

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

Loch A. Dreizler General Manager

MISSION HILLS COMMUNITY SERVICES DISTRICT

Regular Meeting Agenda

4:30 PM Wednesday October 17, 2018

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

Noticed on: October 12, 2018

- 1. 4:30 PM Call to Order**
- 2. Roll Call**
- 3. Pledge of Allegiance**
- 4. Presentation (If applicable)** - A Representative from Glenn Burdett will present the 2017/2018 draft financial statements and answer any questions.
- 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 – September 19, 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
 - b. Response to Developer's Letters
 - 8. Continued Business**
 - a. Fiscal Year Ended June 30, 2018 Draft Audited Financial Statements
 - 9. New Business**
 - a. Lighting Fixture Replacement
 - b. Purchase of Updated Citizens Band (CB) Radios

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
- October 25, 2018 – Joan Hartman tour
- November 14, 2018 – Special Meeting instead of November Regular Meeting due to Thanksgiving Holiday
- Board Vacation Notifications

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
- b. PUBLIC EMPLOYEE PERFORMANCE EVALUATION
Pursuant to Government Code Section 54957:
Title: General Manager

13.Reconvene to Open Session

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

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 September 19, 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, September 19, 2018 at the District Meeting Room, 1550 East Burton Mesa Boulevard, Lompoc, California.

<u>DIRECTORS PRESENT:</u>	By roll call:	Walt Fasold, Bruce Nix, Myron Heavin, James Mac Kenzie, and Steve Dietrich
<u>DIRECTORS ABSENT:</u>		none
<u>STAFF PRESENT:</u>		Loch Dreizler, Melissa Crouthers, and Casey Fowler
<u>OTHERS PRESENT:</u>		Derek Hansen, Laurie Tamuira, Karina Naughton, Ron Herbig, Chris Smith, Tony Koeijmans, Keith Hearien and a resident from Via Dona

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

- | | |
|------------------------|---|
| Agenda Item 6a. | Consideration of Approval of Minutes
Approved Minutes of the Regular Meeting of August 15, 2018 with minor revisions, and Special Meeting of August 29, 2018. |
| Agenda Item 6b. | Reports on Water, Wastewater and Street Sweeping.
Street Sweeping Report, Water Reports and Wastewater Reports were reviewed. |
| Agenda Item 6c. | Consideration of the Manager's Project and Financial Reports.
August Profit and Loss Statement, Disbursements Journal, Bank Account Summary, Variations from Projected Income statements, were briefly reviewed and discussed. District Accountant Crouthers noted that after a finance committee meeting it was decided to allow the bonds to go to maturity, then have them |

transferred to our bank account with TD Ameritrade, from there they will be transferred to our LAIF account which has a much higher interest rate.

Vote to approve the Calendar of Consent was 5-0

7. CORRESPONDENCE:

Agenda Item 7a. Committee Meeting Updates

General Manager Dreizler gave a brief update regarding the committee meetings that have occurred over the past month and what tentative meetings are scheduled for the next month.

8. CONTINUED BUSINESS:

Agenda Item 8a. 2018 Conflict of Interest Biennial Review

Administrative Assistant Fowler explained that this is a process to help control conflict of interest between an agency and any staff member by adopting and publishing conflict of interest codes, then submitting them to the County of Santa Barbara. It was noted that the District has Resolution 12-205 and Policy 1002 in place and that both of them are up to date. At this time no modifications are needed.

Motion by Director Fasold, second by Director Mac Kenzie to approve the biennial review and note that no amendments are needed at this time and direct staff to submit the required documentation. Motion to approve was 5-0.

Agenda Item 8b. Capacity Charge Study

General Manager Dreizler started by asking for the NBS Study to be approved, but to amend the proposed motion to remove "begin the public notice/ ordinance approval process." He also asked to remove the last paragraph of the staff report beginning with "With board approval and direction..." Mr. Dreizler then went on to explain the history of this project, and the Capacity Charges being presented tonight. He reminded the Board that this study is recommended to be reviewed annually and even more so when new capital facilities are planned or undertaken.

The proposed capacity charges define the maximum amount that could be charged for new connections, and the District's Board retains the option to set a lower charge during the ordinance approval process.

Public Comment period:

At this time it was noted that the District received two letters to be presented for public comment (see attached) from McCarthy Homes and the Burton Ranch Developers. General Manager Dreizler wanted to clarify that there were inaccuracies in the letters.

Public comment was received from Derek Hansen, Lauri Tamuira, and Tony Koeijmans with a request to allow the developers a review and comment period before the board approves the study.

Public comment period ended:

A Break was called at 6:14 pm

The meeting was reconvened at 6:21

It was decided that in an effort of goodwill the board will defer action on this agenda item and allow the developers to review the capacity charge study and have written comments to the General Manager within two weeks (October 3, 2018). After the review of these concerns/ comments the General Manager will decide how to proceed from there.

Agenda Item 8c. Introduce Ordinance 18-84, updating fees to connect to District Facilities.

This agenda Item was tabled until further notice.

10. COMMUNITY COMMENTS AND SUGGESTIONS:

NEW BUSINESS: none

9. COMMUNITY COMMENTS AND SUGGESTIONS:

- Chris Smith asked about compliance with the Districts Water and Wastewater
- Ron Herbig asked about the possible new developments coming into the district and also asked if we are working on another rate study right now.
- A resident from Via Dona stated that he was here to closely follow what will be happening with the supportive housing development and plans to attend future MHCS D meetings.

10. COMMUNICATIONS:

General Manager Dreizler commented:

- Vandenberg Village Rotary will be holding a BBQ fundraiser here on October 20, 2018 in an effort to raise money for new playground equipment.
- Supervisor Hartmann will be here October 25 at 12:30 for a meeting and tour of our district
- The November Board Meeting is scheduled for the evening before Thanksgiving and asked if we would like to move this meeting date. It was recommended to hold the second Wednesday of November instead of the Third.

District Accountant Crouthers noted that the Audit is going very smooth and that they are in the final quality control portion. They will be here in October to present the draft audit then included in the agenda for acceptance.

11. CLOSED SESSION:

Closed session began at 7:00 pm for conference with real property negotiators

12. RECONVENE TO OPEN SESSION:

The meeting was reconvened at 7:15 pm. Reportable action was to continue negotiations on parcel number 097-700-034.

13. ADJOURNMENT:

There being no further business to come before the Board the meeting was adjourned at 7:15 pm.

Respectfully Submitted,

Casey Fowler
Secretary, Board of Directors

Walter Fasold
President, Board of Directors



MISSION HILLS COMMUNITY SERVICES DISTRICT

Water Reports – September 2018

Distributed: 17,275,000 gallons

Reservoirs

- Checked chlorine levels weekly
- Removed weeds and cleaned are around reservoirs

Treatment Plant

- Cleaned outside of filtration tanks.
- Inspected valves, coatings and water supply lines
- Removed weeds and cleaned are around treatment plant

Distribution System

- Collected and reported weekly chlorine and phosphate results.
- Sampled "Bac-T" (coliform detection) every Wednesday
- Replaced hardware on 12" Cla-Val Valve at Lanes End vault: Supply lines, pressure gauges, stainless steel nuts, studs, and washers. Also, new CRD (pressure reducing control) for 8" Cla-Val valve.
- Averaging between 5 – 10 meters being switched out every month.

Miscellaneous

- Met with Cannon to conduct flow testing for water model programing.
- Operator 1 - attended Tri-State Seminar for training and contact hours, and trade show.



MISSION HILLS COMMUNITY SERVICES DISTRICT

Wastewater Reports - September 2018

Influent

- Total Influent: 6,248,414 gallons
- Percentage returned: $6,248,414 / 17,275,000 = 36\%$
- Average Flow: 208,000 gallons/day
- Total trash removed from headworks: 291 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 Nitrogen package the third week of the month
- Controlled varmint and weed abatement

Collection System

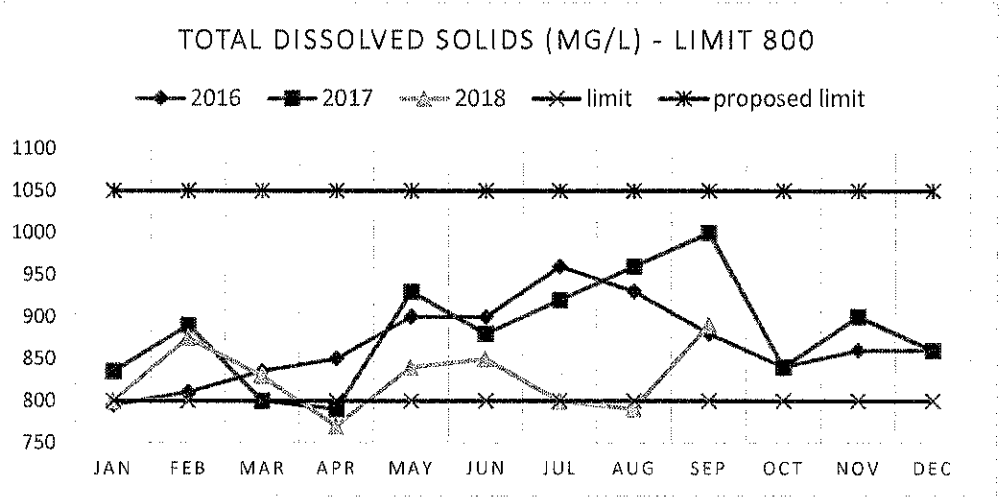
- Videoed Purisima Road using Mainline video services and Statewide for traffic control
- Responded to sewer spill on Lewis Place. Cause: root intrusion

Lift Station

- Checked daily

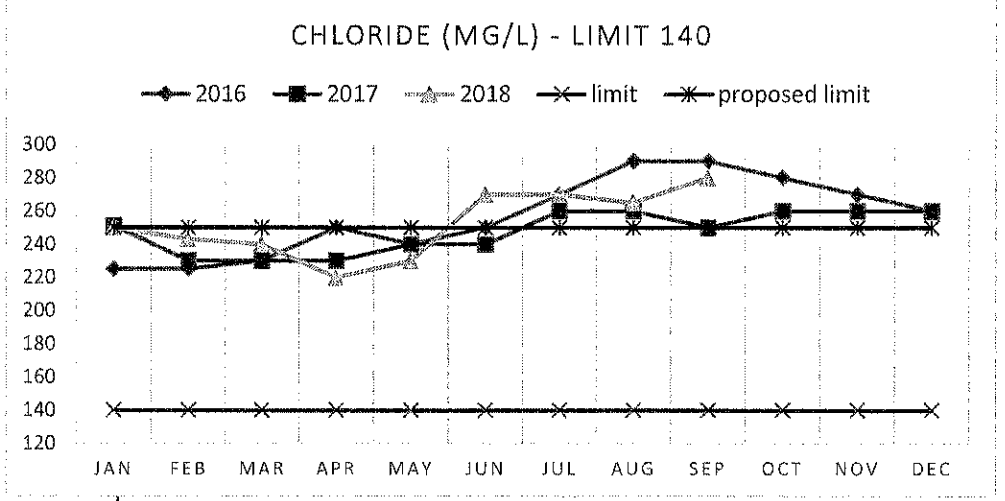
Total Dissolved Solids (mg/L)

	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	890
Oct	840	840	
Nov	860	900	
Dec	860	860	



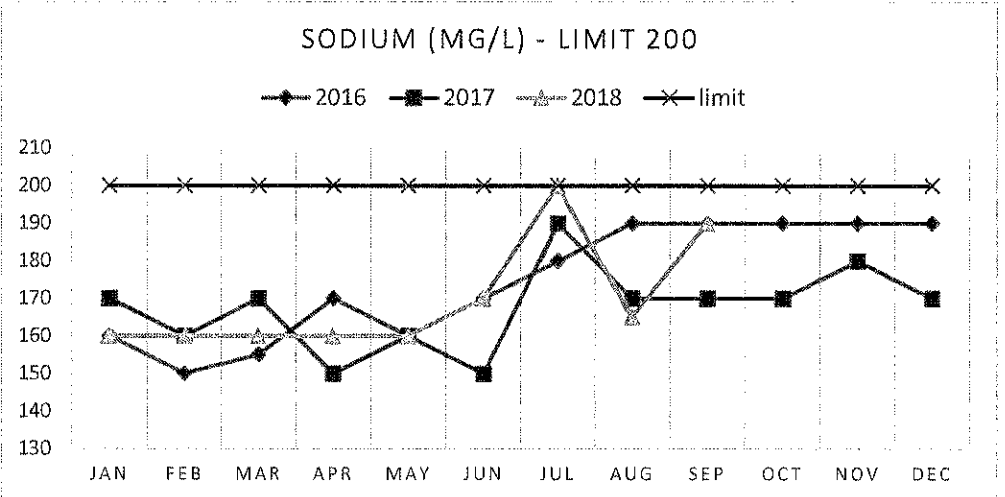
Chloride (mg/L)

	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	280
Oct	280	260	
Nov	270	260	
Dec	260	260	



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	190
Oct	190	170	
Nov	190	180	
Dec	190	170	

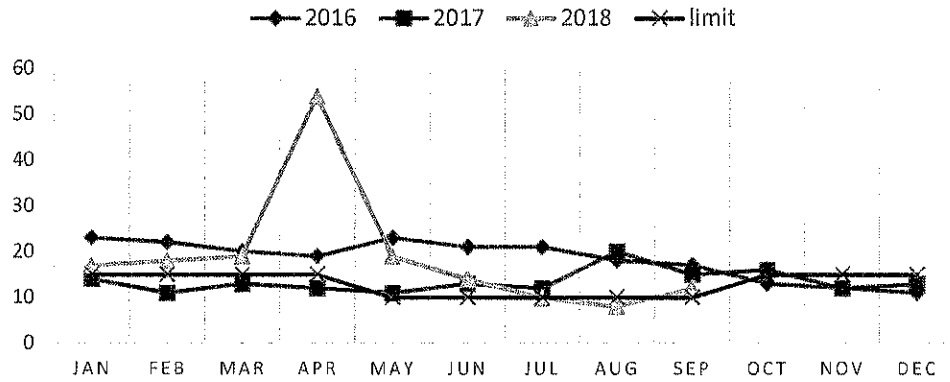


* the proposed limit will not change with the new WDR

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	12
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 Comparison

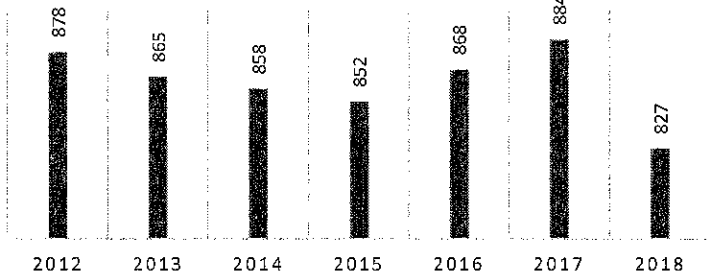
	limit	2012	2013	2014	2015	2016	2017	2018
Total Dissolved Solids (mg/L)	800	878	865	858	852	868	884	827
Chloride (mg/L)	140	257	256	248	254	257	248	252
Sodium	200	171	154	167	169	175	168	169
Total Nitrogen (N)	15/10	19	14	14	15	18	15	19

*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

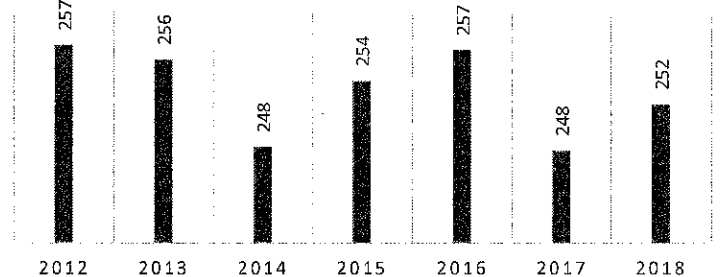
Possible New WDR Limits

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

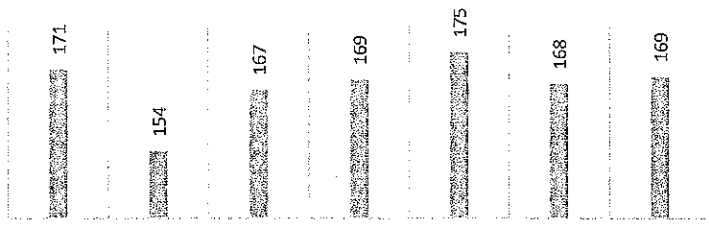
TOTAL DISSOLVED SOLIDS (MG/L) - 800 LIMIT



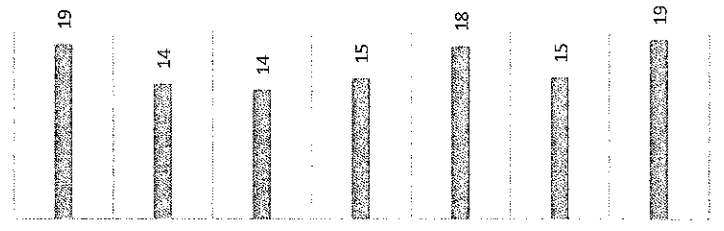
CHLORIDE (MG/L) 140 LIMIT



SODIUM (MG/L) 200 LIMIT



TOTAL NITROGEN (N) (MG/L) 15/10 LIMIT





MISSION HILLS COMMUNITY SERVICES DISTRICT

Financial and Expenditures Report – September 2018

- Profit and Loss by Previous Year Comparison
- Disbursements Journal
- Budget to Actual
- Bank Account Summary
- Variation from Projected Income
- Well Energy Usage

Mission Hills Community Services District
Profit & Loss Prev Year Comparison

September 2018

	Sep 18	Sep 17	\$ Change	Notes
Ordinary Income/Expense				
Income				
4005 · 48 hour notice fees	650.00	640.00	10.00	
4045 · Late fees	1,783.24	1,768.14	15.10	
4050 · Miscellaneous income	36.25	10.00	26.25	
4060 · Reconnection fees	165.00	0.00	165.00	
4085 · Sewer basic charges	69,747.75	64,389.11	5,358.64	
4095 · Street sweeping charges	1,506.12	1,508.76	-2.64	
4105 · Water basic charges	53,570.71	51,848.45	1,722.26	
4115 · Water usage charges	53,291.29	54,251.48	-960.19	
4200 · Discount Revenue	58.12	15.30	42.82	
Total Income	180,808.48	174,431.24	6,377.24	
Expense				
6000 · Salaries and wages				
6005 · Wage expense	43,145.07	39,721.07	3,424.00	
6010 · Payroll tax expense	3,622.83	3,623.74	-0.91	
Total 6000 · Salaries and wages	46,767.90	43,344.81	3,423.09	
6050 · Employee benefits				
6060 · Disability insurance	242.32	231.73	10.59	
6065 · Health insurance	11,342.23	9,798.95	1,543.28	
6075 · Retirement expenses	1,146.91	1,214.86	-67.95	
6090 · Vacation & Sick Leave	3,188.68	5,863.29	-2,674.61	
6095 · Benefit Administration	84.99	82.91	2.08	
Total 6050 · Employee benefits	16,005.13	17,191.74	-1,186.61	
6100 · Director fees	750.00	875.00	-125.00	
6110 · Depreciation expense	27,322.89	24,549.18	2,773.71	
6140 · Vehicle expenses				
6145 · Tractor and equipment	455.04	1,185.48	-730.44	
6150 · Vehicle fuel	952.94	638.26	314.68	
6155 · Vehicle maintenance	189.85	902.67	-712.82	
Total 6140 · Vehicle expenses	1,597.83	2,726.41	-1,128.58	
6170 · Insurance expense				
6180 · Liability insurance	2,177.17	3,757.75	-1,580.58	
Total 6170 · Insurance expense	2,177.17	3,757.75	-1,580.58	
6190 · Dues and memberships	236.45	183.20	53.25	
6200 · Office expenses				
6205 · Bank fees and charges	5.00	0.00	5.00	
6210 · Cash (over) / short	12.02	106.55	-94.53	
6215 · Cleaning supplies	26.81	0.00	26.81	
6225 · Miscellaneous expenses	149.16	0.00	149.16	
6230 · Office supplies	238.17	113.56	124.61	
6235 · Postage expense	-6.55	0.00	-6.55	
6245 · Office Equipment	8.30	0.00	8.30	
Total 6200 · Office expenses	432.91	220.11	212.80	
6300 · Operating supplies and expenses				
6310 · Miscellaneous supplies	25.76	17.80	7.96	
6325 · Portable equipment	1,220.40	3,255.76	-2,035.36	
6330 · Shop supplies	175.36	30.16	145.20	
6335 · Small tools and appliances	53.50	1,184.06	-1,130.56	

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

September 2018

	Sep 18	Sep 17	\$ Change	Notes
6340 · Chemicals				
6344 · Chlorine	709.99	0.00	709.99	
6345 · Corrosion inhibitor	5,411.52	0.00	5,411.52	
6347 · Other chemicals	0.00	1,200.00	-1,200.00	
Total 6340 · Chemicals	6,121.51	1,200.00	4,921.51	
Total 6300 · Operating supplies and expenses	7,596.53	5,687.78	1,908.75	
6350 · Safety expenses				
6360 · Protective Clothing/Uniforms	627.67	0.00	627.67	Field - Logo Shirts
6365 · Safety equipment	0.00	56.75	-56.75	
Total 6350 · Safety expenses	627.67	56.75	570.92	
6410 · Contractual services				
6420 · Cleaning service	200.00	200.00	0.00	
6425 · Office equip maintenance	857.58	816.75	40.83	
6430 · Internet access	126.01	126.01	0.00	
6435 · Landscaping services	276.59	252.60	23.99	
6437 · Pest Control	50.00	0.00	50.00	
6445 · Security expense	112.50	112.50	0.00	
6449 · SCADA Support	0.00	218.75	-218.75	
6453 · Software Subscriptions	14.99	0.00	14.99	
6455 · Street sweeping services	1,286.00	1,286.00	0.00	
Total 6410 · Contractual services	2,923.67	3,012.61	-88.94	
6475 · Professional services				
6485 · Engineering services	1,187.50	0.00	1,187.50	Capacity Charge Study
6490 · Legal services	237.51	306.00	-68.49	
Total 6475 · Professional services	1,425.01	306.00	1,119.01	
6500 · Printing and publication	15.52	0.00	15.52	
6505 · Equipment lease and rentals	560.75	560.75	0.00	
6525 · Research and monitoring				
6535 · Monitoring expense	1,173.00	639.00	534.00	Well 6 - Additional Testing
Total 6525 · Research and monitoring	1,173.00	639.00	534.00	
6600 · Travel and meetings				
6605 · Director training	0.00	2,958.00	-2,958.00	
6610 · Meals	159.74	286.21	-126.47	
6620 · Staff training	2,860.80	0.00	2,860.80	1 Field/1 Admin Conference
Total 6600 · Travel and meetings	3,020.54	3,244.21	-223.67	
6650 · Utilities				
6655 · Cell phones	171.20	171.08	0.12	
6660 · Dump fees	0.00	32.94	-32.94	
6665 · Electrical	19,181.09	11,143.66	8,037.43	
6670 · Natural gas	5,766.47	68.06	5,698.41	
6685 · Telephone	318.44	280.97	37.47	
6691 · Trash & Recycling	214.87	48.04	166.83	
Total 6650 · Utilities	25,652.07	11,744.75	13,907.32	
6720 · Repairs and maintenance				
6730 · Distribution expense	9,148.66	4,050.30	5,098.36	Dist Parts/Main Repair
6745 · Lift station expenses	35.56	0.00	35.56	
6750 · Collection expense	1,817.76	12.89	1,804.87	Traffic Control & Permit
6760 · Shop and equip repairs	654.25	0.00	654.25	
6775 · Filtration Plant	0.00	103.30	-103.30	

Mission Hills Community Services District
Profit & Loss Prev Year Comparison

September 2018

	Sep 18	Sep 17	\$ Change	Notes
6785 · Wells and pumping	10,991.90	3,011.42	7,980.48	Well 6 - Video & Maintenance
6790 · Waste water plant	951.24	2,359.59	-1,408.35	
6795 · Other repairs and maintenance	0.00	190.94	-190.94	
Total 6720 · Repairs and maintenance	23,599.37	9,728.44	13,870.93	
Total Expense	161,884.41	127,828.49	34,055.92	
Net Ordinary Income	18,924.07	46,602.75	-27,678.68	
Other Income/Expense				
Other Income				
7006 · Market Appreciation/(Depr)	-10,231.65	-13,590.43	3,358.78	
7010 · Interest income	1,140.64	5,517.54	-4,376.90	
7020 · Other income	1,500.00	0.00	1,500.00	
Total Other Income	-7,591.01	-8,072.89	481.88	
Net Other Income	-7,591.01	-8,072.89	481.88	
Net Income	11,333.06	38,529.86	-27,196.80	

Mission Hills Community Services District Disbursements Journal

Date	Num	Name	Amount	Notes
1060 · CHCU - General 4163				
09/01/2018		Tierzero	-90.00	
09/05/2018	29844	Bee Safe Lock And Key	-167.44	
09/05/2018	29845	Bremer Auto Parts	-56.31	
09/05/2018	29846	Comcast Cablevision	-126.01	
09/05/2018	29847	County of Santa Barbara- Gen Svcs	-2,695.24	Fuel, Vehicle & Backhoe Repairs
09/05/2018	29848	REIMBURSEMENT	-500.00	
09/05/2018	29849	Home Depot	-495.54	
09/05/2018	29850	NBS	-3,751.11	
09/05/2018	29851	PG&E	-4,007.90	
09/05/2018	29852	Valley Rock Landscape Supply	-475.99	
09/05/2018	29853	Waste Management	-214.87	
09/12/2018	29854	A & A Pump & Well Service	-10,896.14	Well 6 - Video & Maintenance
09/12/2018	29855	ACWA/JPIA *Medical Insurance	-11,830.13	
09/12/2018	29856	American Industrial Supply	-1,386.69	Well 6 - Couplings, Hose
09/12/2018	29857	Branson's Embroidery	-627.67	
09/12/2018	29858	Carmel & Naccasha LLP	-36.54	
09/12/2018	29859	City of Lompoc	-46.11	
09/12/2018	29860	Frontier Communications	-77.85	
09/12/2018	29861	Inklings Printing Company	-136.05	
09/12/2018	29862	Mueller Systems	-771.75	
09/12/2018	29863	O'Conner Pest Control	-50.00	
09/12/2018	29864	Senate Rules Committee	-149.16	
09/12/2018	29865	Smith Alarms & Electronics, Inc.	-112.50	
09/12/2018	29866	Staples	-98.73	
09/12/2018	29867	TD Ameritrade Trust Company	-3,890.31	
09/12/2018	29868	Underground Service Alert of SC	-21.45	
09/12/2018	29869	Verizon	-171.30	
09/12/2018	29870	Winema Industrial & Safety Supply	-6,919.30	Lift Station - Gas Monitor
09/19/2018	29871	TRAINING PER DIEM	-620.08	
09/19/2018	29872	American Industrial Supply	-191.77	
09/19/2018	29873	Cannon	-2,754.32	Water Model
09/19/2018	29874	TRAINING PER DIEM	-501.96	
09/19/2018	29875	Ferguson Enterprises, Inc.	-236.05	
09/19/2018	29876	Juana Rodriguez	-200.00	
09/19/2018	29877	Mainline Utility Company	-600.00	
09/19/2018	29878	Oilfield Environmental & Compliance, ll	-362.00	
09/19/2018	29879	PG&E	-15,164.70	
09/19/2018	29880	Praxair Distribution Inc	-224.20	
09/19/2018	29881	SP Maintenance Services, Inc.	-1,232.00	
09/19/2018	29882	Todd Pipe & Supply Inc	-858.67	
09/19/2018	29883	US Postal Service - Stamp Prepay	-1,000.00	
09/26/2018		TASC	-84.99	
09/30/2018		Coast Hills Credit Union	-5.00	
Total 1060 · CHCU - General 4163			-73,837.83	
1070 · CHCU - Payroll 4155				
09/01/2018		AFLAC	-261.36	
09/05/2018		QuickBooks Payroll Service	-16,304.76	

Mission Hills Community Services District Disbursements Journal

		September 2018		Notes
Date	Num	Name	Amount	
09/07/2018	E-pay	EDD	-1,014.65	
09/07/2018	E-pay	IRS USATAXPYMT	-4,107.48	
09/07/2018		TASC	-274.99	
09/19/2018		QuickBooks Payroll Service	-16,522.22	
09/21/2018	E-pay	EDD	-1,007.56	
09/21/2018	E-pay	IRS USATAXPYMT	-4,217.52	
09/24/2018		TASC	-274.99	
Total 1070 • CHCU - Payroll 4155			-43,985.53	
1075 • CHCU - ACH 4130				
09/30/2018		Applied Merchant Systems	-677.08	
Total 1075 • CHCU - ACH 4130			-677.08	
TOTAL			-118,500.44	

Mission Hills Community Services District
Budget to Actual Comparison
JUL 18 - SEP 18

Income	Budgeted Fiscal Year 18-19	Prorated Budget JUL 18 - SEP 18	Actual JUL 18 - SEP 18	Difference	Remainder Budgeted Amount
Late Fees/Charges	\$ 33,600	\$ 8,400	\$ 8,649	\$ 249	\$ 24,951
Water Service	\$ 1,127,855	\$ 281,964	\$ 318,544	\$ 36,580	\$ 809,311
Sewer Service	\$ 817,812	\$ 204,453	\$ 209,461	\$ 5,008	\$ 608,351
Street Sweeping	\$ 18,058	\$ 4,515	\$ 4,520	\$ 5	\$ 13,538
	\$ 1,997,325	\$ 499,331	\$ 541,174	\$ 41,843	\$ 1,456,151

Expense	Budgeted Fiscal Year 18-19	Prorated Budget JUL 18 - SEP 18	Actual JUL 18 - SEP 18	Difference	Remainder Budgeted Amount
Salaries & Wages	\$ 615,872	\$ 153,968	\$ 138,634	\$ 15,334	\$ 477,238
Employee Benefits & Payroll taxes	\$ 241,385	\$ 60,346	\$ 58,316	\$ 2,030	\$ 183,069
Director Fees	\$ 15,000	\$ 3,750	\$ 3,750	\$ -	\$ 11,250
Depreciation	\$ 350,500	\$ 87,625	\$ 83,875	\$ 3,750	\$ 266,625
Vehicle Expense	\$ 26,500	\$ 6,625	\$ 7,864	\$ (1,239)	\$ 18,636
Insurance	\$ 45,700	\$ 11,425	\$ 6,532	\$ 4,893	\$ 39,168
Memberships	\$ 10,870	\$ 2,718	\$ 288	\$ 2,430	\$ 10,582
Office Expenses	\$ 17,385	\$ 4,346	\$ 7,513	\$ (3,167)	\$ 9,872
Operating Supplies	\$ 11,100	\$ 2,775	\$ 2,764	\$ 11	\$ 8,336
Chemicals	\$ 60,600	\$ 15,150	\$ 12,991	\$ 2,159	\$ 47,609
Safety	\$ 7,050	\$ 1,763	\$ 1,825	\$ (63)	\$ 5,225
Contractual Services	\$ 40,972	\$ 10,243	\$ 9,881	\$ 362	\$ 31,091
Professional Services	\$ 56,700	\$ 14,175	\$ 37,200	\$ (23,025)	\$ 19,500
Printing & Publication	\$ 5,000	\$ 1,250	\$ 2,831	\$ (1,581)	\$ 2,169
Equipment Lease	\$ 6,729	\$ 1,682	\$ 1,682	\$ -	\$ 5,047
Monitoring	\$ 20,500	\$ 5,125	\$ 1,512	\$ 3,613	\$ 18,988
Travel/Meetings/Meals	\$ 26,500	\$ 6,625	\$ 9,667	\$ (3,042)	\$ 16,833
Utilities	\$ 139,450	\$ 34,863	\$ 52,233	\$ (17,370)	\$ 87,217
Government Fees	\$ 67,610	\$ 16,903	\$ 5,579	\$ 11,324	\$ 62,031
Repairs & Maintenance	\$ 188,000	\$ 47,000	\$ 49,431	\$ (2,431)	\$ 138,569
Misc. - Writeoffs	\$ 12,250	\$ 3,063	\$ -	\$ 3,063	\$ 12,250
	\$ 1,965,673	\$ 491,418	\$ 494,365	\$ (2,947)	\$ 1,471,308

Bank Account Summary

Year to date
\$110,832

	7/31/2018	8/31/2018	9/30/2018
LAIF	\$1,044	\$101,044	\$101,044
TD AMERITRADE/RNC GENTER	\$2,237,913	\$2,242,335	\$2,232,933
Coast Hills FCU			
Checking	\$271,843	\$208,074	\$205,663
Investment Checking	\$233,551	\$253,687	\$253,822
Savings	\$201	\$201	\$201
Payroll	\$122,384	\$127,927	\$144,021
ACH (Sweep Account)	\$8,500	\$9,156	\$1,000
Total Coast Hill FCU	\$636,479	\$599,045	\$604,708
Balance	\$2,875,436	\$2,942,424	\$2,938,685
Monthly Change	\$47,583	\$66,988	-\$3,739

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	\$ 102,799	\$ 100,889	\$ (1,910)	\$ 68,151	\$ 69,952	\$ 1,801	20,929	23,012
Aug-18	\$ 105,125	\$ 110,443	\$ 5,317	\$ 68,151	\$ 69,456	\$ 1,305	25,069	21,438
Sep-18	\$ 105,151	\$ 106,862	\$ 1,711	\$ 68,151	\$ 69,748	\$ 1,597	23,651	27,161
Oct-18	\$ 102,949			\$ 68,151				27,899
Nov-18	\$ 99,197			\$ 68,151				23,121
Dec-18	\$ 87,147			\$ 68,151				18,328
Jan-19	\$ 81,242			\$ 68,151				10,042
Feb-19	\$ 82,527			\$ 68,151				10,706
Mar-19	\$ 80,039			\$ 68,151				12,162
Apr-19	\$ 83,550			\$ 68,151				11,102
May-19	\$ 95,966			\$ 68,151				25,948
Jun-19	\$ 102,164			\$ 68,151				22,177
Total	\$ 1,127,855	\$ 318,194	\$ 5,118	\$ 817,812	\$ 209,155	\$ 4,702	69,649	233,096
YTD avg	100%	28%		100%	26%		Year to Date Monthly Averages	
							23,216	23,870
							Yearly Average	19,425
								23,195
								18,478

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 System Performance
3rd Quarter - 2018

	Well 5		Well 6		Well 7		Waste Water Treatment	
	Jul - Sep	2018 YTD	Jul - Sep	2018 YTD	Jul - Sep	2018 YTD	Jul - Sep	2018 YTD
Electricity	\$ -	\$ 4,070	\$ 160	\$ 422	\$ 10,043	\$ 38,054	\$ 11,712	\$ 27,194
Gas	\$ -	\$ -	\$ 6,244	\$ 15,764	\$ -	\$ -	\$ -	\$ -
Maintenance	\$ -	\$ -	\$ 13,631	\$ 20,360	\$ 248	\$ -	\$ 6,504	\$ 22,291
Regulatory Fees	\$ -	\$ -	\$ 1,009	\$ 2,515	\$ -	\$ -	\$ -	\$ -
Lift Station (power, r&m)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,216	\$ 11,191
Sub Total	\$ -	\$ 4,070	\$ 21,044	\$ 39,062	\$ 10,291	\$ 38,054	\$ 18,216	\$ 49,484

Total Pumped (m gal)	2,272	7,511	23,236	75,086	36,175	68,704	19,014	58,264
Cost/Unit pumped	\$ -	\$ 0.54	\$ 0.91	\$ 0.52	\$ 0.28	\$ 0.55	\$ 0.96	\$ 0.85

Total Facility (1000 Gallons)

Total Waste Water Recovered	58,264
Total Water Pumped	151,301
Waste Water/Water Ratio	39%



MISSION HILLS COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors
FROM: Loch A. Dreizler, General Manager
DATE: October 17, 2018
SUBJECT: Committee Meetings and Goals

Recommendation / Proposed Motion

- Recommendation to review committee meetings action items and future meetings

Policy Reference

- Top Five outstanding issues were 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 Resources

- None

Alternatives Considered

- None

Background

At the March 2018 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.

Committee Assignments

Standing Committee	Committee Members	Alternate
1) Operations	Mac Kenzie, Heavin	Fasold
2) Personnel	Nix, Fasold	Heavin
3) Finance	Mac Kenzie, Dietrich	Heavin
Ad-Hoc Committee	Committee Members	Dissolution
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 Agreement	Fasold, Dietrich	
Representatives	Committee Members	
7) VAFB IR Programs	Mac Kenzie, Dietrich	
8) ACWA/JPIA	Mac Kenzie, Nix	
9) Santa Ynez Water Conserve. Dist. Sustainable Groundwater Mgmt. Act	Nix	

Attachment(s):

- Goals for FY 18/19
- Standing Committee and Ad-Hoc Committee Meeting Summary
- Backup Generators 5-Year Plan

Goals for FY 18-19

Wastewater

- Successfully negotiate new Waste Discharge Requirements (WDR) with limits that are achievable
 - ☐ **Update:** A letter requesting that MHCSD 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. Staff expects to be implementing our new WDR by June 30, 2019. Staff does not foresee exceeding levels for Total Dissolved Solids, Sodium, Biochemical Oxygen Demand or Total Suspended Solids with the new WDR. Staff anticipates a response from RWQCB before January 2019
- 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.
 - ☐ **Update:** see WDR Ad-Hoc committee summary on following pages
- Establish cost to treat Burton Ranch effluent via the City of Lompoc and determine an assess feasibility by September 28, 2018.
 - ☒ **Update:** Staff has what it will cost to connect to City of Lompoc for developers located within the City. Staff has a conceptual cost if MHCSD does something similar to Vandenberg Village CSD connection to the Lompoc Regional Wastewater Treatment Plant. Staff is scheduled to meet with Paul Hood, Executive Director of LAFCO the month of October 2018.
- Complete NITROX / TriplePoint study and obtain capital cost and annual operating cost estimates by October 30, 2018
 - ☒ **Update:** Triple Point sent estimates for aeration and Nitrox System, the staff has an estimate of operating costs. See Ad-Hoc Development for further information.

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.
 - ☒ **Update:** Cannon Engineering, along with field crew has done on-site water pressure testing and discovered a malfunctioning Cla-Val Valve that has been repaired by field crew. However, Cannon needs to return to finalize on-site water pressure testing, prior to completing their water model. Schedule for completion in November 2018.

Electric Power / Emergency Back-up

- Determine backup requirements and phased approach for critical equipment by July 2018.
☒ The timeline was established July 18, 2018
- Establish a timeline to implement in Phases by July 2018.
☒ The timeline was established July 18, 2018
- Implement Phase 1 as outlined with the Board of Directors on July 18, 2018, by June 30, 2019.
☐ **Update:** Electrical Engineer provided estimates for Maintenance Shop, Well #5 and Well #6 to be presented to the Operations Standing Committee November/December 2018

Personnel Development

- Establish performance goals and personal development plans for each district employee by the end of September 2018.
☐ **Update:** Personnel Committee met October 2, 2018
- Establish specific operator license plan to provide backup by October 2018.
☐ **Update:** 3 Staff members are taking wastewater exams October 2018
- Perform useful annual performance reviews with employees by June 30, 2019.
☐ **Update:** Started to develop a process with Staff October 2018

New developments

- Effectively support plan content and approval to support district needs for the following:
 - Summit View – Ongoing, see specific information on the following pages
 - Burton Ranch - Ongoing, see specific information on the following pages
 - Supportive Housing – Going through SB County process

Basic goals

- **Safety** - establish a proactive safety program
☐ **Update:** Lee Patton, JPIA Risk Manager for MHCSO came by on October 2, we are awaiting his written report. Staff Safety Meeting is coming up on October 24.
- **Budget** - meet or exceed all budget goals regarding revenue and expenses
☐ **Update:** Continuing through fiscal year
- **GM Job Description** - All duties as described
☐ **Update:** A Closed Session at October 2018 Board Meeting

Standing Committee Meeting Summary

1. **Operations** (Mac Kenzie, Heavin)

- a. Next Committee Meeting: December 2018 may be to hear aeration presentation from Triple Point, come to an aeration determination about installation
- b. Last Meeting was on: October 3 that included a review of Triple Point's aeration proposal, discussed other aeration options, reviewed lighting audit from PG&E and Eco-solutions
- c. Previous meetings included: developed a 5-year plan, begin work with Cannon Engineering to develop Water Pressure Model, and if contract scope allows – consider the impact of Burton Ranch

2. **Personnel** (Nix, Fasold)

- a. Next Committee Meeting: TBD
- b. Last Meeting was on: October 2 that included a review Personnel Goals, Annual performance review guidelines and methods, explanation of One on Ones, and preparation and expectations for GM pre-annual review.
- c. Previous meetings included: discussion about organizational chart

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

- a. Next Committee Meeting: TBD
- b. Proposed Agenda: TBD
- c. Previous meetings included: Staff update on the status of the NBS Capacity Charge Study

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, There is not a draft from RWQCB to date, but Staff expects the draft in January of 2019.
- c. Previous meetings included: working on MHCSD draft to RWQCB

6. **Developments**

Summit View

a. **Operations** (Mac Kenzie, Dietrich)

- i. Next Operations Committee Meeting: TBD
- ii. Proposed Agenda: TBD
- iii. Previous meetings included:

a) **Development Agreement** (Fasold, Dietrich)

- i) Next Development Agreement Committee Meeting: October 19, 2018
- ii) Proposed Agenda: Capacity Charges
- iii) Previous meetings included: determine equitable Capacity Charges, develop general and technical conditions

Burton Ranch

b. Operations (Mac Kenzie, Dietrich)

- i. Next Operations Committee Meeting: TBD
- ii. Proposed Agenda: TBD
- iii. Previous meetings included:

a) Development Agreement (Fasold, Dietrich)

- (1) Next Development Agreement Committee Meeting: TBD
- (2) Proposed Agenda: TBD
- (3) Previous meetings included: Staff has been meeting with Burton Ranch in small groups, possible meeting scheduled with Burton Ranch on Oct. 30 or beginning of November to discuss Capacity Charges.

Supportive Housing

ii) Operations (Mac Kenzie, Dietrich)

- (1) Next Operations Committee Meeting: TBD
- (2) Proposed Agenda: TBD
- (3) Previous meetings included:

iii) Development Agreement (Fasold, Dietrich)

- (1) Next Development Agreement Committee Meeting: TBD
- (2) Proposed Agenda: TBD
- (3) Previous meetings included: reviewing submitted preliminary plans, Can and Will Serve letter, and a Staff Directive to track project as it moves forward in the County 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 a 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 a 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: October 17, 2018

SUBJECT: Response to Developer's Letters

Recommendation / Proposed Motion

Recommendation: Receive and File

Policy Reference

None

Budget Resource

None

Alternatives Considered

None

Background

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

Two letters were given to the Board at our last meeting on September 19, 2018, copies are attached to this document.

The areas that Staff would like to clarify are indicated in **bold** font in the attached letters.

- There are multiple emails beginning in March exchanged that include reference to Capacity Charges.
- Working committees/agendas with Burton Ranch included Capacity Charge Study

discussions

- The true increase in percentage is 139% not 250%.

The letter from Summit View was more accurate and Tony Koeijmans' own testimony at the September 19, 2018 meeting indicated that Staff had communicated about the Capacity Charge Study. However, their letter did include the words "disappointed to recently discover" when there were conversations and emails with a similar trail as Burton Ranch Project that go back to March of this year.

However, the most significant commentary to the Capacity Charge is that we have held multiple meetings that were noticed and open to the public. 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 again on September 19.

Recommendation

Receive and File

Attachment(s)

1. Letter from Burton Ranch, Harris Grade Partners (Towbes Group)
2. Letter from Summit View (McCarthy Homes)

September 18, 2018

Mission Hills Community Services District
1550 East Burton Mesa Blvd
Lompoc, California
93436-2100

RE: September 19, 2018 Regular Meeting Agenda Item 8(b) and (c)

President Fasold and Fellow Directors,

We are surprised to learn that the Board may adopt revised capacity charges at its meeting this Wednesday, September 19, 2018. As the owners of the land approved for residential development in the Burton Ranch Specific Plan we will be heavily and disproportionately impacted by charge increases. Mission Hill's Community Services District (MHCS D) should have provided us written notice and an opportunity to participate in this process.

In fact, this past year we have met with MHCS D staff and emailed on numerous occasions. Not once during these interactions did staff mention anything about a change in capacity charges and complete overhaul in methodology yet our land will be impacted the most by this change. We first learned of the proposed revision to capacity charges at a meeting on September 6th. Shortly thereafter we requested a copy of the NBS Study which we did not gain access to until yesterday, September 17, 2018.


We respectfully request the Board take no official action with regard to this item in order to provide key stakeholders additional time to review the study and meet with staff regarding its content and conclusions. A capacity charge is a charge for public facilities in existence at the time a charge is imposed or charges for new public facilities acquired or constructed in the future that are of proportional benefit to the person or property being charged. (See Government Code Section 66013(3)) Capacity charges cannot exceed the reasonable cost of providing the service for which the fee is imposed without a popular vote (See Government Code Section 66013(a)). On its face, MHCS D's intent to increase the sewer facility capacity charge by almost two hundred and fifty percent (250%) seems far from reasonable.

The Burton Ranch development will be severely impacted should these rates be adopted and may frustrate our ability to develop entirely. We know the MHCS D is aware of the housing crisis locally and statewide. Imposing unreasonable fees that deter development is counter to local and state housing goals. Given the impact such fees may have on our development we do not take this issue lightly and want an opportunity to work through issues and concerns. For the benefit of all parties, we do not want to be in a position of having to contest these fees pursuant to Government Code Section 66022. Accordingly, we respectfully ask that you provide those most impacted by these rate changes time to review the study before proceeding further.

Sincerely,

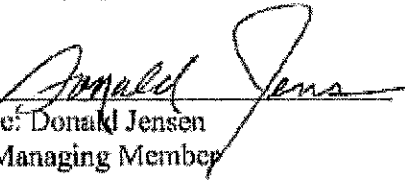
HARRIS GRADE PARTNERS, LP

By: Martin Farrell Homes, Inc.
Its: General Partner

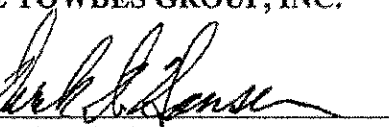
By: 
Name: Jon Martin
Its: President

MJ LAND, LLC

By: _____
Name: Patrick McCarthy
Its: Managing Member

By: 
Name: Donald Jensen
Its: Managing Member

THE TOWBES GROUP, INC.

By: 
Name: Derek Hansen
Its: Executive Vice President

cc: Loch Dreizler, MHCSO General Manager
Olivia Marr, Esq.



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721 EAST MAIN STREET VENTURA CA 93001
LIC# 393001 •     

September 19, 2018

Mission Hills Community Services District
Board of Directors
1550 East Burton Mesa Blvd
Lompoc, California

RE: September 19, 2018 Regular Meeting Agenda Item 8(b) and (c)

Dear President Fasold and Fellow Directors,

We are the owners of the Summit View Homes project located in the City of Lompoc and comprised of 44 single-family homes pursuant to the Vesting Tentative Tract Map approved by the City on July 19, 2018 ("Summit View"). We are disappointed to just recently discover that the Mission Hills Community Services District ("MHCS D") Board of Directors ("Board") intends to set in motion the adoption of an ordinance to increase capacity charges for sewer and water facilities at today's regularly scheduled Board meeting. Although it appears MHCS D has been in the process of considering an increase in capacity charges for several months, we were not notified of these proposed changes until September 6, 2018, and we only received a copy of the NBS Study allegedly supporting the proposed increase earlier this week.

Not only should MHCS D have provided us with advance written notice and an opportunity to participate in this process, but the proposed substantial increase in charges goes far beyond what is permitted under Government Code Section 66013. It is our position that the proposed increase "exceed[s] the estimated reasonable cost of providing the service for which the fee or charge is imposed," and therefore must be "submitted to, and approved by, a popular vote of two-thirds of those electors voting on the issue." (Gov't Code § 66013(a).)

For these reasons we request that the Board postpone the process for adoption of Ordinance No. 18-84 until the property owners and other interested parties are provided an adequate opportunity to review and comment on the findings in the NBS Study. The proposed fee increase will unfairly impact Summit View and could jeopardize the financial feasibility of our proposed development, which has the full support of the community and the City of Lompoc.

If the ordinance adoption process moves forward as planned and without consideration of our concerns, we will join with the other interested parties in contesting these fees pursuant to Government Code Section 66022. We will be present at tonight's meeting to provide additional comments and answer any questions from the Board. We look forward to working cooperatively with you on this matter.

Sincerely,



Tony Koeijmans, for Summit View

cc: Mark S. Manion (Price, Postel & Parma, LLP)
Loch Dreizler, MCHD General Manager



MISSION HILLS COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors

FROM: Loch A. Dreizler, General Manager
Melissa Crouthers, District Accountant

DATE: October 11, 2018

SUBJECT: Fiscal Year Ended June 30, 2018 Draft Audited Financial Statements

Recommendation / Proposed Motion

- Recommendation: Review & discuss the Fiscal Year Ended June 30, 2018 Draft Audited Financial Statements prepared and presented by Glenn Burdette Attest Corporation.
- Proposed Motion(s): Approve the Fiscal Year Ended June 30, 2018 Draft Audited Financial statements prepared by Glenn Burdette Attest Corporation.

Policy Reference

The Board of Directors oversees the District's finances and formally accepts annual audit reports. California Government Code §26909 requires Special Districts to submit an annual audit report to the County Auditor and the State Controller every year.

Budget Resource

This year's operating budget includes \$8,200 for the preparation of the audit report.

Alternatives Considered

None

Background

The objective of the annual audit is to gain a professional opinion as to whether the basic financial statements are fairly presented, in all material respects, in conformance with U.S. generally accepted accounting principles. California Special Districts are required to have their financial statements audited and reported upon annually by a certified public accountant or public accountant and submitted to county and state agencies within twelve months of the end of the fiscal year.

Discussion

The District retained Glenn Burdette Attest Corporation to perform an audit of the District's financial statements for fiscal year ended June 30, 2018. The audit report states that at year end the District had \$9.33 million in assets, operating revenue of \$1.92 million and operating expenses of \$1.75 million. A final audit report will be provided upon acceptance of the draft audit report.

The District has an executed Audit Engagement Letter from Glenn Burdette for them to perform the annual audit through fiscal year ending June 30, 2020.

Attachment(s):

1. Fiscal Year Ended June 30,2018 DRAFT Financial Statements

PRELIMINARY DRAFT
FOR MANAGEMENT REVIEW ONLY
SUBJECT TO CHANGE

Mission Hills Community Services District

Financial Statements

Year Ended June 30, 2018

Mission Hills Community Services District
Financial Statements
Year Ended June 30, 2018

PRELIMINARY DRAFT
FOR MANAGEMENT REVIEW ONLY
SUBJECT TO CHANGE

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Independent Auditors' Report

To the Board of Directors of
Mission Hills Community Services District

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Mission Hills Community Services District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Mission Hills Community Services District as of June 30, 2018, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mission Hills Community Services District's basic financial statements. The schedule of directors is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of directors has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated _____, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that

testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mission Hills Community Services District's internal control over financial reporting and compliance.

Glenn Burdette Attest Corporation
San Luis Obispo, California

_____, 2018

**Mission Hills Community Services District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018**

PRELIMINARY DRAFT
FOR MANAGEMENT REVIEW ONLY
SUBJECT TO CHANGE

Our Management's Discussion and Analysis of the Mission Hills Community Services District's (MHCS District) financial performance provides an overview of the District's financial activities for the year ended June 30, 2018. It should be considered in conjunction with the information within the body of the audited financial statements.

Mission Statement

The Mission Hills Community Services District is committed to providing the residents within the District reliable, high-quality water and wastewater services in an efficient, cost-effective and environmentally safe manner.

Government-Wide Financial Statements

The government-wide financial statements provide readers with a broad overview of the District's finances, combining the water, sewer, and street sweeping enterprise fund data.

The District's financial statements include four components:

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

The Statement of Net Position includes all of the District's assets and liabilities, with the difference between the two reported as net position. The Statement of Net Position provides the basis for evaluating the capital structure of the District and assessing its liquidity and financial flexibility.

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

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

- Operating
- Capital and Related Financing
- Investing

This statement differs from the Statement of Revenues, Expenses and Changes in Net Assets in that it only accounts for transactions that result in cash receipts or cash disbursements.

The government-wide financial statements can be found on pages 11 to 13.

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

The notes to the financial statements can be found on pages 14 to 23.

Financial Highlights

- Total assets were \$9,331,687 on June 30, 2018.
- Operating revenue was \$1,917,854, which consisted of Water Charges, Wastewater Charges, Street Sweeping Charges, Service Charges and Connection Fees.
- Total Operating Expenses were \$1,754,359, which consisted primarily of Salaries and Benefits, Depreciation, Insurance, Office Expenses, Operating Supplies, Professional Services, Travel, Utilities, Chemicals and Repairs and Maintenance.

Government-Wide Financial Analysis

Net Position

Net position may serve over time as a useful indicator of the District's financial position. Assets exceeded liabilities by \$9,196,290 as of June 30, 2018.

The most significant portion of the District's net position reflects investment in capital assets (i.e., land, easements, wells and pumping, mains and distribution systems, buildings and improvements, vehicles, furniture, and equipment). The District uses these capital assets to provide services to the residences of the MHCSD; consequently, these assets are not available for future spending.

The remaining portion of net position is unrestricted and can be utilized for future spending.

Mission Hills Community Services District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
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Please see Table A below for a current year to previous year comparison of the district's assets and liabilities.

Table A
Statement of Net Position
June 30, 2018

	2018	2017	% Change
Assets:			
Current assets	\$ 815,540	\$ 1,412,312	-42.3%
Investments - non current	2,104,566	2,167,340	-2.9%
Capital assets	<u>6,411,581</u>	<u>5,686,473</u>	12.8%
Total assets	<u>9,331,687</u>	<u>9,266,125</u>	0.7%
Liabilities:			
Current liabilities	129,789	129,057	0.6%
Long-term liabilities	<u>5,608</u>	<u>104,273</u>	-94.6%
Total liabilities	<u>135,397</u>	<u>233,330</u>	-42.0%
Net Position:			
Invested in capital assets	6,411,581	5,686,473	12.8%
Unrestricted	<u>2,784,709</u>	<u>3,346,322</u>	-16.8%
Total net position	<u>\$ 9,196,290</u>	<u>\$ 9,032,795</u>	1.8%

The following are significant current fiscal year transactions that have an impact on the Statement of Net Position:

- Total liabilities have decreased due to a \$98,665 decrease in long-term liabilities, compensated absences.
- Funding capital improvement projects such as the rehabilitation and relining of pond one in the wastewater treatment plant decreased current assets while increasing total capital assets.
- Regular straight-line depreciation for the fiscal year ended June 30, 2018 decreased the value of capital assets by \$325,270.

Revenues, Expenses, and Changes in Net Position

The District's financial position results from operating activities, investment activities, the acquisition and disposal of capital assets and the depreciation of capital assets.

Please see Table B below for a current year to previous year comparison of the districts revenues, expenses and changes in net position.

Table B
Statement of Revenues, Expenses and Changes in Net Position
June 30, 2018

	<u>2018</u>	<u>2017</u>	<u>% Change</u>
Operating revenues	\$ 1,919,677	\$ 1,723,342	11.4%
Nonoperating revenues (expenses), net	<u>(1,823)</u>	<u>687</u>	-365.4%
Total revenues	<u>1,917,854</u>	<u>1,724,029</u>	11.2%
Depreciation expense	325,270	298,533	9.0%
Other operating expenses	<u>1,429,089</u>	<u>1,566,557</u>	-8.8%
Total operating expenses	<u>1,754,359</u>	<u>1,865,090</u>	-5.9%
Change in net position	163,495	(141,061)	-215.9%
Beginning net position	<u>9,032,795</u>	<u>9,173,856</u>	-1.5%
Ending net position	<u>\$ 9,196,290</u>	<u>\$ 9,032,795</u>	1.8%

The following are significant current fiscal year transactions that have had an impact on the statement of revenues, expenses and changes in net position:

- Both Water and Wastewater utilities exceeded revenue projections for the current fiscal year: Water by \$56,759 and Wastewater by \$14,081.
- Nonoperating revenues fell by \$2,510 from last fiscal year due to lower interest income.
- Total expenses were \$110,731 lower than last fiscal year, and \$93,533 lower than projected. The majority of the savings are in the Repairs & Maintenance category and were achieved by improved system maintenance planning.

Economic Outlook

MHCSD has incrementally increased revenues beginning with our 2016 Rate Study. The Rate Study included a review and analysis of the water and wastewater enterprise revenue based on the cost of service principles and industry methods that resulted in fair and equitable rates for water and wastewater users in accordance with the State of California's Proposition 218 procedures.

In 2018, MHCSO retained the services of NBS to update our water and wastewater capacity charges to reflect the cost of infrastructure needed to serve new customers, particularly new developments at the WYE. This update will lay the groundwork for facilities and financing efforts that can help maintain quality public services and the financial stability of the District's water and wastewater utilities proposed for future growth.

In combination with our recent Rate and Capacity Charge Study, the district has begun to create a more comprehensive Capital Improvement Plan. A Capital Improvement Plan (CIP) contains all the individual capital projects, equipment purchases, and future major studies for MHCSO. The CIP will provide a working blueprint for sustaining and improving the District's infrastructures. It will also help identify, prioritize and optimize the financing of capital projects and synchronize operating budgets.

MHCSO works with the State Water Board to help protect water quality in California. The State Water Board also oversees the implementation of the programs throughout the state and coordinates its efforts with Regional Water Quality Control Boards. MHCSO is working with our Regional Water Quality Control Board to renew our Waste Discharge Requirements. This renewal process might necessitate a modification to our existing wastewater treatment process, and we will minimize the financial impacts of any process modification. However, we don't expect this to impact Fiscal Year 2018/2019.

Contacting the District

This financial report is designed to provide the District's customers and other interested parties with an overview of the District's financial operations and financial condition. Questions concerning any of the information in this report or requests for additional information should be addressed to the General Manager, Mission Hills Community Services District, 1550 Burton Mesa Boulevard, Lompoc, CA 93436.

Mission Hills Community Services District

Statement of Net Position

June 30, 2018

PRELIMINARY DRAFT
FOR MANAGEMENT REVIEW ONLY
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Assets

Current assets:

Cash and cash equivalents	\$ 626,555
Accounts receivable, net of allowance	45,382
Investments	103,207
Prepays and deposits	40,396
Total current assets	<u>815,540</u>

Property and equipment, net of accumulated depreciation 6,411,581

Other Assets:

Investments	<u>2,104,566</u>
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Total assets 9,331,687

Liabilities

Current liabilities:

Accounts payable and accrued liabilities	41,331
Accrued payroll	10,879
Compensated absences, current portion	35,353
Customer and developer deposits and advances	42,226
Total current liabilities	<u>129,789</u>

Long-term liabilities:

Compensated absences, net of current portion	<u>5,608</u>
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Total liabilities 135,397

Net Position

Net investment in capital assets	6,411,581
Unrestricted	<u>2,784,709</u>
Total net position	<u>\$ 9,196,290</u>

The accompanying notes are an integral part of these financial statements.

Mission Hills Community Services District
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2018

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Operating revenues:	
Service charges	\$ 1,886,685
Late charges and other revenue	32,992
Total operating revenues	<u>1,919,677</u>
Operating expenses:	
Chemicals	34,686
Contractual services	48,796
Depreciation	325,270
Directors' fees	17,750
Engineering services	29,702
Equipment rentals	6,729
Government charges	33,794
Insurance	36,098
Memberships and dues	9,709
Miscellaneous expense	3,929
Office expense	20,556
Operating supplies	17,610
Printing and publications	3,713
Professional services	13,564
Repairs and maintenance	128,528
Research and monitoring	25,344
Safety expense	3,496
Salaries, benefits and payroll taxes	817,706
Travel and meetings	18,720
Utilities	130,684
Vehicle expense	27,975
Total operating expenses	<u>1,754,359</u>
Operating income	<u>165,318</u>
Nonoperating revenues and expenses:	
Decrease in fair value of Investments	(96,495)
Investment income, net of fees	94,672
Total nonoperating revenues and expenses	<u>(1,823)</u>
Increase in net position	163,495
Net position - beginning of year	<u>9,032,795</u>
Net position - end of year	<u>\$ 9,196,290</u>

The accompanying notes are an integral part of these financial statements.

Mission Hills Community Services District

Statement of Cash Flows

Year Ended June 30, 2018

PRELIMINARY DRAFT
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Cash flows from operating activities:

Cash received from customers	\$ 1,923,232	
Cash payments to suppliers for goods and services	(609,239)	
Cash payments to employees for services	(920,083)	
Net cash provided by operating activities		\$ 393,910

Cash flows from capital and related financing activities:

Purchases of property and equipment	(1,050,378)	
Net cash used in capital and financing activities		(1,050,378)

Cash flows from investing activities:

Proceeds from sale of investments	549,867	
Investment income	94,672	
Net cash provided by investing activities		644,539

Net decrease in cash		(11,929)
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Cash and cash equivalents - beginning of year		638,484
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Cash and cash equivalents - end of year		\$ 626,555
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Reconciliation of operating loss to net cash

provided by operating activities:

Operating income		165,318
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Adjustments to reconcile operating income to net cash

provided by operating activities:

Depreciation	325,270	
Changes in operating assets and liabilities:		
Accounts receivable, net of allowance	(7,419)	
Prepaids and deposits	8,674	
Accounts payable and accrued liabilities	(6,530)	
Accrued payroll	(243)	
Compensated absences	(102,134)	
Customer and developer deposits and advances	10,974	
Total adjustments		228,592

Net cash provided by operating activities		\$ 393,910
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Supplemental disclosures of cash flow information:

Noncash transactions:

Decrease in fair value of investments		\$ 96,495
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The accompanying notes are an integral part of these financial statements.

Mission Hills Community Services District

Notes to Financial Statements

June 30, 2018

PRELIMINARY DRAFT
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Note 1: Nature of Business

The Mission Hills Community Services District (the District) began operations in November of 1979, under the authorization of Section 61000, et. seq., of the Government Code of the State of California, for the purpose of providing water and wastewater disposal services. Prior to the formation of the District, these services were provided by Park Water Company. The District is a political subdivision of the State of California and operates under a Board of Directors – Manager form of government.

Note 2: Summary of Significant Accounting Policies

Basis of Presentation

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities. The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). Under the accrual basis, revenues are recognized when earned and expenses are recognized when incurred.

The principal operating revenues of the District are sewer and water usage charges and other related income. Interest income is considered non-operating revenue. When both restricted and unrestricted revenues are available for an expense, the District's policy is to use restricted revenues first, and then unrestricted fees as they are needed.

Budgets and Budgetary Accounting

An annual budget is adopted by the Board of Directors at the start of each fiscal year. Any changes or revisions to that budget throughout the year must be approved by the Board of Directors.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The District considers all unrestricted highly-liquid investments with an initial maturity of three months or less to be cash equivalents for purposes of the Statement of Cash Flows. Cash equivalents held by brokers at year-end pending long-term reinvestment are considered investments.

Note 2: Summary of Significant Accounting Policies (Continued)

Investments

Investments are reported at fair value. Marketable securities' fair values are based on quoted market prices from independent sources. Short-term investments consist of equity securities, open-ended mutual funds, certificates of deposit and U.S. government and municipal obligations with an original maturity date of one year or less, and U.S. government and municipal obligations with a maturity date of one year or less.

Investment income consists of interest and dividends. The amounts are presented net of investment management and custodian fees.

Services and Interest Receivable

The District's accounts receivable is primarily comprised of water, wastewater, and street sweeping fees billed on a monthly basis. Customer receivables are written off in full when the receivable is deemed uncollectible. The allowance for uncollectible services is based on prior experience and management's analysis of possible bad debts. At June 30, 2018, the allowance for uncollectible services receivable was \$0.

Prepays and Deposits

Payments made to vendors for services that will benefit any period beyond June 30, 2018 are recorded as prepaid expenses or deposits.

Property and Equipment

Depreciation is provided for on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives of the assets are as follows:

Office furniture and fixtures	5-15 years
Machinery and equipment	2-25 years
Supply distribution system	10-75 years
Building and improvements	10- 40 years
Treatment collection system	10-100 years
Vehicles	7 years

All purchased fixed assets are valued at historical cost. Donated fixed assets were recorded at their estimated net book value when the District was formed. Other donated fixed assets are valued at their estimated fair value on the date received. It is the policy of the District to capitalize assets that have a unit cost of more than \$5,000.

Note 2: Summary of Significant Accounting Policies (Continued)

Net Position

The District's net position is required to be classified for accounting and reporting purposes into the following net position categories:

- Net investment in capital assets includes capital assets net of accumulated depreciation and amortization, deferred outflows of resources, less the outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- Restricted consists of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the District cannot unilaterally alter. The District does not have any assets in this category.
- Unrestricted consists of all other categories of net position. Unrestricted may be designated for use by management of the District. These designations limit the area of operations for which expenditures of net position may be made and require that unrestricted net position be used to support future operations in these areas.

The District has adopted a policy of utilizing restricted, expendable funds, when available, prior to unrestricted funds.

Fair Value Measurements

As defined in GASB Statement No. 72, *Fair Value Measurement and Application*, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District uses valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

GASB Statement No. 72 establishes a hierarchy of inputs to valuation techniques used to measure fair value. That hierarchy has three levels:

Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 — Observable inputs, other than Level 1 prices, for the asset or liability, either directly or indirectly;

Level 3 — Unobservable inputs for the asset or liability.

For fiscal year ended June 30, 2018, the application of valuation techniques applied to the District's financial statements has been consistent.

Mission Hills Community Services District

Notes to Financial Statements

June 30, 2018

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Note 2: Summary of Significant Accounting Policies (Continued)

Reclassifications

Certain reclassifications have been made to prior year balances to conform to current year presentation. These reclassifications had no effect on the Company's results of operations or financial position.

Note 3: Cash and Cash Equivalents

Cash and cash equivalents at June 30, 2018, consisted of the following:

Cash in bank	\$ 625,516
Cash in Local Agency Investment Fund (LAIF)	<u>1,039</u>
	<u>\$ 626,555</u>

Custodial Credit Risk-Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk in addition to the California Government Code collateral requirements. Cash balances held in bank are insured up to \$250,000 by the National Credit Union Association. All deposits held by financial institutions are fully insured or collateralized with securities, held by pledging financial institutions' trust departments in the District's name. At June 30, 2018, the District had uninsured cash deposits totaling \$330,836.

The Board has recommended certain restrictions on cash for purposes including capital replacement, emergency and operating reserves.

Local Agency Investment Fund (LAIF)

The District maintained minimal investments with the State of California Local Agency Investment Fund (LAIF). The LAIF is an external investment pool sponsored by the State of California. These pooled funds approximate fair value. The administration of the LAIF is provided by the California State Treasurer and regulatory oversight is provided by the Pooled Money Investment Board and the Local Investment Advisory Board. State statutes, bond resolutions, and LAIF investment policy resolutions allow investments in United States government securities, negotiable certificates of deposit, bankers' acceptances, commercial paper, corporate bonds, bank notes, mortgage loans and notes, other debt securities, repurchase agreements, reverse repurchase agreements, equity securities, real estate, mutual funds and other investments. The LAIF's report discloses the required information in accordance with Governmental Accounting Standards Board Statements No. 3 and 40. Pooled investments are not required to be categorized by risk category.

Mission Hills Community Services District**Notes to Financial Statements****June 30, 2018****Page 5**PRELIMINARY DRAFT
FOR MANAGEMENT REVIEW ONLY
SUBJECT TO CHANGE**Note 4: Investments**

At June 30, 2018, investments comprised the following:

	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
Corporate bonds	\$ 103,207	\$ 382,548	\$ 485,755
Treasury bonds		1,722,018	1,722,018
Total	<u>\$ 103,207</u>	<u>\$ 2,104,566</u>	<u>\$ 2,207,773</u>

Investment Policies

The District's Board of Directors (Board) oversees the management of its investments and establishes investment policy. The Board has delegated the implementation of the investment policy to staff. The Board advises on investment guidelines and selection of investment managers. The District prohibits investments that jeopardize the safety of principal concept, while maintaining a market rate of return and providing sufficient liquidity to enable the District to meet its cash flow requirements.

Investment Risk Factors*Interest Rate Risk:*

Interest rate risk is the risk that fixed income securities will decline because of rising interest rates. The District manages interest rate risk by maintaining large coupons with short durations within its portfolio. This practice is utilized to assist the District with a positive total return.

Credit Risk:

Fixed income securities are subject to credit risk, which is the chance that a bond issue will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause security prices to decline. The District maintains policies to manage credit risk which include requiring minimum credit ratings issued by nationally recognized statistical rating organizations, including Standard and Poor's or Moody's Investor Services, for certain investments.

Mission Hills Community Services District**Notes to Financial Statements****June 30, 2018****Page 6**PRELIMINARY DRAFT
FOR MANAGEMENT REVIEW ONLY
SUBJECT TO CHANGE**Note 4: Investments (Continued)**

The weighted average duration and average credit ratings of the District's fixed income securities held in investments at June 30, 2018 were as follows:

	<u>Fair Value</u>	<u>Weighted Average Duration (in years)</u>	<u>Average Rating</u>
Corporate bonds	\$ 485,755	2.6	AA
Treasury bonds	<u>1,722,018</u>	2.6	AAA
Total	<u>\$ 2,207,773</u>		

Concentration of Credit Risk:

Concentration of credit risk is the risk associated with a lack of diversification, such as having substantial investments in a few individual issuers; thereby exposing the organization to greater risks resulting from adverse conditions or developments. GASB requires disclosure of investments in any one individual issuer that represent 5% or more of total investments. At June 30, 2018, the District had no investments that exceeded this threshold.

Custodial Risk:

Custodial risk is the risk that in the event of the failure of the custodian, the investments may not be returned. Substantially all of the District's investments are issued, registered or held in the name of the District by custodian banks and brokers, as its agent.

Equity Securities Risk:

Equities are subject to both unsystematic and systematic risk. Unsystematic risk is the risk of a price change due to the unique circumstances of a specific security or group of related securities. Equity securities are also subject to systematic risk or market risk. Systematic risk recognizes that equity securities, as an asset class, can change in value as a result of such factors as inflation, exchange rates, political instability, war, economic conditions and interest rates. This type of risk is not specific to a particular company or industry and cannot be substantially mitigated by diversification. The District does not have any equity securities at this time, but is not prohibited by their investment policy to invest in equity securities.

Investment Fair Values:

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The District's investments are all classified in Level 1 of the fair value hierarchy, which values investments at the unadjusted quoted prices for identical assets in active markets that the District has the ability to access.

Mission Hills Community Services District**Notes to Financial Statements****June 30, 2018****Page 7**

PRELIMINARY DRAFT
 FOR MANAGEMENT REVIEW ONLY
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Note 5: Property and Equipment

At June 30, 2018, property and equipment consisted of the following:

	Balance June 30, 2017	Increases	Decreases/ Transfers	Balance June 30, 2018
Land	\$ 431,163	\$	\$	\$ 431,163
Plant and equipment	10,570,437	1,050,378	(54,432)	11,566,383
Construction in progress	37,842		(37,842)	-
	<u>11,039,442</u>	<u>1,050,378</u>	<u>(92,274)</u>	<u>11,997,546</u>
Less accumulated depreciation	<u>(5,352,969)</u>	<u>(325,270)</u>	<u>92,274</u>	<u>(5,585,965)</u>
Property and equipment, net	<u>\$ 5,686,473</u>	<u>\$ 725,108</u>	<u>\$ -</u>	<u>\$ 6,411,581</u>

Note 6: Long-Term Liabilities - Compensated Absences

At June 30, 2018, long-term liabilities consisted of the following:

	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018	Current Portion
Compensated absences	<u>\$ 143,095</u>	<u>\$ 53,063</u>	<u>\$ (155,197)</u>	<u>\$ 40,961</u>	<u>\$ 35,353</u>

Note 7: Service Revenues

The operations of the District are primarily funded through the collection of service fees for connection fees, water, wastewater, and street sweeping services provided for by the District. Revenues earned by type during the year ended June 30, 2018, were as follows:

Water charges	\$ 1,097,331
Wastewater charges	771,286
Street sweeping charges	<u>18,068</u>
Total	<u>\$ 1,886,685</u>

Note 8: Employee Benefit Plan

The District is currently participating in a FTJ FundChoice governmental eligible 457 plan administered by Bayhill Advisors, Inc. effective January 1, 2007. The Mission Hills CSD 457 Plan is a defined contribution plan and covers all employees of the District. Employees elect to contribute a portion of their salary to the plan with no limitations other than those legally imposed. An employee can also elect to contribute their social security taxes in lieu of paying into

Mission Hills Community Services District**Notes to Financial Statements****June 30, 2018****Page 8**

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SUBJECT TO CHANGE

Note 8: Employee Benefit Plan (Continued)

social security and the District contributes the employer portion as well. All other District contributions are discretionary and all contributions are vested 100% immediately. Assets are held separately from the District's funds. Total District contributions were \$46,952 for the year ended June 30, 2018. Contributions by plan members were \$83,142 for the year ended June 30, 2018.

Note 9: Risk Management

The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA), which was organized for the purpose of providing general liability, automobile, errors and omission, and property loss insurance coverage to water agencies. The ACWA/JPIA is financed through premium charges to each member. The ACWA/JPIA does not meet the reporting entity criteria and is therefore not included in the accompanying financial statements.

The ACWA/JPIA is administered by a board of directors, consisting of one member of each participating water agency. In addition, the water agencies' board members and staff are eligible to participate on the various committees and subcommittees of the ACWA/JPIA. The board is responsible for establishing premium rates and making budgeting decisions.

Coverage under current policies provide for the District to pay for the first \$2,500 of property loss for buildings, personal property, fixed equipment, and mobile equipment and the agency to pay for the next \$497,500. There is a \$1,000 deductible for licensed vehicles. The auto and general liability program has no deductible. Property losses are limited to the value of the property as assessed by the ACWA/JPIA. The ACWA/JPIA is self-insured for the first \$500,000. Claims over the self-insured amounts are covered by a group purchased commercial insurance policy. Each member district is assessed a premium in accordance with the JPIA agreement, creating the ACWA/JPIA.

Condensed financial information of the ACWA/JPIA was as follows:

	September 30, 2017 *
Total assets and deferred outflows	\$ 200,770,318
Total liabilities and deferred inflows	<u>125,447,644</u>
Net assets	<u><u>\$ 75,322,674</u></u>
Total operating revenues	\$ 169,992,183
Total nonoperating revenues	797,414
Total operating expenses	<u>(164,170,540)</u>
Net increase in net position	<u><u>\$ 6,619,057</u></u>

* Latest information available.

Mission Hills Community Services District

Notes to Financial Statements

June 30, 2018

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PRELIMINARY DRAFT
FOR MANAGEMENT REVIEW ONLY
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Note 10: Operating Lease

The District leases equipment with a two-year term expiring in April 2019. Monthly lease payments are \$561. The total operating lease expense was \$6,729 for the year ended June 30, 2018.

At June 30, 2018, future minimum lease payments were as follows:

<u>For the Year Ending June 30,</u>	
2019	\$ 5,608
Total	<u>\$ 5,608</u>

Note 11: Commitments and Contingencies

Notice of Violations

On December 2, 2010, the District received a Notice of Violations (NOV) from the Regional Water Quality Control Board (RWQCB) for alleged non-compliances associated with its Waste Discharge Requirement Order 97-035 for the Wastewater Treatment Plant. The NOV required the District to take immediate actions necessary to ensure compliance with Order No. 97-035 and to submit a report addressing the violations described in the NOV. The NOV states that the District may be subject to civil liability of up to \$1,000 per day for each day in which the violation occurs.

The District submitted a Corrective Action Plan and Implementation Schedule to the RWQCB on February 28, 2011. The District has substantially followed up with the RWQCB updating them on the status of the District's efforts under the Corrective Action Plan, which has been completed. A technical report was submitted on June 19, 2017 to support closure of the NOV by meeting all the conditions listed. In response to this report, the RWQCB issued a letter on August 30, 2017 confirming that the District has met all of the conditions required of the December 2, 2010 NOV and that the NOV has been closed. Although the District has met the conditions of the December 2, 2010 NOV, implementation of management actions consistent with conditions of the NOV has not eliminated effluent violations of total nitrogen, total dissolved solids, chloride and sodium. The District recognizes that additional management actions are necessary to reduce concentrations and is actively working towards this goal. The District and the RWQCB are working together to adopt new water discharge requirements and anticipate the process being complete by November 2019.

From time to time in the normal course of operations, the District has and may receive additional NOV. Management does not believe any additional NOV will result in a material impact to the financial statements.

Mission Hills Community Services District

Notes to Financial Statements

June 30, 2018

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Note 11: Commitments and Contingencies (Continued)

Santa Ynez River Valley Basin Western Management Area Groundwater Sustainability Agency

Effective January 11, 2017, the District entered into a Memorandum of Agreement (MOA) with various parties within the Santa Ynez River Water Conservation District under the Sustainable Groundwater Management Act to create the Santa Ynez River Valley Basin Western Management Area Groundwater Sustainability Agency (GSA). The parties agreed to cooperate under the MOA to create the GSA and for the GSA to create a Groundwater Sustainability Plan (GSP) on or before January 30, 2022. Under the MOA, the District will have one voting member on the board of eight. Costs incurred to create and implement the GSP will be shared by the voting parties as agreed to by the voting parties. On February 2, 2017, the parties filed a notice to become a GSA with the California Department of Water Resources, Sustainable Groundwater Management Section. In August 2018, subsequent to year end, the GSA began the process of requesting proposals from engineering firms to aid in the development of the GSP.

Litigation

From time to time, in the normal course of operations, the District may become involved in litigation for which the District has insurance coverage. Management does not believe these will result in a material impact to the financial statements.

Note 12: Subsequent Events

Events subsequent to June 30, 2018, have been evaluated through _____, 2018, which is the date the financial statements were available to be issued. Management did not identify any subsequent events that required disclosure.

**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

To the Board of Directors of
Mission Hills Community Services District

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the business-type activities of Mission Hills Community Services District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Mission Hills Community Services District's basic financial statements and have issued our report thereon dated _____, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Mission Hills Community Services District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mission Hills Community Services District's internal control. Accordingly, we do not express an opinion on the effectiveness of Mission Hills Community Services District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatement on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questions costs as 18.001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mission Hills Community Services District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose

Glenn Burdette Attest Corporation
San Luis Obispo, California

_____, 2018

Mission Hills Community Services District
Schedule of Findings and Recommendations
Year Ended June 30, 2018

PRELIMINARY DRAFT
FOR MANAGEMENT REVIEW ONLY
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Finding 18.001: Inadequate Segregation of Duties (Material Weakness)

Criteria:

There are generally four phases for an accounting process or operation: authorization, custody, record keeping and reconciliation. A well-designed system of internal control contemplates the allocation of duties among personnel such that each of these four functions would be performed by a different person.

Condition:

During our audit, we noticed that, due to the small size of the District staff, many of these duties are being performed by the same individuals and that the majority of the employees have access to the cash drawer.

Management has informed us that based upon the size of the District, they believe the cost to employ a sufficient number of employees with sufficient education and training to accomplish this would be cost prohibitive. While the District does not have all four phases of their accounting processes segregated, they have designed their controls to limit the potential of a material misstatement by having mitigating controls in place to detect any material misstatements that might occur. This includes detail oversight review of the trial balance on a monthly basis by both the General Manager and District Accountant.

Effect:

The effect on the District of not fully segregating these functions could be to have a misappropriation of assets, although the District has mitigated the impact by the controls discussed above.

Recommendation:

We recommend that the District continue to evaluate the assignment of responsibilities and authority in the accounting department and segregate duties to the best of their ability given the size of the District and the resources available.

PRELIMINARY DRAFT
FOR MANAGEMENT REVIEW ONLY
SUBJECT TO CHANGE

Supplementary Information

Mission Hills Community Services District

Schedule of Directors

June 30, 2018

PRELIMINARY DRAFT
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Walter Fasold	President
Bruce Nix	Vice President
James Mac Kenzie	Finance Officer
Steve Dietrich	Alternate Finance Officer
Myron Heavin	Director

See independent auditors' report.



MISSION HILLS COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors

FROM: Loch A. Dreizler, General Manager
Melissa Crouthers, Accountant

DATE: October 17, 2018

SUBJECT: Lighting Fixture Replacement

Recommendation / Proposed Motion

Recommendation: Review Eco-Green's Energy Audit

Motion: Allow the General Manager or his designated Staff to contract with PG&E and Eco-Green Solutions to replace 87 lighting fixtures as indicated on the attached document.

Policy Reference

The Mission Hills Community Services District is committed to providing residents reliable, high-quality water and wastewater services in an efficient, cost-effective, and environmentally safe manner.

Budget Resource

We qualify for a special program defined as "On-Bill Financing" that will have no direct impact on our budget while reducing our lighting footprint with minimal impact on staff time.

Alternatives Considered

Solicit proposals from responsible, qualified electricians required to pay prevailing wage.

Background

Replacing lighting in the office has been an informal discussion that goes back prior to hiring the current new General Manager in March of this year. Qualified proposals have been solicited in the past that only pertained to the office for about \$12,000 and did not include prevailing wages. Prevailing wages would have likely increased that proposal to \$15,000 or about \$390 per fixture which is comparable with Eco-Green's per fixture cost.

Discussion

The operations committee, Director Mac Kenzie and Director Heavin, met on October 3, 2018 with Riley Detrick from Eco-Green Solutions and discussed the proposal. Eco-Green Solutions indicated that they incorporate ENERGY STAR rated products and qualified installers will provide end to end service.

Eco-Green's Energy Audit includes a partnership with PG&E to replace 87 light fixtures with a total project cost of about \$34,000 or \$390 per fixture for labor and materials and a payback period of approximately 9 years. The office fixtures represent 39 of the 87 fixtures.

We can benefit from a program defined as "On-Bill Financing" that will have no direct impact on our budget. Our energy savings will be approximately \$315 per month with a payback of about 9 years. Mission Hills CSD will not have any out of pocket expenses, PG&E will realize the energy savings, and our monthly billing will remain equitable with what we pay now.

If staff completed the project the estimated man-hours are 2 hours per fixture and 2 workers per fixture or $(2) \text{ hours} * (2) \text{ workers} * 87 \text{ fixtures} = 348 \text{ labor hours}$. Staff is not recommending this option even if the time estimate was 50%; there would be 174 man hours involved. The no-cost option via PG&E offers a practical approach to getting a complete project.

Recommendation

Staff recommends contracting with Eco-Green Solutions via PG&E to complete a project that has been discussed for many years. Staff could solicit proposals from responsible, qualified electricians required to pay prevailing wage, but other projects would have to be set aside to develop the proposal, award the proposal and provide project management. With years of experience and thousands of successful projects, Eco-Green Solutions would simplify this project for Mission Hills CSD.

Attachment(s)

1. Eco-Green's Energy Audit

Mission Hills Community Service
Mission Hills Community Service District
1550 Burton Mesa Blvd
Lomboc, CA, 93436
Customer#01 : S4# 0

Approx Building Size	-	SF
Energy Rate	0.18	KWh

In Reference to Quote # 600868

EXISTING				SUGGESTED REPLACEMENTS & SAVINGS								
Existing Bulb	Watts/Fix	# of Fxtr	Operating Hours-Day / Yr	Location	Replacement Bulb	Watts/Fix	# of Fixtures	Watts/Bulbs Saved	Usage Saved	KWh Saved	Annual Savings	
AL COBRA HEAD WP DECO WP FLOOD	438 w 40 w 95 w	1 3 3	11 7 / 4015 11 5 / 2868 11 7 / 4015	OVER PARKING LOT ENTRANCE HALL MAINTENANCE SHED	LED Area Light LED Candelabra E26 LED Area Light	110 w 7 w 40 w	1 3 3	348 w 98 w 185 w	76.0% 82.5% 57.9%	1,397 284 662	\$351.50 \$51.11 \$119.25	
AL	285 w	2	11 7 / 4015	PARKING LOT	LED Area Light	85 w	2	420 w	71.2%	1,686	\$303.53	
AL	285 w	1	11 7 / 4015	PARKING LOT	LED Area Light	85 w	1	210 w	71.2%	843	\$151.77	
FLOOD	285 w	2	11 7 / 4015	BLUE SHED WWTP	LED Area Light	85 w	2	420 w	71.2%	1,686	\$303.53	
FLOOD SIGNAGE	500 w	2	11 5 / 2868	SHED 1	LED Flood	47.84 w	2	904.12 w	90.4%	2,593	\$466.72	
PAR 40	150 w	1	11 7 / 4015	SIGNAGE	LED Flood Light	28.2 w	1	121.3 w	81.2%	469	\$88.02	
PAR30	100 w	1	11 7 / 4015	GOAT FENCE	LED PAR30	14.5 w	1	85.5 w	85.5%	343	\$61.79	
PAR30 w2	100 w	1	5 7 / 1825	SHED 3	LED PAR30	14.5 w	1	85.5 w	85.5%	196	\$28.09	
2 X 4, W3	89 w	1	11 7 / 4015	MAINTENANCE SHED	LED PAR30	14.5 w	2	71 w	71.0%	285	\$51.31	
2 X 4, W3	89 w	10	11 5 / 2868	CONFERENCE ROOM	LED Troffer 2x4	22.8 w	7	463.4 w	74.4%	1,329	\$239.21	
2 X 4, W3	89 w	7	11 5 / 2868	LOBBY	LED Troffer 2x4	22.8 w	10	692 w	74.4%	1,899	\$344.73	
2 X 4, W3	89 w	2	11 5 / 2868	MELISSA'S OFFICE	LED Troffer 2x4	22.8 w	2	132.4 w	74.4%	380	\$68.35	
1 X 4, W2	59 w	2	11 5 / 2868	RESTROOM NEUTRAL	LED 4" Linear Fixture	16.23 w	2	85.54 w	72.5%	245	\$44.16	
1 X 4, W2	59 w	2	11 5 / 2868	MENS RESTROOM	LED 4" Linear Fixture	16.23 w	2	85.54 w	72.5%	245	\$44.16	
1 X 4, W2	59 w	2	11 5 / 2868	WOMENS RESTROOM	LED 4" Linear Fixture	16.23 w	2	85.54 w	72.5%	245	\$44.16	
1 X 4, W2	59 w	6	11 7 / 4015	MAINTENANCE SHED	LED 4" Linear Fixture	16.23 w	8	256.62 w	72.5%	1,030	\$185.46	
1 X 4, W2	59 w	1	11 5 / 2868	BLUE SHED	LED 4" Linear Fixture	16.23 w	1	42.77 w	72.5%	123	\$22.08	
1 X 4, W2	59 w	6	11 7 / 4015	MAINTENANCE SHED	LED 4" Linear Fixture	16.23 w	6	256.62 w	72.5%	1,030	\$185.46	
1 X 4, W2	59 w	5	11 5 / 2868	SHED 2	LED 4" Linear Vapor Tight Fixture	16.7 w	6	253.8 w	71.7%	728	\$131.02	
1 X 4, W2	59 w	5	11 5 / 2868	SHED 1	LED 4" Linear Vapor Tight Fixture	16.7 w	5	211.5 w	71.7%	607	\$109.18	
2 X 4, W2	59 w	2	11 5 / 2868	BREAKROOM	LED Troffer 2x4	22.8 w	2	72.4 w	81.4%	208	\$37.37	
2 X 4, W2	59 w	4	11 5 / 2868	LOCH'S OFFICE	LED Troffer 2x4	22.8 w	4	144.8 w	81.4%	415	\$74.75	
2 X 4, W2	59 w	2	11 5 / 2868	LAST OFFICE	LED Troffer 2x4	22.8 w	2	72.4 w	81.4%	208	\$37.37	
2 X 4, W2	59 w	4	11 5 / 2868	CASEY FOCOLER	LED Troffer 2x4	22.8 w	4	144.8 w	81.4%	415	\$74.75	
LAMP POST, AL	265 w	1	11 7 / 4015	GOAT FENCE	LED Post Top	80 w	1	215 w	72.9%	863	\$155.38	
WP	46 w	5	11 7 / 4015	SHED 1/2	LED Wallpack	12 w	5	170 w	73.9%	683	\$122.86	
CAN	17 w	2	11 5 / 2868	SIDE CLOSET	LED 6" Can Downlight	10.74 w	2	12.52 w	36.8%	36	\$6.46	
	w		11 5 / 2868	SHED 1 PUMP WELL 6 NATURAL GAS		w						
	w		11 5 / 2868	WELL 5		w						
	w		/	LIFT STATION 4 PUMPS		w						
	w		/	WWTP		w						
	w		11 5 / 2868	SHED 2 WELL 7 MODEL 105MM		w						
	w		/			w						
	w		/			w						
	w		/			w						
Totals		87	104694			w	88	6297.57 w	74.4%	21,114	\$3,800.52	
				Total Project Cost After Rebate				Approximate Energy Savings Per Month				\$316.71
				****Payback Period Yrs				Energy Savings Per Year				\$2,800.52
								**Total Savings Over 5 Years				\$24,478.69
								**Total Savings After 10 Years				\$56,203.50
								Estimated Energy Rebate				\$0.00
								IRS Tax Deduction 179D Available				\$0.00
								***Estimated Federal Tax Savings				\$10,240,192
								Btu Savings Per Month				\$610.96
								Bulb Replacement Savings Per Year				\$14,432.69
								Bulb Replacement Savings Per Avg. Est. Life of LED				\$316.71
								*Loan Payment				
				Potential Write-Off Amount								

*Payment is based on a 8.97 year loan at 0% interest OAC, actual may vary.

NOTE: Attached calculations do not include depreciation deduction for project cost

** Reflects 6% per year cost of energy increase + Bulb Replacement

*** Based on IRS 179D Deduction @ 35% federal tax rate

****Payback Period Yrs = (Total Project Cost - Rebate) / Estimated Savings per Year

ENERGY AUDIT

Mission Hills Community Service EcoGreen Sales Rep: Riley Detrick
 Mission Hills Community Service District
 1550 Burton Mesa Blvd
 Lomboc, CA 93436
 Customer# 0 , SA# 0
 Customer Contact: Loch Dreizler
 Title of Contact: General Manager
 Customer Phone: 805-733-4366
 Customer Email: LD@mhcsd.org

Approx Building Size - SF
 Energy Rate 0.18 KWh



In Reference to Quote # 600868

EXISTING				Suggested Replacements & Savings							
Existing Bulb	Watts/Fix	# of Fixtur	Operating Hours-Day / Yr	Location	Replacement Bulb	Watts/Fix	# of Fixtures	Watts/bulbs Saved	Usage Saved	KWh Saved	Annual Savings
Totals	\$34,094.10		\$0								

* Payback Period: Yrs = Total Project Cost - Rebate / Tax Deduction - Estimated Savings Per Year + Bulb Replacement Savings Per Year

*Payback Period Yrs = (Total Project Cost - Rebate - Tax Deduction - Tax Savings) / (Estimated Savings Per Year + Bulb Replacement Savings Per Yr)



MISSION HILLS COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors

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

DATE: October 11, 2018

SUBJECT: Purchase of Updated Citizens Band (CB) Radios

Recommendation / Proposed Motion

- Recommendation: Review the proposal from Advanced Wireless to purchase a new base station and 4 new CB truck mount radios
- Proposed Motion(s): Approve the proposal from Advanced Wireless with a cost not to exceed \$6,500.00

Alternatives Considered

Cell phones were considered as an alternative, but not recommended.

Policy Reference

3040.10 All purchases made for the District by Staff shall be authorized by the General Manager and shall be in conformance with the District Budget.

Using General Manager discretion for some purchases, it is good practice to receive Board approval when accessing capital replacement reserves.

Budget Resource

The District has \$2,716 in accumulated depreciation for the current CB radio base station and truck mounts. The remaining \$3,783 can be funded by capital replacement reserves. The purchase of the replacement base station and truck mounts will be capitalized and added to the District's fixed asset schedule.

Background

Effective January 1, 2017, Section 23123.5 of the California Vehicle Code (CVC) was amended by Assembly Bill 1785, which substantially expanded the scope of Section 23123.5 CVC, from

simply prohibiting the use of a wireless phone to text while driving, to prohibiting holding and operating a handheld wireless telephone or an electronic wireless communications device while driving, which included CB radios.

On March 28, the CHP issued a statewide directive (summary of importance to this topic below) that specifies that use of radios with a wired microphone do not fall under this law and is not subject to enforcement.

For the purposes of Section 23123.5(f) CVC, a radio installed and mounted in a vehicle with a wired hand microphone (e.g., business band or citizen band [CB] radio) is not considered a wireless communication device, nor is it considered a specialized mobile radio device, and therefore is not subject to enforcement under this section.

This information will be added to an upcoming revision to Highway Patrol Manual 100.68, Traffic Enforcement Policy Manual, Chapter 5, Other Enforcement Issues.

CHP Headquarters/Office of the Commissioner/061/18227

Discussion

The current CB radios are 19 years old and beginning to fail. There was an attempt to purchase and replace one failed unit with a cheaper one to help get us by for the next budget cycle. Unfortunately, the unit was very inefficient, and the communication was still sketchy. Since then we have had another unit begin to fail.

These CB radios are an important part of the District's daily use and are extremely reliable during emergencies. Unlike traditional phones and cell towers that can fail during inclement weather, CB radios work even when other forms of communication have gone down.

Even during small-scale disasters (earthquakes, seasonal storms, etc.) normal communications channels can become compromised quite easily. In fact, it doesn't take much to bring down an entire cell network, making the ability to communicate during a disaster one of our top priorities. With little more than the power from your vehicle's battery or even a couple of double AA batteries for the mobile versions of these radios, you can ensure our ability to communicate during emergencies.

This became ever more apparent during the 2017 fire within MHCSO boundaries. It was evident to staff how fortunate we were to have the use of our existing CB radios when all other phone communications were lost. With the power outage and concern for the safety of the community and staff members, we would not have been able to be as efficient as we were had we not had functioning CB radios. During that event, we were able to have a staff member at the well house, one at the water treatment plant, one at the headworks and one located at the lift station who were all in constant communications to make sure we could still provide the services needed.

Attachment(s):

1. Estimate from Advanced Wireless
2. Federal Communications Commission – Radio Station Authorization

ESTIMATE Advanced WIRELESS

708 West Betteravia Road, Suite B
Santa Maria, CA 93455
Office: 805.922.2252, Fax: 805.928.3828

Date: 10/04/2018

Prepared by: Dan Rudnick

Casey Fowler
Mission Hills CSD
805-733-4366x200
CF@mhcsd.org

2 Way Radios

Materials

Description	Location	Number	Cost per	Amount
Kenwood	25 Watt 8 Channel. Programming included	4	\$325.07	\$1,300.28
Antennas		4	\$65.55	\$262.20
Kenwood	Base Station	1	\$499.58	\$566.14
Antenna & Cable		1	\$950.00	\$950.00
Desk Mic, Power Supply		1	\$295.00	\$237.14

Material costs \$3,315.76

Labor

Description	Location	Number	Cost per	Amount
Installation	Base	1	\$ 2,495.00	2495
Shipping		1	\$ 95.00	95
Bucket Truck		1	\$ 195.00	195
FCC License				

Notes:

Labor costs \$ 2,785.00
Tax \$265.26
TOTAL \$6,366.02

LEASE TO OWN.....\$1.00 buyout at end of lease.....First & Last payment in advance

\$5,000-10,000	\$10,001-35,000	\$35,001-50,000

24 months
36 months
48 months
60 months

Quote good for 30 Days

Acceptance of Proposal: X _____

Date: / /



Federal Communications Commission
Wireless Telecommunications Bureau

RADIO STATION AUTHORIZATION

LICENSEE: MISSION HILLS COMMUNITY SERVICE DISTRICT

MISSION HILLS COMMUNITY SERVICE DISTRICT
1430 BURTON MESA BLVD
LOMPOC, CA 93436

Call Sign KNBY957	File Number 0004949245
Radio Service IG - Industrial/Business Pool, Conventional	
Regulatory Status PMRS	
Frequency Coordination Number	

FCC Registration Number (FRN): 0001519560

Grant Date 11-11-2011	Effective Date 11-11-2011	Expiration Date 12-23-2021	Print Date 11-11-2011
---------------------------------	-------------------------------------	--------------------------------------	---------------------------------

STATION TECHNICAL SPECIFICATIONS

Fixed Location Address or Mobile Area of Operation

Loc. 1 **Address:** 1448 BURTON MESA BLVD
 City: LOMPOC **County:** SANTA BARBARA **State:** CA
 Lat (NAD83): 34-41-29.9 N **Long (NAD83):** 120-26-03.6 W **ASR No.:** **Ground Elev:** 110.0

Loc. 2 **Area of Operation**
 Other: 25 MIRA LOMPOC CA

Antennas

Loc. No.	Ant. No.	Frequencies (MHz)	Sta. Cls.	No. Units	No. Pagers	Emission Designator	Output Power (watts)	ERP (watts)	Ant. Ht./Tp meters	Ant. AAT meters	Construct Deadline Date
1	1	000158.22000000	FB	1		20K0F3E	100.000		21.0		
2	1	000158.22000000	MO	5		20K0F3E	100.000				

Control Points

Control Pt. No. 1

Address: 1430 BURTON MESA BLVD
City: LOMPOC **County:** SANTA BARBARA **State:** CA **Telephone Number:** (805)733-4366

Waivers/Conditions:

Beginning January 1, 2013, this station must operate on channels with a bandwidth of 12.5 kHz or less, or with equivalent efficiency, regardless of the emission bandwidths set forth on this license. See Section 90.209(b)(5) of the Commission's Rules. Note, however, that the narrowbanding requirement does not apply to specific channels designated in Rule 90.20 or 90.35 for paging only.

Conditions:

Pursuant to §309(h) of the Communications Act of 1934, as amended, 47 U.S.C. §309(h), this license is subject to the following conditions: This license shall not vest in the licensee any right to operate the station nor any right in the use of the frequencies designated in the license beyond the term thereof nor in any other manner than authorized herein. Neither the license nor the right granted thereunder shall be assigned or otherwise transferred in violation of the Communications Act of 1934, as amended. See 47 U.S.C. § 310(d). This license is subject in terms to the right of use or control conferred by §706 of the Communications Act of 1934, as amended. See 47 U.S.C. §606.