based on realtor value of the Treatment Yard. (Per Email from District staff dated August 24, 2018

Source: *Broker Price Opinion Letter.pdf*) and represents the Replacement Cost New valuation methodology.

3. General assets are shared with sewer. Per District direction, Water owns 49.79% of these assets, the remaining 50.21% is the sewer's share of these assets. The Water Utility's share of these assets are shown here.

Mission Hills Community Services District  
Water Capacity Charge Analysis  
Existing Capital Facilities and Equipment for Consideration (System Buy-In)

TABLE 6  
Existing Assets (cont.)

Asset Category	Total System Buy-In Cost Basis	Allocation Basis (%)			Distribution of Cost Basis (\$)		
		Exclude from Analysis	Current Customers	Future Customers	Exclude from Analysis	Current Customers	Future Customers
Building	\$ 5,801	0.0%	73.4%	26.6%	\$ -	\$ 4,259	\$ 1,543
Filtration	130,106	0.0%	73.4%	26.6%	-	95,508	34,598
General	91,583	0.0%	73.4%	26.6%	-	67,229	24,354
Hydrants	133,474	0.0%	73.4%	26.6%	-	97,980	35,494
Land	475,000	0.0%	73.4%	26.6%	-	348,686	126,314
Mains	2,692,228	0.0%	73.4%	26.6%	-	1,976,302	715,926
Meter	107,304	0.0%	100.0%	0.0%	-	107,304	-
Tank	1,308,166	0.0%	73.4%	26.6%	-	960,294	347,872
Tools	29,269	0.0%	73.4%	26.6%	-	21,486	7,783
Vehicles	24,664	0.0%	73.4%	26.6%	-	18,105	6,559
Well	1,079,030	0.0%	73.4%	26.6%	-	792,091	286,939
<b>Total</b>	<b>\$ 6,076,626</b>	<b>0.0%</b>	<b>73.9%</b>	<b>26.1%</b>	<b>\$ -</b>	<b>\$ 4,489,243</b>	<b>\$ 1,587,382</b>

Mission Hills Community Services District  
Water Capacity Charge Analysis  
Allocation of Cash Reserves

**TABLE 7**  
**Allocation of Cash Reserves to Current and Future Customers**

Cash Reserves	Beginning Cash <sup>1</sup>	% Allocation		\$ - Allocation	
		Current Customers	Future Customers	Current Customers	Future Customers
Operating Reserve	\$ 184,013	73.4%	26.6%	\$ 135,080	\$ 48,933
Capital Replacement Reserve	1,129,627	73.4%	26.6%	829,233	300,394
Capital Contingency	308,500	73.4%	26.6%	226,463	82,037
<b>Total Beginning Cash</b>	<b>\$ 1,622,141</b>	<b>73.4%</b>	<b>26.6%</b>	<b>\$ 1,190,775</b>	<b>\$ 431,365</b>

1. Beginning cash balances at 3.31.18. Source: Mission Hills CSD Cash Balances 3.31.18.xlsx.

Mission Hills Community Services District  
Water Capacity Charge Analysis  
Water Planned Capital Facilities and Equipment for Consideration (System Development)

TABLE 8  
Allocation of Future Projects to Current and Future Customers

Facility / Equipment <sup>1,2</sup>	System Development Cost Basis <sup>1</sup>	% Allocation <sup>2</sup>			Distribution of Cost Basis (\$)		
		Exclude from Analysis	Current Customers	Future Customers	Exclude from Analysis	Current Customers	Future Customers
<b>Distribution</b>							
Valve Replacement Project	\$ 100,000	0.0%	73.4%	26.6%	\$ -	\$ 73,408	\$ 26,592
Upgrade Cla-Vals - Pressure Reducing Stations	120,000	0.0%	73.4%	26.6%	-	88,089	31,911
Meter Replacement Program <sup>3</sup>	35,000	0.0%	100.0%	0.0%	-	35,000	-
Water Main Replacement	125,000	0.0%	73.4%	26.6%	-	91,760	33,240
<b>Equipment</b>							
Backup Generator	400,000	0.0%	73.4%	26.6%	-	293,631	106,369
Replace Dump Truck	50,000	0.0%	73.4%	26.6%	-	36,704	13,296
Replace Vehicle #2 08 F-150	40,000	0.0%	73.4%	26.6%	-	29,363	10,637
Replace Vehicle #1 (50% share)	12,500	0.0%	73.4%	26.6%	-	9,176	3,324
Replace Electric Gate	7,000	0.0%	73.4%	26.6%	-	5,139	1,861
<b>Storage</b>							
Rehabilitate Reservoir Tanks 1 & 2	325,000	0.0%	73.4%	26.6%	-	238,575	86,425
Reservoir	500,000	0.0%	0.0%	100.0%	-	-	500,000
<b>Treatment</b>							
Filter Media Replacement	30,000	0.0%	73.4%	26.6%	-	22,022	7,978
Water Treatment Plant	500,000	0.0%	0.0%	100.0%	-	-	500,000
<b>Wells &amp; Pumping</b>							
New Well Installation - #8	1,500,000	0.0%	73.4%	26.6%	-	1,101,115	398,885
Replace or Rebuild Waukesha Engine	150,000	0.0%	73.4%	26.6%	-	110,111	39,889
Well #6 Rehabilitation	60,000	0.0%	73.4%	26.6%	-	44,045	15,955
Well #7 Rehabilitation	60,000	0.0%	73.4%	26.6%	-	44,045	15,955
Well #5 Rehabilitation	50,000	0.0%	73.4%	26.6%	-	36,704	13,296
<b>Total</b>	<b>\$ 4,064,500</b>	<b>0.0%</b>	<b>55.6%</b>	<b>44.4%</b>	<b>\$ -</b>	<b>\$ 2,258,885</b>	<b>\$ 1,805,615</b>

1. FY 2018/19 - FY 2022/23 Capital projects are per source file: Capital Improvement Plan v2 August 2018.xlsx and Email from District sent September 4, 2018 and September 6, 2018.

2. Most project costs are allocated to current and future customers based on projected growth in the system. See Demographics tab for detail. Storage Reservoir and Water Treatment Plant are allocated 100% to future customers. These projects will only serve future customers.

3. Meter replacement projects are excluded because they are for current customers.



Mission Hills Community Services District  
Water Capacity Charge Analysis  
Unit Cost Calculation

**TABLE 9**  
Development of the Maximum Capacity Charge for a 3/4-inch Meter Equivalent

System Asset Values Allocated to Future Customers	
System Asset Values Allocated to Future Customers	
Existing System Buy-In <sup>1</sup>	\$ 1,587,382
Future System Development <sup>2</sup>	1,805,615
Total: Existing & Future System Costs	\$ 3,392,997
Adjustments to Cost Basis Allocated to Future Customers:	
Cash Reserves <sup>3</sup>	\$ 431,365
Outstanding Long-Term Debt (Principal)	-
Total: Adjustments to Cost Basis	\$ 431,365
Total Adjusted Cost Basis for Future Customers	\$ 3,824,362

**TABLE 10**  
Development of Water Capacity Charge

Summary of Maximum Base Capacity Charge Calculation	Adjusted System Cost Basis	Future 3/4-inch meter Equivalents <sup>4</sup>	Maximum Base Capacity Charge
Maximum Water Capacity Per 3/4-inch meter	\$ 3,824,362	581	\$ 6,577.62

1. Refer to TABLE 5 and TABLE 6 Existing Assets
2. Refer to TABLE 8 Allocation of Future Projects to Current and Future Customers
3. Refer to TABLE 7 Allocation of Cash Reserves to Current and Future Customers
4. Refer to Total Existing and Projected Service Numbers

Mission Hills Community Services District  
Water Capacity Charge Analysis  
Water Fee Classification and Calculation of Maximum Fee

**TABLE 11**  
**Development of the Maximum Capacity Charge of a 3/4-inch Meter Equivalent**

Meter Size	Equivalency Factor		Maximum Unit Cost (3/4-inch meter)	Maximum Capacity Charge Per Meter
	Maximum Continuous Flow (gpm) <sup>1</sup>	Equivalency to 3/4-inch meter		
3/4 Inch	30	1.00	\$6,578	\$6,578
1 Inch	50	1.67	\$6,578	\$10,963
1 1/2 Inch	100	3.33	\$6,578	\$21,925
2 Inch	160	5.33	\$6,578	\$35,081
3 Inch	320	10.67	\$6,578	\$70,161
4 Inch	500	16.67	\$6,578	\$109,327
6 Inch	1,000	33.33	\$6,578	\$219,354
8 Inch	2,800	93.33	\$6,578	\$613,941

1. Source: AWWA M1, Table B-2. Assumes displacement meters for 5/8" through 2", Compound Class I for 3" through 6" and Turbine Type, Class II, Inline for 8" meter.

## **APPENDIX B: TABLES FROM THE SEWER CAPACITY CHARGE STUDY**

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Mission Hills Community Services District  
Sewer Capacity Charge Analysis  
Demographic Data and Projections

**TABLE 1**  
Existing Customers

Customer Class <sup>1</sup>	Number of SFR Homes	Number of Commercial Facilities	Wastewater Duty Factor (gpd/unit) <sup>2</sup>	Total Wastewater (Gallons/Day)	Number of Wastewater EDUs
Existing Single Family Homes	1,262	0	220	278,080	1,264
Existing Commercial Facilities	0	7	155	1,085	7
<b>Total</b>	<b>1,262</b>	<b>7</b>		<b>279,165</b>	<b>1,271</b>

1. Source: Mission Hills EDU Revision 5.21.18.pdf

2. The Duty Factor is the estimated sewer flow each type of customer contributes to the sewer system.

**TABLE 2**  
Mission Hills Proposed Development Projects

Project <sup>1</sup>	Number of Single Family Homes	Number of Commercial Facilities	Wastewater Duty Factor (gpd/unit)	Total Wastewater (Gallons/Day)	Future Sewer EDUs <sup>2</sup>	Estimated Year of Construction
Summit Views	44	-	220	9,680	44	2019
Burton Ranch Multi-Family Residence	100	-	155	15,500	70	2020
Burton Ranch Single Family Residence- Phase 1	55	-	220	12,100	55	2021
Burton Ranch Single Family Residence- Phase 2	210	-	220	46,200	210	2022
Burton Ranch Single Family Residence- Phase 3	74	-	220	16,280	74	2023
Supportive Housing Units	70	-	155	10,850	49	2019
Supportive Housing Commercial Kitchen (4,900 SF)	-	1	1400 gpd/acre	157	1	2019
Lots for Future Single Family Residences	30	-	220	6,600	30	2023
<b>Total</b>	<b>583</b>	<b>1</b>		<b>117,367</b>	<b>534</b>	

1. Source: Mission Hills EDU Revision 5.21.18.pdf

2. One Equivalent Dwelling Unit (EDU) is equal to 220 gpd of sewer flow.

**TABLE 3**  
Current and Future Customers

Demographic Statistics	Existing vs. Future Connections		Existing vs. Future Connections (%)	
	Current Customers <sup>1</sup>	Future Customers <sup>2</sup>	Current Customers	Future Customers
Connections in Equivalent Dwelling Units (EDU's)	1,271	534	1,805	29.6%
			70.4%	100.0%

1. Based on calculation in Table 3.

2. Source: Mission Hills CSD Project Estimates.pdf

Prepared by NBS

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Mission Hills Community Services District  
Sewer Capacity Charge Analysis  
Existing Capital Facilities and Equipment for Consideration (System Buy-In)

TABLE 4  
Existing Assets

Asset Category <sup>1</sup>	Original Values <sup>1</sup>		Asset Cost Less Depreciation	System Buy-In Cost Basis <sup>2</sup>	System Buy In Cost Basis w/ General Assets <sup>3</sup>
	Asset Cost	Depreciation to Date			
Building	\$ 280,105	\$ 225,271	\$ 54,834	\$ 130,973	\$ 130,973
General	442,000	321,664	120,336	183,939	92,356
Land	270,785	-	270,785	2,275,000	2,275,000
Large Equipment	2,673,544	779,586	1,893,957	2,714,032	2,714,032
Main	2,257,126	786,008	1,471,118	2,461,341	2,461,341
Small Equipment	28,554	25,464	3,091	3,312	3,312
Vehicle	89,039	80,294	8,746	12,184	12,184
<b>Total</b>	<b>\$ 6,041,153</b>	<b>\$ 2,218,286</b>	<b>\$ 3,822,867</b>	<b>\$ 7,780,782</b>	<b>\$ 7,689,199</b>

1. Source: Fixed Asset Template (NBS).xlsx.

2. System Buy-in Cost basis is calculated as replication value less accumulated depreciation. Replacement values are calculated by escalating the original values (from District's fixed asset report) from service date to 2018 values using historical cost inflation. Per direction from District staff, the current value of land is based on realtor value of the Treatment Ponds & Office and Rucker Pond (Per Email from District staff dated August 24, 2018 Source: *Broker Price Opinion Letter.pdf*) and represents the Replacement Cost New valuation methodology.

3. General assets are shared with sewer. Per District direction, Water owns 49.79% of these assets, the remaining 50.21% is the sewer's share of these assets. The Sewer Utility's share of these assets is shown here.

Mission Hills Community Services District  
Sewer Capacity Charge Analysis  
Existing Capital Facilities and Equipment for Consideration (System Buy-In)

TABLE 5  
Existing Assets (cont.)

Asset Category	Total System Buy-In Cost Basis	Allocation Basis (%)			Distribution of Cost Basis (\$)		
		Exclude from Analysis	Current Customers	Future Customers	Exclude from Analysis	Current Customers	Future Customers
Building	\$ 130,973	0.0%	70.4%	29.6%	\$ -	\$ 92,237	\$ 38,736
General	92,356	0.0%	70.4%	29.6%	-	65,041	27,315
Land	2,275,000	0.0%	70.4%	29.6%	-	1,602,155	672,845
Large Equipment	2,714,032	0.0%	70.4%	29.6%	-	1,911,340	802,692
Main	2,461,341	0.0%	70.4%	29.6%	-	1,733,384	727,957
Small Equipment	3,312	0.0%	70.4%	29.6%	-	2,332	979
Vehicle	12,184	0.0%	70.4%	29.6%	-	8,581	3,604
<b>Total</b>	<b>\$ 7,689,199</b>	<b>0.0%</b>	<b>70.4%</b>	<b>29.6%</b>	<b>\$ -</b>	<b>\$ 5,415,070</b>	<b>\$ 2,274,128</b>

Mission Hills Community Services District  
Sewer Capacity Charge Analysis  
Allocation of Cash Reserves

TABLE 6  
Allocation of Cash Reserves to Current and Future Customers

Cash Reserves	Beginning Cash <sup>1</sup>	% Allocation		\$ - Allocation	
		Current Customers	Future Customers	Current Customers	Future Customers
Operating Reserve	\$ 185,565	70.4%	29.6%	\$ 130,683	\$ 54,882
Capital Replacement Reserve	398,896	70.4%	29.6%	280,920	117,976
Capital Contingency	295,567	70.4%	29.6%	208,151	87,416
<b>Total Beginning Cash</b>	<b>\$ 880,029</b>	<b>70.4%</b>	<b>29.6%</b>	<b>\$ 619,755</b>	<b>\$ 260,274</b>

1. Beginning cash balances at 3.31.18. Source: Mission Hills CSD Cash Balances 3.31.18.xlsx.

Mission Hills Community Services District  
Sewer Capacity Charge Analysis  
Planned Capital Facilities and Equipment for Consideration (System Development)

TABLE 7  
Planned Capital Projects

Facility / Equipment <sup>1</sup>	System Development Cost Basis <sup>1</sup>	% Allocation <sup>2</sup>			Distribution of Cost Basis (\$)		
		Exclude from Analysis	Current Customers	Future Customers	Exclude from Analysis	Current Customers	Future Customers
<b>Collections</b>							
Collection System Replacement (Slip Lining)	\$ 165,000	0.0%	70.4%	29.6%	\$ -	\$ 116,200	\$ 48,800
Collection System Video Assessment	330,000	0.0%	70.4%	29.6%	-	232,400	97,600
<b>Equipment</b>							
Replace Vehicle #3	40,000	0.0%	70.4%	29.6%	-	28,170	11,830
Replace Vehicle #4	40,000	0.0%	70.4%	29.6%	-	28,170	11,830
Replace Vehicle #1 (50% share)	12,500	0.0%	70.4%	29.6%	-	8,803	3,697
<b>Lift Station</b>							
Lift Station Upgrades	70,000	0.0%	70.4%	29.6%	-	49,297	20,703
Wastewater SCADA Install	35,000	0.0%	70.4%	29.6%	-	24,649	10,351
Property Acquisition	160,000	0.0%	70.4%	29.6%	-	112,679	47,321
Backup Generator	200,000	0.0%	70.4%	29.6%	-	140,849	59,151
<b>Sewer Treatment</b>							
Pond #2 Desludge	250,000	0.0%	70.4%	29.6%	-	176,061	73,939
Pond Valve Replacement	100,000	0.0%	70.4%	29.6%	-	70,424	29,576
Aeration System	250,000	0.0%	70.4%	29.6%	-	176,061	73,939
Pond 7 Rehabilitation	250,000	0.0%	70.4%	29.6%	-	176,061	73,939
Pond 3, 4, 5 Rehabilitation	250,000	0.0%	70.4%	29.6%	-	176,061	73,939
Additional Aeration- Developments	100,000	0.0%	0.0%	100.0%	-	-	100,000
Treatment Capacity- Pond 3 Liner	500,000	0.0%	0.0%	100.0%	-	-	500,000
WDR Compliance <sup>3</sup>	840,000	0.0%	70.4%	29.6%	-	591,565	248,435
WDR Compliance- Additional Loads <sup>3</sup>	360,000	0.0%	0.0%	100.0%	-	-	360,000
<b>Total</b>	<b>\$ 3,952,500</b>	<b>0.0%</b>	<b>53.3%</b>	<b>46.7%</b>	<b>\$ -</b>	<b>\$ 2,107,450</b>	<b>\$ 1,845,050</b>

1. FY 2018/19 - FY 2022/23 Capital projects are per source file: *Capital Improvement Plan v2 August 2018.xlsx* and Email From District sent September 4, 2018 and September 6, 2018.

2. Most project costs are allocated to current and future customers based on projected growth in the system. See Demographics tab for detail. Sewer Treatment Projects Additional Aeration- Development, Treatment Capacity- Pond 3 Liner, WDR Compliance- Additional Loads are allocated 100% to future customers. These projects will only serve future customers.

3. The WDR Compliance Projects are for a new wastewater treatment system purchase and installation to address ongoing compliance issues.



Mission Hills Community Services District  
Sewer Capacity Charge Analysis  
Unit Cost Calculation

TABLE 8

Development of Cost Basis for Future Customers

System Asset Values Allocated to Future Customers	
<b>Existing and Future System Costs</b>	
Existing System Buy-In <sup>1</sup>	\$ 2,274,128
Future System Development <sup>2</sup>	1,845,050
<b>Total: Existing &amp; Future System Costs</b>	<b>\$ 4,119,179</b>
<b>Adjustments to Cost Basis</b>	
Cash Reserves <sup>3</sup>	\$ 260,274
Outstanding Long-Term Debt (Principal) Allocated to Future Users	-
<b>Total: Adjustments to Cost Basis</b>	<b>\$ 260,274</b>
<b>Total: Cost Basis for Future Customers</b>	<b>\$ 4,379,453</b>

TABLE 9

Development of Sewer Capacity Charge Per EDU

Capacity Charge Development	
Cost Basis for Future Customers	\$ 4,379,453
Projected Customer Growth (in EDU's) <sup>4</sup>	534
<b>Calculated Sewer Capacity Charge Per EDU</b>	<b>\$ 8,205</b>
<b>Current Capacity Charge <sup>5</sup></b>	<b>\$ 3,435</b>

1. Refer to TABLE 4 and TABLE 5 Existing Assets
2. Refer to TABLE 7 Planned Capital Projects
3. Refer to TABLE 6 Allocation of Cash Reserves to Current and Future Customers
4. Refer to TABLE 3 Current and Future Customers
5. Per dwelling unit, parcel, lot, space or shop unit plus \$856 per unit in excess of one.

Mission Hills Community Services District  
Sewer Capacity Charge Analysis  
Water Charge Classification and Calculation of Maximum Charge

TABLE 10

Sewer Capacity Charge

Sewer Capacity Charge Per EDU	\$8,205
-------------------------------	---------

\* One (1) EDU is a Single Family Residential unit.

TABLE 11

Per EDU Charge Breakdown

Calculation Factor	\$/EDU	Flow (gpd) <sup>2</sup>	BOD (mg/l) <sup>3</sup>	TSS (mg/l) <sup>3</sup>
Capacity Charge (\$/EDU)	\$ 8,205			
Standard EDU (per SFR)	--	220 gpd	250 Mg/l	250 Mg/l
Proportional EDU's <sup>1</sup>	1.00	0.60	0.20	0.20
Charge/Constituent	\$ 8,205	\$ 4,923	\$ 1,641	\$ 1,641
<b>Total Capacity Charge per EDU</b>			<b>\$8,205</b>	

1. Proportional EDU breakdown assumes 60% Flow, 20% BOD and 20% TSS.

2. Flow is based on estimate from city. Source: *Mission Hills CSD Project Estimates.pdf*

3. Residential Standard Classification. Source: SWRCB Revenue Program Guidelines, Appendix G.

Mission Hills Community Services District  
Sewer Capacity Charge Analysis  
Water Charge Classification and Calculation of Maximum Charge

TABLE 12  
Calculation of Capacity Charge for Non-SFR Customers

Calculation Factor		\$/EDU	Flow (gpd)	BOD (mg/l)	TSS (mg/l)
<b>Capacity Charge (\$/EDU) <sup>1</sup></b>	<b>A</b>	<b>\$ 8,205</b>			
Standard EDU (per SFR) <sup>2</sup>	B	220 gpd	220 gpd	250 Mg/l	250 Mg/l
<b>Non-SFR Effluent Values <sup>3</sup></b>	<b>C</b>	--	220 gpd	250 Mg/l	250 Mg/l
Single-Constituent EDU (= C / B)	D	--	1.00	1.00	1.00
Proportional EDU's <sup>4</sup>	E	1.00	0.60	0.20	0.20
<b>Non-SFR EDU's (= D * E * D (flow EDU) <sup>5</sup></b>	<b>F</b>	--	0.60	0.20	0.20
<b>Total EDU's <sup>6</sup></b>		--		1.00	
<b>Charge/Constituent (= F * A)</b>		--	\$4,922.83	\$1,640.94	\$1,640.94
<b>Total Non-SFR Capacity Charge (Per EDU) <sup>7</sup></b>				\$8,205	

1. Capacity Charge per EDU.
2. Standard flow and strength values per EDU. This determines the relationship of the connecting customer to a standard EDU.
3. Non-SFR Effluent flow and strength values are inputs that will be determined for connecting customers based on the Revenue Program Guidelines of the State Water Resources Control Board, March 1998 Edition.
4. Proportion of each constituent to an EDU factor. Standard proportion of 60% Flow, 20% BOD and 20% TSS is assumed.
5. Determination of the EDU's calculated for each constituent.
6. Total EDU's is the sum of the EDU's for each constituent, shown in the row above.
7. Total Charge is the sum of the Charge for each constituent, shown in the row above (rounded to nearest whole dollar.)



## MISSION HILLS COMMUNITY SERVICES DISTRICT

### MEMORANDUM

**TO:** Board of Directors

**FROM:** Loch A. Dreizler, General Manager  
Casey Fowler, Administrative Assistant

**DATE:** September 14, 2018

**SUBJECT:** Introduce Ordinance 18-84, Updating Fees to Connect to District Facilities

#### Recommendation / Proposed Motion

- Recommendation: Board of Director's review and introduce Ordinance No. 18-84, Setting Forth Water, Sewer, and Street Sweeping Rates and Fees to Connect to District Facilities
- Proposed Motion: No motion needed at this time.

#### Policy Reference

- California Government Code §66013 allows local agencies, including special districts, to impose fees (capacity charges) for water and wastewater.
- Per California Government Code §61045(g), (g) The board of directors shall adopt policies for the operation of the district, including, but not limited to, administrative policies, fiscal policies, personnel policies, and the purchasing policies.

#### Budget Resource

- Capacity Charges are a source of revenue for funding capital facilities.

#### Alternatives Considered

None

#### Background

These Connection Fees were updated by NBS and approved by the Board of Directors at the September 19, 2018 Regular Meeting.

Current Capacity Charges for Water and Sewer Facilities are established in Ordinance No 16-82, Article II - *Schedule of Fees to Connect to District Facilities*, Section 1. *Connection Fee Charges* and will be repealed by Ordinance 18-84 after the following time schedule:

- Introduce Ordinance – September 19, 2018
- Posting of the Public Hearing – October 3, 2018
- Summary of posted meeting in newspaper – October 12, 2018
- Second reading, Public Comment, Approve Ordinance – October 17, 2018
- Summary posted in newspaper – November 1, 2018
- Updated Connect fees take effect – December 17, 2018

#### **Discussion**

With Board introduction, staff can begin the ordinance process of posting requirements and scheduling the second reading and public hearing for Octobers regular meeting. By California Government Code §66017, the new capacity charges would go into effect December 17, 2018 - 60 days following adoption of the new ordinance.

#### **Attachments**

Ordinance No. 18-84

**ORDINANCE NO. 18-84**

**AN ORDINANCE OF THE BOARD OF DIRECTORS  
OF THE MISSION HILLS COMMUNITY SERVICES  
DISTRICT SETTING FORTH WATER, SEWER, AND  
STREET SWEEPING RATES AND FEES TO CONNECT  
TO DISTRICT FACILITIES**

(Rescinds and replaces Ordinance no. 16-82 to update connection charge)

WHEREAS, the Mission Hills Community Services District (the "District") is a community services district duly formed under California Government Code Section 61000 et. seq. to provide community services within the District's service area, including water, sewer, and street sweeping services; and

WHEREAS, pursuant to Government code Section 61123, the District may charge fees to cover the costs of any service that the District provides; and

WHEREAS, the District's Board of Directors are authorized by the provisions of Government Code Section 61060(a) to adopt ordinances; and

WHEREAS, pursuant to a contract with the District, Tuckfield & Associates prepared a Water, Wastewater, and Street Sweeping Rate Study dated February 2016 ("Rate Study") recommending certain changes to the District's water, sewer and street sweeping rates; and

WHEREAS, the revenues from the proposed water, sewer, and street sweeping fees will not exceed the funds required to provide the service, and the fees do not exceed the proportional cost of service attributable to each parcel served; and

WHEREAS, on March 10, 2016, the District's Board of Directors reviewed and accepted the Rate Study, and adopted Resolution No. 16-302 approving the Notice of Public Hearing.

WHEREAS, on May 2, 2016, the District's Board of Directors reviewed and adopted Resolution No. 16-304 approving a revised Notice of Public Hearing.

WHEREAS, a public hearing was properly noticed and held on June 27, 2016; and

WHEREAS, a majority protest, as contemplated by Article XIII D of the California constitution, was not received by the conclusion of the public hearing.

WHEREAS, California Government Code Section 66013, authorizes public agencies to impose capacity charges on connecting customers, to insure that they pay their fair share of the current Water and/or Wastewater utility assets, plus the cost of new facilities needed to serve them; and

WHEREAS, pursuant to a contract with the District, NBS prepared a Water and Wastewater Connection Charge Study dated September 2018 ("Connection Charge Study") recommending certain changes to the District's water and sewer connection rates; and

WHEREAS, the revenues from the proposed water and sewer, connection charge fees will not exceed the funds required to provide the service, and the fees do not exceed the proportional cost of service attributable to each parcel served; and

WHEREAS, it is noted that this study defines the maximum amount that could be charged for new connections, and that the District's Board of Directors retain the option to set lower charge should they desire, and

WHEREAS, on September 19, 2018, the District's Board of Directors reviewed and accepted the Capacity Charge Study.

NOW, THEREFORE, be it ordained by the Board of Directors of the Mission Hills Community Services District, Santa Barbara County, California as follows:

## **ARTICLE I - GENERAL PROVISIONS**

### **Section 1. Recitals.**

The Recitals are true and correct and incorporated herein by this reference. The Recitals and referenced reports and studies contained therein constitute and/or support the findings of the District in support of this Ordinance.

### **Section 2. Definitions.**

All definitions of terms used herein are the same as contained in Ordinances No. 14, No. 16, No. 17, and No. 18 are applicable. However, the following definitions shall be applicable to this Ordinance and shall supersede any previous definitions only to the extent of any inconsistency.

- (a) Residential Customer shall mean any customer who receives water service for a single or multi-family dwelling unit. The term does not include educational or other institutions, hotels, motels, or similar commercial establishments.
- (b) Non-Residential Customer shall mean commercial, industrial, institutional, public and all other users that are not residential water customers.

### **Section 3. Penalties.**

The penalties and regulatory provisions of Ordinances No. 16 and No. 18 remain in full force and effect.

### **Section 4. Repealed.**

Ordinance No. 16-82 are hereby repealed, effective 11:59 pm, December 17, 2018. Thenceforth, all water, sewer, and street sweeping charges and connection fees

previously becoming due and payable shall be collected under provisions of this Ordinance and as otherwise authorized by law.

Section 5. Right to Determine the Applicability of Rates.

The District reserves the right to determine the applicability of any and all rates, charges and fees, and to consider applications for adjustment to the timing or terms and conditions for payment of rates, charges and fees set by the District.

Section 6. Non-Routine Services.

All non-routine services provided by the District whose charges are not covered by ordinance shall be charged at the hourly rate of the person performing the service plus the current overhead rate as determined by the General Manager.

Section 7. Quality.

Whenever furnished for human consumption or for domestic uses, the District will endeavor to meet the requirements of the State Health Department and provide water that is wholesome, potable, in no way harmful or dangerous to health, and insofar as practicable, free from objectionable odors, taste, color and turbidity. However, the District cannot be responsible for the meeting of these objectives nor can it guarantee the quality of water to its customers.

Section 8. Conditions of Service.

As a condition of water and sewer services, it shall be the responsibility of the applicant for said service to connect to the District water meter and/or sewer line by the approved District Standards. Each lot or parcel of land, as shown on the current parcel map in the Office of the Assessor of the county of Santa Barbara, shall be served through and have a separate water meter and/or sewer lateral. No water or sewer piping shall cross lot or parcel boundary lines to serve any other lot or parcel without approval of the District Manager and the explicit agreement of the District Board of Directors.

**ARTICLE II – SCHEDULE OF FEES TO CONNECT TO DISTRICT FACILITIES**

Section 1. Payment of Connection Fees and Capacity Charges.

The applicant shall pay the meter fee, water capacity charges, and sewer capacity charges, collectively "Fees for Connection" as follows:

- The applicant shall make a non-refundable deposit upon proof of a building permit from the County of Santa Barbara or the City of Lompoc, and prior to beginning construction in an amount up to the then calculated fees for connection.
- The fees for connection shall be calculated and owing as of the date the district sets the water meter(s) to serve the affected property from which the amount of the deposit shall be deducted.
- The district will set water meter(s) upon request and the after the district has accepted improvements to be dedicated to the district, if applicable.
- All water and sewer improvements shall be bonded for or otherwise secured in the district's name to the satisfaction of the district.



**Water Facilities.**

Connection, direct or indirect, of any parcel, lot or premise to the District Water System.

Single-Family Residence (SFR) - Meter connection fee - \$450.00, includes meter and installation by Mission Hills District Staff.

Non-SFR Meter Connection Fee - \$450.00, includes inspection only. Meter, Materials and installation incurred by builder/developer.

<b>Meter Size (Inches)</b>	<b>Flow Rate (Gpm) Max</b>	<b>Ratio</b>	<b>Water Connection Fee</b>
¾	30	1.00	\$6,578
1	50	1.67	\$10,963
1 ½	100	3.33	\$21,925
2	160	5.33	\$35,081
3	320	10.67	\$70,161
4	500	16.67	\$109,627
6	1,000	33.33	\$219,254
8	2800	93.33	\$613,911

**Meter Size:**

Except as provided below, the minimum water meter and service line size for each service connection that serves a single-family residence with a fire sprinkler system will be one-inch.

A typical residential sprinkler system design will have a minimum demand of approximately 31 gallons per minute, which includes a required simultaneous five (5) gpm domestic demand. Therefore, a one-inch meter is required.

The exception to using a meter smaller than one inch: If a residential fire sprinkler system plan is prepared and approved by a professional California licensed mechanical, or fire protection engineer (PE), and the fire sprinkler system plan indicates that a smaller meter is adequate, then a ¾" meter may be installed, with the MHCSD Board of Director's approval.

**Sewer Facilities**

Connection, direct or indirect, of any parcel, lot or premise to the District Sewer System **\$8,205 per unit**. This applies to Single Family Residences (SFR).

The above per unit rate may apply to non-Single-Family Residences if applicable. However, an Equivalency Dwelling Units (EDU) for new non-SFR customers connecting to the District's Sewer Utility will be calculated to reflect the individual flow and strength characteristics of the new customer. Strength characteristics are based on the Revenue Program Guidelines of the State Water Resources Control Board, March 1998 Edition.

The formula used to calculate the fees for non-SFR customers, is shown below. The capacity fee for connecting non-SFR customers is proportional to the flow and strength characteristics for one EDU (i.e., one typical residential dwelling unit). In this formula, the proportional part of an EDU for each constituent (Flow, BOD and TSS) is developed and summed to get the total number of EDUs, which is then used to calculate the capacity fee. The Figure below shows how the capacity fee is developed for a non-SFR customer with one EDU.

### Sewer Capacity Charge Calculation for Non-SFR Customers

Calculation Factor		\$/EDU	Flow (gpd)	BOD (mg/l)	TSS (mg/l)
Capacity Charge (\$/EDU) <sup>1</sup>	A	\$ 8,205			
Standard EDU (per SFR) <sup>2</sup>	B	220 gpd	220 gpd	250 Mg/l	250 Mg/l
Non-SFR Effluent Values <sup>3</sup>	C	--	220 gpd	250 Mg/l	250 Mg/l
Single-Constituent EDU (= C / B)	D	--	1.00	1.00	1.00
Proportional EDU's <sup>4</sup>	E	1.00	0.60	0.20	0.20
Non-SFR EDU's (= D * E * D (flow EDU) ) <sup>5</sup>	F	--	0.60	0.20	0.20
Total EDU's <sup>6</sup>		--	1.00		
Charge/Constituent (= F * A)		--	\$4,922.83	\$1,640.94	\$1,640.94
Total Non-SFR Capacity Charge (Per EDU) <sup>7</sup>		\$8,205			

1. Capacity Charge per EDU.
2. Standard flow and strength values per EDU. This determines the relationship of the connecting customer to a standard EDU.
3. Non-SFR Effluent flow and strength values are inputs that will be determined for connecting customers based on the Revenue Program Guidelines of the State Water Resources Control Board, March 1998 Edition.
4. Proportion of each constituent to an EDU factor. Standard proportion of 60% Flow, 20% BOD and 20% TSS is assumed.
5. Determination of the EDU's calculated for each constituent.
6. Total EDU's is the sum of the EDU's for each constituent, shown in the row above.
7. Total Charge is the sum of the Charge for each constituent, shown in the row above (rounded to nearest whole dollar.)

## Section 2.

The connection fees are in addition to the assessment charges established by Ordinance No. 40 for the improvement that consists of water main extension and is applicable to each lot or parcel of land within MHCSO Zone No. 1. An annexation fee surcharge shall also be imposed and collected from certain properties that receive an advantage from the Harris Grade Road water main extension as established by Ordinance no. 49. There has also been established by Ordinance No. 45 a schedule of fees and charges for Project or Development services provided by the District.

## ARTICLE III- SCHEDULE OF WATER UTILITY CHARGES

### Section 1. Water Utility Charges.

Water Utility charges are hereby established for the provision of water service to all premises, lots or parcels of land situated within the District. Water Utility charges shall be determined pursuant to this ordinance, and shall if the rate is monthly become due and payable on the first day of each calendar month in accordance with the following monthly rate schedule. Said charges shall be charged to and collected from persons receiving water from the Water Systems of the Mission Hills Community Services District:

### Basic Monthly Service Charges.

There shall be charged and collected with regard to each metered service installation the following applicable basic monthly service charge according to water meter size:

<b>Meter Size (Inches)</b>	<b>Sept. 1 FY 2016-17</b>	<b>July 1 FY 2017-18</b>	<b>July 1 FY 2018-19</b>	<b>July 1 FY 2019-20</b>	<b>July 1 FY 2020-21</b>
5/8 & 3/4	\$37.56	\$39.06	\$40.62	\$42.25	\$43.94
1	\$41.91	\$43.58	\$45.33	\$47.14	\$49.03
1 1/2	\$47.71	\$49.61	\$51.60	\$53.66	\$55.81
2	\$63.65	\$66.20	\$68.85	\$71.60	\$74.46
3	\$181.07	\$188.32	\$195.85	\$203.68	\$211.83
4	\$224.56	\$233.55	\$242.89	\$252.60	\$262.71

### Uniform Volume Rate

In addition to all other water charges imposed upon premises receiving water from the District, there shall be charged and collected monthly with respect to each residential and non-residential metered service installation a uniform volume rate, the sum as follows:

	<b>Sept. 1 FY 2016-17</b>	<b>July 1 FY 2017-18</b>	<b>July 1 FY 2018-19</b>	<b>July 1 FY 2019-20</b>	<b>July 1 FY 2020-21</b>
Uniform Volume Rate (\$/Hundred Cubic Feet)	\$2.12	\$2.21	\$2.30	\$2.40	\$2.50

### Section 2 - Backflow Prevention Devices.

- Where conditions require a backflow prevention device, it shall be inspected by a certified plumber before being placed in service at owner's expense and copy of certification sent to the Mission Hills CSD.
- Each district customer with a backflow prevention device shall be assessed a backflow administration fee each month to cover the cost of administration. The will be included on the utility bill for the property.
- Monthly Fee to be established in future rate study.

### Section 3. Metered Service Installation.

All service connections to the Water System of the Mission Hills Community Service District and the installation of water meters with respect thereto shall be made only by the Mission Hills community Services District, its authorized agents or employees.

#### Section 4. Fire Hydrant Meters – Temporary Use.

- An installation and Removal Charge of \$250.00 shall be levied and collected when the installation of a fire hydrant meter is required.
- All water furnished via a fire hydrant meter will be charged as provided by “Non-Residential Monthly Quantity Sales Rate” of this current district rate ordinance.
- It shall be the duty of the customer served by a fire hydrant meter to notify the District to remove any fire hydrant meter. A monthly charge of \$50.00 will be imposed when no consumption is recorded by the meter.
- A non-refundable charge of \$1,000.00 will be imposed for the unauthorized removal, change, or damage to the fire hydrant meter, at the discretion of the General Manager.
- The provision of water through a fire hydrant meter is by its nature a temporary connection. No fire hydrant meter will be installed to serve the same lot or parcel of land for more than one (1) year. If the water service is for more than one (1) year, then Water Connection Fees are to be paid by the customer and a permanent water connection and water meter installed.

#### Section 5. Change in Water Meter Size.

The following charges shall be charged to and collected from any person desiring to replace a previously installed meter water service connection with a different sized meter service connection:

- An installation charge equal to the difference between the fair market value of the meter being replaced, as estimated by the General Manager, and the actual purchase price to the District for each replacement meter being installed, together with all incidental fittings, materials, labor and overhead, as determined by the General Manager, required for installation.
- The charges set forth in this section shall be paid to the District prior to the water meter installation, and payment thereof shall be a condition precedent to installation.

#### Section 6. Interruption in Water Service for Irrigation Use.

Water Service provided by the District for irrigation use shall be subject to interruption at the discretion of the District in case of shortage in water supply, inability of the District to provide fully for domestic, fire or sanitation requirements, lack of pipeline capacity or inability of the District, for any reason, to furnish water for irrigation purposes. Advance notice of interruption in service will be given to irrigation users whenever possible.

## **ARTICLE IV- SCHEDULE OF SEWER UTILITY CHARGES**

### Section 1. Basic Monthly Service Charges.

Sewer Utility Charges are hereby established for service by the District to all premises connected to the sewage disposal system of the District. The Sewer Utility Charge shall be determined pursuant to this ordinance, and shall if the rate is monthly become due and payable on the first day of each calendar month in accordance with the following monthly rate schedule:

<b>Monthly Fixed Charges</b>	<b>Sept. 1 FY 2016-17</b>	<b>July 1 FY 2017-18</b>	<b>July 1 FY 2018-19</b>	<b>July 1 FY 2019-20</b>	<b>July 1 FY 2020-21</b>
Residential (SFR)	\$47.80	\$51.62	\$55.75	\$60.21	\$65.03
Non-SFR	\$47.80	\$51.62	\$55.75	\$60.21	\$65.03
School (per ADA)	\$0.88	\$0.95	\$1.03	\$1.11	\$1.20

### Sewer Use Charges for Non-SFR (Non-Single Family Residences) (excluding schools).

In addition to all other sewer charges imposed upon all premises connected to the sewage disposal system of the District, there shall be charged and collected monthly with respect to each non-residential sewer connection, based on the monthly average volume of water used during the most recent months of December, January and February, the sum as follows:

	<b>Sept. 1 FY 2016-17</b>	<b>July 1 FY 2017-18</b>	<b>July 1 FY 2018-19</b>	<b>July 1 FY 2019-20</b>	<b>July 1 FY 2020-21</b>
Variable Rate (\$/Hundred Cubic Feet)	\$2.90	\$3.13	\$3.38	\$3.65	\$3.95

## **ARTICLE V- SCHEDULE OF STREET SWEEPING CHARGES**

### **Section 1.**

Street Sweeping charges are hereby established for a monthly service by the District to all premises being provided with street sweeping, to be charged to the customer who on the last day of each month is on the District's official billing records. The street sweeping charge per premise determined pursuant to this ordinance shall, if the rate is monthly, become due and payable in advance on the first day of each calendar month in accordance with the following monthly rate schedule:

<b>Type of Use/Customer</b>	<b>Base Monthly Rate</b>
All residential, single-family dwelling units	\$1.32 per unit
Commercial/retail stores	\$1.32 per store
Schools, churches, meeting facilities	\$1.32 per parcel or lot

### **Section 2.**

Street sweeping charges will be billed and collected together with, and not separately, from the other monthly District rates and service charges and shall be subject to all the rules and regulations applicable to monthly billing as adopted by the District Board of Directors.

## **ARTICLE VI- MISCELLANEOUS**

### **Section 1.**

All ordinances, resolutions, or administrative actions by the Board, or parts thereof, which are inconsistent with any provision of this Ordinance are hereby superseded only to the extent of such inconsistency.

### **Section 2.**

If any section, subsection, sentence, clause, or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The Board of Directors hereby declares that it would have passed this Ordinance and each and every section, subsection, sentence, clause, or phrase not declared invalid or unconstitutional without regard to whether any portion of the Ordinance would be subsequently declared invalid or unconstitutional.

### **Section 3.**

This Ordinance shall take effect and be in full force and effect thirty (60) days after the date of its adoption. The rates and charges adopted by this Ordinance shall take effect December 17, 2018

Section 4.

Within fifteen (15) days following adoption, this Ordinance shall be published at least once, together with the names of the Directors voting thereon, in a newspaper of general circulation within the District. Additionally, this Ordinance shall be posted for one week in three (3) public places in the District.

Introduced and approved at a meeting of the Board of Directors on September 19, 2018, and passed and adopted by the Board of Directors of the Mission Hills Community Services District on October 17, 2018, by the following roll call vote:

**AYES:**           **Directors:**  
**NOES:**  
**ABSENT:**  
**ABSTAIN:**

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Walter Fasold, President  
Board of Directors

ATTEST:

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Casey Fowler, Secretary