



Notice of Regular Meeting Oceano Community Services District - Board of Directors Agenda

WEDNESDAY, June 26, 2019 – 6:00 P.M.

Oceano Community Services District Board Room
1655 Front Street, Oceano, CA

All items on the agenda including information items, may be deliberated. Any member of the public with an interest in one of these items should review the background material and request information on the possible action that could be taken.

All persons desiring to speak during any Public Comment period are asked to fill out a "Board Appearance Form" to submit to the General Manager prior to the start of the meeting. Each individual speaker is limited to a presentation time of THREE (3) minutes per item. Persons wishing to speak on more than one item shall limit his/her remarks to a total of SIX (6) minutes. This time may be allocated between items in one-minute increments up to three minutes. Time limits may not be yielded to or shared with other speakers.

1. **CALL TO ORDER**
2. **ROLL CALL**
3. **FLAG SALUTE**
4. **AGENDA REVIEW**
5. **CLOSED SESSION:**
 - A. **PUBLIC EMPLOYMENT.** Pursuant to Government Code Section 54597(b)(1) - Title: General Manager

6. **PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA (NOT BEGINNING BEFORE 6:00 PM)**

This public comment period provides an opportunity for members of the public to address the Board on matters of interest within the jurisdiction of the District that are not listed on the agenda. If a member of the public wishes to speak at this time, Public comment is limited to three (3) minutes.

7. **SPECIAL PRESENTATIONS & REPORTS:**

A. STAFF REPORTS:

- i. Operations - Field Supervisor Tony Marraccino
- ii. FCFA Operations - Chief Steve Lieberman
- iii. OCSD General Manager – Paavo Ogren
- iv. Sheriff's South Station - Commander Stuart MacDonald

B. BOARD OF DIRECTORS AND OUTSIDE COMMITTEE REPORTS:

- i. Director Villa
- ii. Director Gibson
- iii. Vice President White
- iv. President Austin
- v. Director Replogle

C. PUBLIC COMMENT ON SPECIAL PRESENTATIONS AND REPORTS:

This public comment period provides an opportunity for members of the public to address the Board on matters discussed during Agenda Item #7 – Special Presentations and Reports. If a member of the public wishes to speak at this time, Public comment is limited to three (3) minutes.

This agenda was prepared and posted pursuant to Government Code Section 54954.2. Agenda is posted at the Oceano Community Services District, 1655 Front Street, Oceano, CA. Agenda and reports can be accessed and downloaded from the Oceano Community Services District website at www.oceanocsd.org

ASSISTANCE FOR THE DISABLED If you are disabled in any way and need accommodation to participate in the Board meeting, please call the Clerk of the Board at (805) 481-6730 for assistance at least three (3) working days prior to the meeting so necessary arrangements can be made.

8. CONSENT AGENDA ITEMS:

Public comment Members of the public wishing to speak on consent agenda items may do so when recognized by the Presiding Officer. To facilitate public comment, we request persons wishing to speak to fill out a speak request form and give it to the General Manager. Public comment is limited to three (3) minutes.

- A. Review and Approval of Minutes for June 12, 2019
- B. Review and Approval of Cash Disbursements

9. BUSINESS ITEMS:

Public comment Members of the public wishing to speak on public hearing items may do so when recognized by the Presiding Officer. To facilitate public comment, we request persons wishing to speak to fill out a speak request form and give it to the General Manager. Public comment is limited to three (3) minutes.

- A. Review and discussion of painting and art for the Old Fire Station at 1687 Front Street in Oceano, Ca.
- B. Review and discussion on Board of Director's Stipends with direction as may be deemed appropriate

10. HEARING ITEMS:

- A. Hearing to consider protests to a proposed increase in Solid Waste Rates and, if no majority protest exists, recommendations to approve a resolution adopting solid waste rates effective on July 1, 2019, January 1, 2020 and January 1, 2021 and waiving Franchise Section 8.3 rights to terminate the franchise
- B. Consideration of recommendations to adopt resolutions approving the Fiscal Year 2019-20 Preliminary Budget and the Fiscal Year 2019-20 Appropriation Limitation and to set August 28, 2019 as the date of the public hearing to consider the adoption of the 2019-20 Final Budget

11. RECEIVED WRITTEN COMMUNICATIONS:

12. LATE RECEIVED WRITTEN COMMUNICATIONS:

13. FUTURE AGENDA ITEMS: See the Board Meeting Timeline/ Future Agenda Items

14. FUTURE HEARING ITEMS:

15. ADJOURNMENT:

ADDENDUM: South County Sanitary Franchise Agreement



Oceano Community Services District

Summary Minutes

Regular Meeting Wednesday, June 12, 2019 – 6:00 P.M.

Oceano Community Services District Board Room
1655 Front Street, Oceano, CA

1. **CALL TO ORDER:** at 6:00 p.m. by President Austin
2. **FLAG SALUTE:** led by President Austin
3. **ROLL CALL:** Board members present: President Austin, Vice President White, Director Villa, Director Gibson and Director Replogle. Also present, General Manager Paavo Ogren, Legal Counsel Jeff Minnerly, Business and Accounting Manager Carey Casciola and Board Secretary Celia Ruiz.
4. **AGENDA REVIEW:** Agenda approved as modified in Item 8B and with the addendum for items 8D and 9A, with a motion from Vice President White, a second from Director Villa and a 5-0 roll call vote.
5. **CLOSED SESSION:** None
6. **PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA (NOT BEGINNING BEFORE 6:00 PM):**
No public comment.
7. **SPECIAL PRESENTATIONS & REPORTS:**
 - a. **STAFF REPORTS:**
 - i. Operations - Field Supervisor Tony Marraccino –reported on 10 USA's, 8 work orders, 7 customer service calls, 3 after hours call outs, 7 ready 311 app work orders, Lopez currently at 59.3% full, no SSO's in the month of May, daily rounds, hydrant hit on Pier, Crest line break has been completed, Security Ct is currently leaking, comment codes, meter reads, highs and lows, door hangers, line replacement on Lancaster, Well 8 maintenance.
 - ii. FCFA - Chief Steve Lieberman – Chief Lieberman reported on weed abatement, Air Park bridge, Engine 5 out of service since January will be picking up by end of week.
 - iii. OCSD General Manager – General Manager Ogren reported on Santa Maria Ground Water Litigation, Prop 84 Water Resource Reliability, County Drainage Relocation Project, Budget, bids for generator are out and due July 2nd.
 - iv. Sheriff's South Station – Commander Stuart MacDonald – None
 - b. **BOARD OF DIRECTORS AND OUTSIDE COMMITTEE REPORTS:**
 - i. Director Villa – None
 - ii. Director Gibson – reported on IRWM
 - iii. Vice President White – None
 - iv. President Austin – reported on SSLOCSD
 - v. Director Replogle – reported on IRWM and WRAC
 - c. **PUBLIC COMMENT ON SPECIAL PRESENTATIONS AND REPORTS:**
No public comment.

8 CONSENT AGENDA:	ACTION:
<ul style="list-style-type: none"> a. Review and Approval of Minutes for May 22, 2019 b. Review and Approval of Cash Disbursements c. Submittal for Approval of a Resolution to Close the District for normal operations on July 5, 2019 d. Consideration of Recommendation to Approve an Agreement with the County of San Luis Obispo for the Public Facilities Fees relating to firefighting and emergency response services 	<p>After an opportunity for public comment and Board discussion, staff recommendations were approved as modified with an addition to Item 8b in the amount of \$5,434.34 for a total of \$ 68,714.27 (see attached) with a motion from Vice President White, and a second from Director Gibson and a 5-0 roll call vote.</p> <p>No public comment.</p>

9A BUSINESS ITEM:	ACTION:
<p>Consideration of a Recommendation to :</p> <ul style="list-style-type: none"> 1. Approve the Second Amendment to Five Cities Fire Authority (FCFA) Joint Exercise of Powers Agreement and direct the President to execute 2. Authorize legal counsel to approve non-substantive changes for the President to execute. 	<p>General Manager Paavo Ogren and Five Cities Fire Authority's Chief Lieberman gave an introduction to the agenda item and after an opportunity for public comment and Board discussion, staff recommendations were approved as modified with the funding total of \$1,138,148 with a motion from Director Gibson, and a second from Vice President White and a 5-0 roll call vote.</p> <p>No public comment.</p>

9B BUSINESS ITEM:	ACTION:
<p>Workshop on the 2019/20 Budget :</p> <ul style="list-style-type: none"> 1. Review and discuss the attached 2019-20 District Budget Worksheets and provide staff with direction as you deem appropriate. 2. Set June 26, 2019 as the date of a public hearing for your Board to consider adoption of the Fiscal Year 2019-20 Preliminary Budget. 	<p>A presentation was given by Carey Casciola, after an opportunity for public comment and Board discussion, a motion was made to set June 26, 2019 as the public hearing for the Preliminary 2019-20 budget with a motion from Vice President White, and a second from Director Villa and a 5-0 roll call vote.</p> <p>No public comment.</p>

10. HEARING ITEMS: None

11. RECEIVED WRITTEN COMMUNICATIONS: None

12. LATE RECEIVED WRITTEN COMMUNICATIONS: None

13. FUTURE AGENDA ITEMS: See the Board Meeting Timeline/ Future Agenda Items

A motion was made to place Board Member stipend for board Meetings and Committees with a motion from Director Gibson, and a second from Vice President White and a 4-1 roll call vote with Director Replogle dissenting.

14. FUTURE HEARING ITEMS: None.

15. ADJOURNMENT: at approximately 8:16pm



Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

PHONE(805) 481-6730 FAX (805) 481-6836

Date: June 12, 2019

To: Board of Directors

From: Carey Casciola, Business and Accounting Manager

Subject: **Agenda Item #8B: Recommendation to Approve Cash Disbursements - REVISED**

Recommendation

It is recommended that your board approve the attached cash disbursements:

Discussion

The following is a summary of the attached cash disbursements:

Description	Check Sequence	Amounts
	57733 - 57777	
Disbursements Requiring Board Approval prior to Payment:		
Regular Payable Register - paid 06/12/2019	57738 - 57763	\$ 22,859.27
Reimbursement Agreements Refunds Due (LMUSD & Moles)	57764 - 57766	\$ 2,347.82
U/B Account Refund (Seelos)	57767 -	\$ 29.97
Added Warrants - paid 06/12/2019	57768 - 57777	\$ 5,434.73
	REVISED Subtotal:	\$ 30,671.79
Reoccurring Payments for Board Review (authorized by Resolution 2018-11):		
Payroll Disbursements - PPE 05/25/2019	N/A	\$ 28,453.24
Reoccurring Utility Disbursements - paid 05/22/2019	57735 - 57737	\$ 1,236.06
Reoccurring Health Disbursements - paid 05/22/2019	57733 - 57734	\$ 8,353.48
	Subtotal:	\$ 38,042.78
	REVISED Grand Total:	\$ 68,714.57

Other Agency Involvement: n/a

Other Financial Considerations: Amounts are within the authorized Fund level budgets.

Results

The Board's review of cash disbursements is an integral component of the District's system of internal controls and promotes a well governed community.

Oceano Community Services District
 U/B Account Refund and Added Warrants to 06/12/2019 Board Meeting

A/P Approval

	Invoice	Vendor	Amount	Check #	Distribution
1	02083	U/B ACCT REFUND	\$ 29.97	57767	\$ 29.97
				Sub-Total U/B Account Refund (Seelos)	\$ 29.97
2	52087	R&R ROLL-OFF LLC	\$ 528.92	57768	\$ 528.92
3	BPI952605	BRENNTAG PACIFIC INC.	\$ 778.24	57769	\$ 778.24
4	05012019	WHITE, KAREN M.	\$ 250.00	57770	\$ 250.00
5	9551598	DIVERSIFIED PROJECT SERVICES INTERNATIONAL, INC.	\$ 560.00	57771	\$ 560.00
6	0672.005-9	GSI WATER SOLUTIONS, INC.	\$ 1,451.73	57772	\$ 1,451.73
7	8126434862	SHRED-IT USA JV LLC	\$ 201.19	57773	\$ 201.19
8	3990	MISSION PAVING INC.	\$ 900.00	57774	\$ 900.00
9	298754, 298761	MIER BROS.	\$ 301.70	57775	\$ 301.70
10	394586	MINER'S ACE HARDWARE	\$ 52.95	57776	\$ 52.95
11	32753	PRO-TECH LANDSCAPE MANAGEMENT, INC.	\$ 410.00	57777	\$ 410.00
				Sub-Total Added Warrants - paid 06/12/2019	\$ 5,434.73
Total U/B Account Refund and Added Warrants to be paid 06/12/2019					\$ 5,464.70



Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

PHONE(805) 481-6730 FAX (805) 481-6836

Date: June 26, 2019

To: Board of Directors

From: Carey Casciola, Business and Accounting Manager

Subject: **Agenda Item #8B: Recommendation to Approve Cash Disbursements**

Recommendation

It is recommended that your board approve the attached cash disbursements:

Discussion

The following is a summary of the attached cash disbursements:

Description	Check Sequence	Amounts
	57778 - 57803	
Disbursements Requiring Board Approval prior to Payment:		
Regular Payable Register - paid 06/26/2019	57787 - 57803	\$ 33,860.79
	Subtotal:	\$ 33,860.79
Reoccurring Payments for Board Review (authorized by Resolution 2018-11):		
Payroll Disbursements - PPE 06/08/2019	N/A	\$ 25,885.84
County Electronic Journal Entry Disbursement for Encroachment Blanket Permit	N/A	\$ 1,715.00
Reoccurring Utility Disbursements - paid 06/12/2019	57779 - 57786	\$ 8,651.96
Reoccurring Health Disbursements - paid 06/12/2019	57778	\$ 56.21
	Subtotal:	\$ 36,309.01
	Grand Total:	\$ 70,169.80

Other Agency Involvement

N/A

Other Financial Considerations

Amounts are within the authorized Fund level budgets.

Results

The Board's review of cash disbursements is an integral component of the District's system of internal controls and promotes a well governed community.

6/21/2019 10:19 AM
 COMPANY: 99 - POOLED CASH FUND
 ACCOUNT: 1-1001-000 POOLED CASH OPERATING
 TYPE: All
 STATUS: All
 FOLIO: All

CHECK RECONCILIATION REGISTER

PAGE: 1
 CHECK DATE: 0/00/0000 THRU 99/99/9999
 CLEAR DATE: 0/00/0000 THRU 99/99/9999
 STATEMENT: 0/00/0000 THRU 99/99/9999
 VOIDED DATE: 0/00/0000 THRU 99/99/9999
 AMOUNT: 0.00 THRU 999,999,999.99
 CHECK NUMBER: 057787 THRU 057803

ACCOUNT	--DATE--	--TYPE--	NUMBER	-----DESCRIPTION-----	----AMOUNT---	STATUS	FOLIO	CLEAR DATE
CHECK:								
1-1001-000	6/21/2019	CHECK	057787	PETTY CASH	18.96CR	OUTSTND	A	0/00/0000
1-1001-000	6/21/2019	CHECK	057788	CANNON	4,485.00CR	OUTSTND	A	0/00/0000
1-1001-000	6/21/2019	CHECK	057789	MARK SCHWIND ELECTRIC INC.	660.00CR	OUTSTND	A	0/00/0000
1-1001-000	6/21/2019	CHECK	057790	ANTHONY MARRACCINO	100.00CR	OUTSTND	A	0/00/0000
1-1001-000	6/21/2019	CHECK	057791	ADAMSKI MOROSKI MADDEN CUMBERL	16,975.00CR	OUTSTND	A	0/00/0000
1-1001-000	6/21/2019	CHECK	057792	BURDINE PRINTING & GRAPHICS	2,312.80CR	OUTSTND	A	0/00/0000
1-1001-000	6/21/2019	CHECK	057793	ICONIX WATERWORKS (US) INC.	2,652.72CR	OUTSTND	A	0/00/0000
1-1001-000	6/21/2019	CHECK	057794	ARAMARK	200.00CR	OUTSTND	A	0/00/0000
1-1001-000	6/21/2019	CHECK	057795	SWRCB/ DRINKING WATER OP CERT	100.00CR	OUTSTND	A	0/00/0000
1-1001-000	6/21/2019	CHECK	057796	SWRCB/ DRINKING WATER OP CERT	50.00CR	OUTSTND	A	0/00/0000
1-1001-000	6/21/2019	CHECK	057797	SHRED-IT USA JV LLC	66.38CR	OUTSTND	A	0/00/0000
1-1001-000	6/21/2019	CHECK	057798	CLINICAL LAB OF SAN BERNARDINO	380.00CR	OUTSTND	A	0/00/0000
1-1001-000	6/21/2019	CHECK	057799	RABOBANK VISA CARD	974.19CR	OUTSTND	A	0/00/0000
1-1001-000	6/21/2019	CHECK	057800	J.B. DEWAR, INC.	437.84CR	OUTSTND	A	0/00/0000
1-1001-000	6/21/2019	CHECK	057801	MINER'S ACE HARDWARE, INC.	191.80CR	OUTSTND	A	0/00/0000
1-1001-000	6/21/2019	CHECK	057802	SLO CO PUBLIC HEALTH DEPT.	2,500.70CR	OUTSTND	A	0/00/0000
1-1001-000	6/21/2019	CHECK	057803	WALLACE GROUP A CALIFORNIA COR	1,755.40CR	OUTSTND	A	0/00/0000
TOTALS FOR ACCOUNT 1-1001-0				CHECK	TOTAL:	33,860.79CR		
				DEPOSIT	TOTAL:	0.00		
				INTEREST	TOTAL:	0.00		
				MISCELLANEOUS	TOTAL:	0.00		
				SERVICE CHARGE	TOTAL:	0.00		
				EFT	TOTAL:	0.00		
				BANK-DRAFT	TOTAL:	0.00		

Payroll Summary Report
Board of Directors - Agenda Date June 26, 2019

	(*)	
<u>Gross Wages</u>	5/25/2019	6/8/2019
Regular	\$22,536.09	\$21,641.80
Overtime Wages	\$2,187.69	\$1,204.42
Stand By	\$700.00	\$700.00
	<u>\$25,423.78</u>	<u>\$23,546.22</u>
 <u>Disbursements</u>		
Net Wages	\$19,465.55	\$17,774.76
State and Federal Agencies	\$4,501.92	\$3,729.34
CalPERS - Normal	\$4,328.66	\$4,210.36
SEIU - Union Fees	<u>\$157.11</u>	<u>\$171.38</u>
Total Disbursements processed with Payroll	<u>\$28,453.24</u>	<u>\$25,885.84</u>
 Health (Disbursed with reoccurring bills)	 \$0.00	 \$4,741.56
	<u>\$28,453.24</u>	<u>\$30,627.40</u>
Total District Payroll Related Costs	<u>\$28,453.24</u>	<u>\$30,627.40</u>

(*) Previously reported in prior Board Meeting packet - provided for comparison.

Oceano Community Services District
 County of San Luis Obispo Electronic Journal Entry

A/P Approval

	Invoice	Vendor	Amount	G/L Account	Account Name	Distribution
1	245R12C1040	County of SLO Public Works	\$ 1,715.00	10-5-4300-248	Permits, Fees, License	\$ 1,715.00

Total County Electronic Journal Entry for Encroachment Blanket Permit	\$ 1,715.00
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COMPANY: 99 - POOLED CASH FUND
 ACCOUNT: 1-1001-000 POOLED CASH OPERATING
 TYPE: All
 STATUS: All
 FOLIO: All

CHECK DATE: 0/00/0000 THRU 99/99/9999
 CLEAR DATE: 0/00/0000 THRU 99/99/9999
 STATEMENT: 0/00/0000 THRU 99/99/9999
 VOIDED DATE: 0/00/0000 THRU 99/99/9999
 AMOUNT: 0.00 THRU 999,999,999.99
 CHECK NUMBER: 057779 THRU 057786

ACCOUNT	--DATE--	--TYPE--	NUMBER	-----DESCRIPTION-----	----AMOUNT---	STATUS	FOLIO	CLEAR DATE
CHECK:								
1-1001-000	6/12/2019	CHECK	057779	ADVANTAGE ANSWERING PLUS, INC	237.17CR	OUTSTND	A	0/00/0000
1-1001-000	6/12/2019	CHECK	057780	CHARTER COMMUNICATIONS	130.00CR	OUTSTND	A	0/00/0000
1-1001-000	6/12/2019	CHECK	057781	DIGITAL WEST NETWORKS, INC.	601.43CR	OUTSTND	A	0/00/0000
1-1001-000	6/12/2019	CHECK	057782	VERIZON WIRELESS	184.14CR	OUTSTND	A	0/00/0000
1-1001-000	6/12/2019	CHECK	057783	PACIFIC GAS & ELECTRIC	7,041.72CR	OUTSTND	A	0/00/0000
1-1001-000	6/12/2019	CHECK	057784	SO CAL GAS	140.03CR	OUTSTND	A	0/00/0000
1-1001-000	6/12/2019	CHECK	057785	STANLEY CONVERGENT SECURITY SO	93.97CR	OUTSTND	A	0/00/0000
1-1001-000	6/12/2019	CHECK	057786	ELECSYS INTERNATIONAL CORP	223.50CR	OUTSTND	A	0/00/0000
TOTALS FOR ACCOUNT 1-1001-0				CHECK	TOTAL:	8,651.96CR		
				DEPOSIT	TOTAL:	0.00		
				INTEREST	TOTAL:	0.00		
				MISCELLANEOUS	TOTAL:	0.00		
				SERVICE CHARGE	TOTAL:	0.00		
				EFT	TOTAL:	0.00		
				BANK-DRAFT	TOTAL:	0.00		
TOTALS FOR POOLED CASH FUND				CHECK	TOTAL:	8,651.96CR		
				DEPOSIT	TOTAL:	0.00		
				INTEREST	TOTAL:	0.00		
				MISCELLANEOUS	TOTAL:	0.00		
				SERVICE CHARGE	TOTAL:	0.00		
				EFT	TOTAL:	0.00		
				BANK-DRAFT	TOTAL:	0.00		

COMPANY: 99 - POOLED CASH FUND
 ACCOUNT: 1-1001-000 POOLED CASH OPERATING
 TYPE: All
 STATUS: All
 FOLIO: All

CHECK DATE: 0/00/0000 THRU 99/99/9999
 CLEAR DATE: 0/00/0000 THRU 99/99/9999
 STATEMENT: 0/00/0000 THRU 99/99/9999
 VOIDED DATE: 0/00/0000 THRU 99/99/9999
 AMOUNT: 0.00 THRU 999,999,999.99
 CHECK NUMBER: 057778 THRU 057778

ACCOUNT	--DATE--	--TYPE--	NUMBER	-----DESCRIPTION-----	----AMOUNT---	STATUS	FOLIO	CLEAR DATE
CHECK: -----								
1-1001-000	6/12/2019	CHECK	057778	TASC -CLIENT INVOICES	56.21CR	OUTSTND	A	0/00/0000
TOTALS FOR ACCOUNT 1-1001-0				CHECK	TOTAL:	56.21CR		
				DEPOSIT	TOTAL:	0.00		
				INTEREST	TOTAL:	0.00		
				MISCELLANEOUS	TOTAL:	0.00		
				SERVICE CHARGE	TOTAL:	0.00		
				EFT	TOTAL:	0.00		
				BANK-DRAFT	TOTAL:	0.00		
TOTALS FOR POOLED CASH FUND				CHECK	TOTAL:	56.21CR		
				DEPOSIT	TOTAL:	0.00		
				INTEREST	TOTAL:	0.00		
				MISCELLANEOUS	TOTAL:	0.00		
				SERVICE CHARGE	TOTAL:	0.00		
				EFT	TOTAL:	0.00		
				BANK-DRAFT	TOTAL:	0.00		



Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730 FAX (805) 481-6836

Date: June 26, 2019

To: Board of Directors

From: Paavo Ogren, General Manager

Subject: **Agenda Item #9(A):** Review and discussion of painting and art for the Old Fire Station at 1687 Front Street in Oceano, Ca.

Recommendation

It is recommended that the Board review and discuss painting and art for the Old Fire Station at 1687 Front Street in Oceano, Ca.

Discussion

On May 8, 2019 the Board of Directors requested to place the Old Fire Station on future agenda items. The District currently stores records and other items in a portion of the building. Staff has been working to clear out the records allowed for destruction and moving the records that need to be retained to the side room of the Old Fire Station based on the records retention policy adopted by the Board of Directors on March 23, 2016. The back room and patio are leased to The Village Group until 2021. Both the leased room and storage room are sectioned off and are independent of each other.

Before a project could be initiated at the Old Fire Station, several items for would need to be addressed. Some of these questions are but are not limited to the following:

- Is the Board of Directors willing to budget funds for a project at the Old Fire Station?
- Will the Board of Directors request proposals?
- What kind of proposals is the Board of Directors seeking?

Other Agency Involvement

The County of San Luis Obispo Planning Department reviews Oceano's use of real property.

Financial Considerations

The District currently leases a portion of the Old Fire Station to The Village Group for \$975 a month.

Results

The community development of District facilities promotes a well governed community.



Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730 FAX (805) 481-6836

Date: June 26, 2019

To: Board of Directors

From: Paavo Ogren, General Manager

Subject: **Agenda Item #9(B):** Review and discussion on Board of Director's Stipends with direction as may be deemed appropriate

Recommendation

It is recommended that the Board review and discuss Board of Director's Stipends, and provide direction as your Board deems appropriate.

Discussion

On June 12, 2019 the Board of Directors requested to place Board of Directors Stipends on future agenda items. Director compensation is established in Section 8 of the Board of Director Bylaws:

8.1. Each Director is authorized to receive one hundred dollars (\$100.00) as compensation for each regular or special meeting of the Board and fifty dollars (\$50.00) for each committee meeting attended by him or her as the appointed Board representative or as the alternate. An alternate will be compensated only if attendance of the alternate at a committee is required because

- 1) the appointed representative is unable to attend or
- 2) the Board has directed the alternate to attend

8.2. In no event shall Director compensation exceed one hundred dollars (\$100.00) per day.

8.3. Director compensation shall not exceed six hundred (\$600.00) in any one (1) calendar month.

Other Agency Involvement

N/A

Financial Considerations

In fiscal year 2018/19 the District budgeted \$18,000 for Board of Directors Stipends.

Results

The review of District policies promotes a well governed community.



Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730 FAX (805) 481-6836

Date: June 26, 2019

To: Board of Directors

From: Carey Casciola, Business and Accounting Manager

Subject: **Agenda Item # 10A:** Hearing to consider protests to a proposed increase in Solid Waste Rates and, if no majority protest exists, recommendations to approve a resolution adopting solid waste rates effective on July 1, 2019, January 1, 2020 and January 1, 2021 and waiving Franchise Section 8.3 rights to terminate the franchise

Recommendation

It is recommended that your Board:

1. Receive the proposed rate increase with presentations from:
 - a. South County Sanitary's Jeff Smith
 - b. William C. Statler's Rate Review for the Communities of Arroyo Grande, Grover Beach, Pismo Beach and Oceano.
2. Open Public Hearing
3. Take Public Testimony
4. Close Public Hearing
5. Discussion
6. Adopt the attached resolution adopting integrated solid waste rates effective of July 1, 2019, January 1, 2020 and January 1, 2021 and waiving Franchise Section 8.3 rights to terminate the franchise.

Discussion

South County Sanitary Service Inc. (SCSS) provides Solid Waste, Recycling and Green Waste collection services for the community of Oceano pursuant to a franchise agreement dated July 14, 2010 and a First Amendment executed on July 29, 2016 (Attached as an addendum to the agenda). Article 8 of the franchise agreement provides for an annual rate review, and that any proposed rate increases are reviewed "in accordance with the procedures described in the 'City of San Luis Obispo Rate Setting Process and Methodology Manual for Integrated Solid Waste Management Rates' dated June 1994."



Oceano Community Services District

Board of Directors Meeting

On May 8, 2019, your Board introduced a proposal by SCSS to increase solid waste and recycling rates, also known as integrated solid waste rates, by 10.06%. Your Board also provided for notices to be mailed by SCSS and set a public hearing for June 26, 2019 pursuant to Article XIID of the California Constitution. A replicate of the notice included on the agenda of May 8th is provided as Attachment "B."

The rate increase of 10.06%, which is illustrated in the following table, is 3.3% less than the original 13.36% increase proposed in September.

Single Family Residential Rates (Monthly)			
Container Size (Gallons)	32	64	96
Current Rate	\$14.00	\$20.13	\$39.40
Requested Rate	\$15.41	\$22.16	\$43.36
Increase	\$1.41	\$2.03	\$3.96

The following is a brief summary of the primary components of the requested increase, which are explained in greater detail in the attached report by William C. Statler, who will attend the meeting and will present his findings.

- 4.5% increase for costs of recycling via material recovery facilities. The international market for recyclable materials has been significantly impacted when China began restricting recyclables in 2017 and banned them altogether in 2018.
- 2.2% increase for truck depreciation.
- 1.6% increase for investments in food and green waste recycling.
- 1.8% increase for all other costs including labor, fuel, ongoing maintenance, and other pass-through costs.

Franchise Agreement, Article 8.3

Article 8.3 of the franchise agreement provides that the OCSD has the right to terminate the franchise agreement.

If, at any time during the term of this Agreement, Contractor requests and is granted a rate increase by District that, when the new rate is compared to the rate at the Effective Date, exceeds the cumulative cost of living increase from the Effective Date, District shall have the option of terminating this Agreement. The cumulative cost of living increase from the Effective Date shall be calculated in accordance with the "City of San Luis Obispo Rate Setting Process and Methodology Manual for Integrated Solid Waste Management Rates" dated June 1994. Such option shall be available for a period of nine (9) months following the granting of the rate increase.



The attached resolution waives the right. With the international impacts on recycled products and other costs, the attached resolution includes the finding that the rates are reasonable. Waiver of Article 8.3 in the attached resolution does not, however, waive the right for future rate increases that may be proposed by SCSS.

Other Agency Involvement

The District's legal counsel has review and approved the attached resolution as to legal form and effect.

Other Agency Involvement

Neighboring cities that also have franchise agreements with SCSS are conducting similar reviews and will also be holding public hearings in accordance with Proposition 218.

Other Financial Considerations

The District receives franchise fee and other income of approximately \$100,000 per year from SCSS, which funds programs associated with illegal dumping and community clean-up efforts.

Results

Conducting the public hearing is consistent with the franchise agreement with SCSS, Proposition 218, promotes transparency in rate setting efforts, and helps to promote well governed communities.

Attachments:

- Resolution with rate attachment
- Public Notice
- Solid Waste Rate Review prepared by William Statler

Addendum:

- Franchise Agreement and the First Amendment to the Franchise Agreement

RESOLUTION NO. _____

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
OCEANO COMMUNITY SERVICES DISTRICT ADOPTING INTEGRATED SOLID
WASTE RATES FOR JULY 1, 2019, JANUARY 1, 2020 AND JANUARY 1, 2021

WHEREAS, South County Sanitary Service has submitted a rate increase application in accordance with the District's franchise agreements for solid waste, recycling, green waste and organic waste services; and

WHEREAS, this application has been comprehensively reviewed in accordance with the District's rate-setting policies.

WHEREAS, notices of the proposed rate increase were sent to property owners and tenants in accordance with the requirements of Proposition 218 and a public hearing was held on June 26, 2019 to consider protests against the proposed rate increase; and

WHEREAS, it was determined at the conclusion of the public hearing that a majority protest to the proposed rate increase does not exist.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Oceano Community Services District as follows:

1. The solid waste rates set forth in Exhibit A shall become effective on July 1, 2019.
2. Solid waste rates shall increase as follows on January 1, 2020 and January 1, 2021:
 - a. Increase, if any, in the Consumer Price Index (CPI) for Bureau of Labor Statistics' Consumer Price Index for Urban Consumers based on the All U.S. City Average, Bureau of Labor Statistics for the month of June 2019 for January 1, 2020 and June 2020 for January 1, 2021.
 - b. Increase of 0.79% on January 1, 2020 and 0.77% for January 1, 2021 for increase in the cost of landfill disposal.
 - c. Increase, if any, in the Consumer Price Index (CPI) for Bureau of Labor Statistics' Consumer Price Index for Urban Consumers based on the All U.S. City Average, Bureau of Labor Statistics for increase in AB939 fee cost
3. That the Board of Directors finds that the rate increase is reasonable, and the District will not pursue the termination option set forth in Section 8.3 of the District's franchise agreement with South County Sanitary Service.

Upon motion of _____, seconded by _____,
and on the following roll call vote:

AYES:

NOES:

ABSENT:

the foregoing resolution was adopted this 26th day of June, 2019.

Chair, Board of Directors

ATTEST:

Board Secretary

APPROVED AS TO FORM:

District Counsel

SOUTH COUNTY SANITARY SERVICE
EFFECTIVE JULY 1, 2019
OCEANO CSD

Service Description	Pickups Per Week	Current Monthly Rate Effective 1/1/2019	Proposed Rate Adjustment %	Proposed Monthly Rate Effective 7/1/2019
RESIDENTIAL:				
32 Gallon Waste Wheeler	1	\$14.00	10.06%	\$15.40
64 Gallon Waste Wheeler	1	\$20.13	10.06%	\$22.16
96 Gallon Waste Wheeler	1	\$39.40	10.06%	\$43.36
TWO-64 Gallon Waste Wheelers	1	\$46.51	10.06%	\$51.18
ONE 64 & ONE 96 Gallon	1	\$60.52	10.06%	\$66.61
TWO-96 Gallon Waste Wheelers	1	\$74.53	10.06%	\$82.03
Residential customers must use the waste wheelers provided by the garbage company.				
APARTMENTS, TRIPLEX, DUPLEX				
Rates are the same as commercial rates (below).				
COMMERCIAL DUMPSTERS - ALL AREAS:				
1 yd dumpster	1	\$68.46	10.06%	\$75.35
1 yd dumpster	2	\$98.48	10.06%	\$108.39
1 yd dumpster	3	\$130.12	10.06%	\$143.21
1 yd dumpster	4	\$160.16	10.06%	\$176.27
1 yd dumpster	5	\$193.52	10.06%	\$212.99
1 yd dumpster	6	\$225.22	10.06%	\$247.88
1 yd dumpster	7	\$300.28	10.06%	\$330.49
1.5 yd dumpster	1	\$81.74	10.06%	\$89.96
1.5 yd dumpster	2	\$125.06	10.06%	\$137.64
1.5 yd dumpster	3	\$168.53	10.06%	\$185.48
1.5 yd dumpster	4	\$235.21	10.06%	\$258.87
1.5 yd dumpster	5	\$286.91	10.06%	\$315.77
1.5 yd dumpster	6	\$341.98	10.06%	\$376.38
1.5 yd dumpster	7	\$452.15	10.06%	\$497.64
2 yd dumpster	1	\$88.41	10.06%	\$97.30
2 yd dumpster	2	\$145.09	10.06%	\$159.69
2 yd dumpster	3	\$206.78	10.06%	\$227.58
2 yd dumpster	4	\$301.96	10.06%	\$332.34
2 yd dumpster	5	\$370.40	10.06%	\$407.66
2 yd dumpster	6	\$442.08	10.06%	\$486.55

2 yd dumpster	7	\$605.53	10.06%	\$666.45
3 yd dumpster	1	\$106.69	10.06%	\$117.42
3 yd dumpster	2	\$196.80	10.06%	\$216.60
3 yd dumpster	3	\$275.22	10.06%	\$302.91
3 yd dumpster	4	\$490.37	10.06%	\$539.70
3 yd dumpster	5	\$582.18	10.06%	\$640.75
3 yd dumpster	6	\$680.58	10.06%	\$749.05
3 yd dumpster	7	\$937.44	10.06%	\$1,031.75
4 yd dumpster	1	\$151.80	10.06%	\$167.07
4 yd dumpster	2	\$228.59	10.06%	\$251.59
4 yd dumpster	3	\$328.62	10.06%	\$361.68
4 yd dumpster	4	\$515.50	10.06%	\$567.36
4 yd dumpster	5	\$638.87	10.06%	\$703.14
4 yd dumpster	6	\$725.68	10.06%	\$798.68
4 yd dumpster	7	\$1,127.63	10.06%	\$1,241.07
6 yd dumpster	1	\$227.70	10.06%	\$250.61
6 yd dumpster	2	\$342.90	10.06%	\$377.40
6 yd dumpster	3	\$492.92	10.06%	\$542.51
6 yd dumpster	4	\$773.27	10.06%	\$851.06
6 yd dumpster	5	\$958.31	10.06%	\$1,054.72
6 yd dumpster	6	\$1,088.53	10.06%	\$1,198.04
6 yd dumpster	7	\$1,691.44	10.06%	\$1,861.60
COMMERCIAL GARBAGE CANS - ALL AREAS:				
1 Can *	1	\$19.73	10.06%	\$21.71
1 Can *	2	\$34.80	10.06%	\$38.30
2 Cans *	1	\$33.00	10.06%	\$36.32
2 Cans *	2	\$50.82	10.06%	\$55.93
3 Cans *	1	\$39.72	10.06%	\$43.72
3 Cans *	2	\$62.26	10.06%	\$68.52
3 Cans *	3	\$82.33	10.06%	\$90.61
3 Cans *	4	\$104.23	10.06%	\$114.72
3 Cans *	5	\$126.10	10.06%	\$138.79
4 Cans *	1	\$48.42	10.06%	\$53.29
* Maximum volume and weight per garbage can : 33 gallons / 80 pounds				
COMMERCIAL - OTHER CHARGES:				

Rates for all commercial customers include one standard 96-gallon recycling and one 64-gallon food waste cart serviced one time a week with no additional service charge.

If you need more frequent recycling service, it can be provided at a 50% discount from the garbage service rates for the specified level of service required.

MISCELLANEOUS CHARGES - ALL CUSTOMERS:

Overstacked Garbage & extra bags Minimum/unit	each	\$4.89	10.06%	\$5.38
Overstacked Green waste & extra bags Minimum/unit	each	\$2.45	10.06%	\$2.70
Overstacked Recycle & extra bags Minimum/unit	each	\$2.45	10.06%	\$2.70
In yard service (per can or commodity) IN ADDITION TO STANDARD GARBAGE RATES	per month	\$12.20	10.06%	\$13.43
Extended Vacation Service	per month	\$11.38	10.06%	\$12.52
Vacant Rate	per month	\$11.38	10.06%	\$12.52
Waste wheeler cleaning	each time	\$18.21	10.06%	\$20.04
Trip charge	each time	\$12.20	10.06%	\$13.43
Non-payment downsize service	each time	\$29.34	10.06%	\$32.29
Non-payment redeliver waste wheeler	each time	\$29.34	10.06%	\$32.29
Non-payment reconnect service	each time	\$29.34	10.06%	\$32.29
Small item pickup (TV, toilet)	each	\$28.63	10.06%	\$31.51
Appliance pickup-residential	each	\$40.37	10.06%	\$44.43
Larger than residential appliance or glass, glass doors, or plate glass	by quote only			
Garbage extras on your scheduled pickup day	per yard	\$10.30	10.06%	\$11.34
Garbage extras -NOT ON YOUR SCHEDULED PICKUP DAY	per yard	\$28.43	10.06%	\$31.29
Commercial Waste Wheeler rent	per month	\$3.78	10.06%	\$4.16
Re-deliver bin on stopped acct	each time	\$35.00	10.06%	\$38.52
Compactor	per ton	\$15.57	10.06%	\$17.14
Sunday Service (in additional to garbage service level)	per month	\$61.10	10.06%	\$67.25
Recycle bin rental	per month	\$6.80	10.06%	\$7.48
Stand by time	per hour	\$58.80	10.06%	\$64.72
Extra bin cleaning		\$54.59	10.06%	\$60.08
Damage/Destruction of bins or waste wheelers		replacement/repair at market price		
Lock Charge	per month	\$6.80	10.06%	\$7.48
City Clean Up	per item	\$10.00	10.06%	\$11.01
Extra 32, 64, 96 Gal Waste Wheeler – Recycle (Residential)	per month	\$1.37	10.06%	\$1.51
Extra 32,or 96 Gal Waste Wheeler - Green Waste (Residential)	per month	\$3.38	10.06%	\$3.72

MISCELLANEOUS CHARGES - ALL CUSTOMERS (Con't):					
Short Term Dumpsters:					
Delivery & Pickup-Bin			\$35.00	10.06%	\$38.52
Delivery & Pickup-Waste Wheeler			\$29.34	10.06%	\$32.29
Rental	Per Day		\$3.78	10.06%	\$4.16
Empties	Per Yard		\$28.43	10.06%	\$31.29
Mattress:					
Twin	Each		\$15.89	10.06%	\$17.49
Double	Each		\$15.89	10.06%	\$17.49
Queen	Each		\$15.89	10.06%	\$17.49
King	Each		\$15.89	10.06%	\$17.49
ADDITIONAL INFORMATION ALL CUSTOMERS:					
Late Fees are imposed for residential customers over 30 days delinquent and commercial customers over 30 days delinquent. The fee is 1.5% per month of the outstanding charge, with a minimum fee of \$5.00. No prior notice is required, as this late fee policy is stated at the bottom of every bill.					
Any additional recycling or green waste services are charged at 50% of the garbage rate.					

Notice of Public Hearing Regarding

Proposed Solid Waste Rate Increase

Property Owners and Tenants - Customers:

This notice is intended to inform you that the Oceano Community Services District (the "OCSD") will hold a public hearing regarding rate increases (the "Proposed Rate Increase") proposed by South County Sanitary Service (the "Garbage Company") for properties and customers receiving solid waste, recycling, and green waste services within the District. The Proposed Rate Increase will be considered by the OCSD at the date, time, and location specified below. Consistent with the requirements of Proposition 218, this notice also provides you with the following information:

- The Date, Time, and Place of the Public Hearing;
- The Reason for the Proposed Rate Increase; and
- The Basis for the Proposed Rate Increase; and
- The Majority Protest Procedures.
- The Proposed Rate Increase Amounts

NOTICE OF PUBLIC HEARING

The Public Hearing for the Proposed Rate Increase within the District limits will be held on:

Date: June 26, 2019 **Time:** 6:00 pm

Place: Oceano CSD Boardroom located at 1655 Front St Oceano, CA

At the Public Hearing, the Oceano CSD Board will consider all public comment in support of and in opposition to the Proposed Rate Increase and whether or not a Majority Protest exists pursuant to the California Constitution (as described below). If approved, the Proposed Rate Increase would become effective on July 1, 2019.

Reason for the Proposed Rate Increase

The Proposed Rate Increase (amounting to an increase of 10.06 percent (10.06%) for solid waste, recycling, and green waste services) is necessary for the Garbage Company to continue to provide safe, environmentally sound, and reliable solid waste, recycling, and green waste collection, transportation and disposal or processing services to the citizens of the District. Several factors have contributed to these increased costs, including, but not limited to: the rising costs associated with the processing of recycling material, increased costs associated with purchase, operation and fuel for vehicles, increased labor costs, and costs associated with the implementation of an Organics Program mandated by California Assembly Bill 1826 (AB 1826). AB 1826 requires local jurisdictions to develop a program to divert organic waste from landfills to an authorized composting facility. Organic waste is food waste, green waste, landscape and pruning waste, and nonhazardous wood waste.

Basis of the Proposed Rate Increase

The total Proposed Rate Increase of 10.06 percent is based on the following cost increases incurred by the Garbage Company:

1. 4.4 percent (4.4%) of the Proposed Rate Increase is based on increased vehicle costs that include costs for new equipment, maintenance of vehicle fleets to stay current with the California Air Resources Board rules and regulations, fuel, and increased labor costs.
2. -3.92 percent (-3.92%) of the Proposed Rate is savings based on the net result of improvements in the cost of operations.
3. 3.1 percent (3.1%) of the Proposed Rate Increase is based on the implementation of an Organics Program mandated by the State of California.
4. 6.48 percent (6.48%) of the Proposed Rate Increase is related to the cost to process recyclable materials.

In addition, commencing on January 1, 2020 and January 1, 2021, rates shall be increased based on the following:

1. Increases, if any, in the Consumer Price Index (CPI) for Bureau of Labor Statistics' Consumer Price Index for Urban Consumers based on the All U.S. City Average, Bureau of Labor Statistics for the month of June 2019 for January 1, 2020 and June 2020 for January 1, 2021.
2. Increases of 0.79 percent (0.79%) on January 1, 2020 and 0.77 percent (0.77%) for January 1, 2021 for increases in the cost of landfill disposal.

A copy of the 2019 Base Year Rate Adjustment Application, which provides additional information on the proposed rate increases, is available at the OCSD office located at Oceano CSD Boardroom located at 1655 Front St Oceano, CA.

How Do I Protest the Proposed Rate Increase?

Pursuant to Section 6 of Article XIII D of the California Constitution, the following persons may submit a written protest against the Proposed Rate Increase to the Secretary to the Board before the close of the Public Hearing referenced above.

- An owner(s) of property (parcel(s)) receiving solid waste, recycling, and green waste services within the District limits. If the person(s) signing the protest, as an owner, is not shown on the last equalized assessment roll as the owner of the parcel(s) then the protest must contain or be accompanied by written evidence that such person signing the protest is the owner of the parcel(s) receiving services;
or
- A tenant(s) whose name appears on the Garbage Company's records as the customer of record for the corresponding parcel receiving solid waste, recycling, and green waste services within the District limits (tenant-customer).

A valid written protest must contain a statement that you protest the Proposed Rate Increase, the address or Assessor's Parcel Number (APN) of the parcel or parcels which receive solid waste, recycling, and green waste services, and a signature by either the owner or the tenant-customer of the parcel or parcels. One written protest per parcel shall be counted in calculating a majority protest to the Proposed Rate Increase subject to the requirements of Section 6 of Article XIII D of the California Constitution. Written protests will not be

accepted by e-mail or by facsimile. Verbal protests will not be counted in determining the existence of a majority protest. To be counted, a protest must be received in writing by the Secretary to the Board before the close of the Public Hearing referenced above.

Written protests regarding the solid waste rate increase may be mailed to:

Oceano Community Service District
Attn: Secretary to the Board
PO Box 599
Oceano, CA 93475

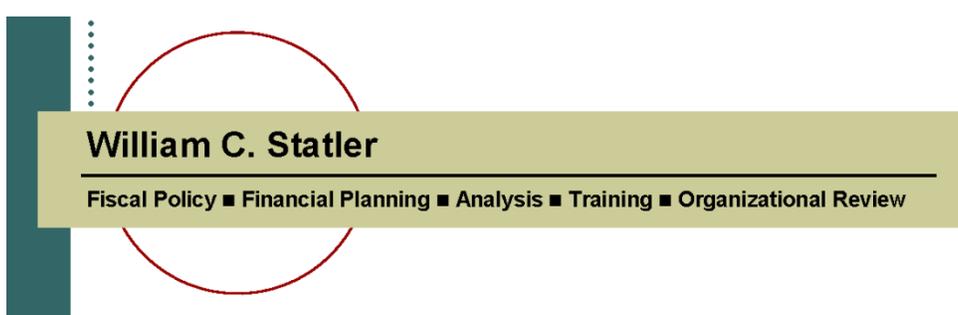
If valid written protests are presented by a majority of owners and/or tenants-customers of parcels receiving solid waste, recycling, and green waste services within the District limits, then the District will not adjust/increase the rates for the services.

South County Sanitary Service
SOLID WASTE RATE REVIEW

For the Communities of

Arroyo Grande
Grover Beach
Oceano
Pismo Beach

April 2019



William C. Statler

Fiscal Policy ■ Financial Planning ■ Analysis ■ Training ■ Organizational Review

South County Sanitary Service
Solid Waste Rate Review
April 2019

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APPENDIX

- A. Base Year Rate Request Application from South County Sanitary Service
- B. Boston Group Outlook on Recycling Costs
- C. Cold Canyon Processing Facility Background

William C. Statler

Fiscal Policy ■ Financial Planning ■ Analysis ■ Training ■ Organizational Review

South County Sanitary Service **SOLID WASTE RATE REVIEW** *For the Communities of Arroyo Grande, Grover Beach, Oceano and Pismo Beach*

REPORT PURPOSE

On September 25, 2018, South County Sanitary Service (SCSS) submitted a *Base Year* rate increase application to be effective January 1, 2019 to the Cities of Arroyo Grande, Grover Beach and Pismo Beach and the Oceano Community Services District (CSD). However, due to the complexity and concerns with the rate application, four supplemental applications were submitted, with the most recent one received on March 28, 2019.

The last application is the focus of this report in reviewing the SCSS rate increase request in accordance with adopted Franchise Agreement provisions regarding rate increase applications and to make rate recommendations to these four agencies as appropriate.

SUMMARY OF FINDINGS AND RECOMMENDATIONS

In its latest application, SCSS is requesting a rate increase of 10.06%. This compares with its initial request of 13.36% in September 2018. As discussed in greater detail below, all of the concerns that surfaced in the iterations and further analysis that followed in addressing issues with proposed costs for 2019 have been resolved. However, the following highlights a key cost driver in this review:

Joint Agency Review

SCSS provides similar services to each of these agencies under formally approved franchise agreements that regulate rates and establish procedures for considering rate increases.

Because the financial information for SCSS is closely related for these four agencies, this report jointly reviews rate requests and provides recommendations for each of them.

Materials recovery facility (MRF) costs for “single stream” recycling (one container for all recyclables that must be sorted at a MRF) have increased from \$7.80 in 2017 per ton to \$67.50 per ton for 2019, an increase of 765%. This results in cost increases of \$760,000 from 2017 and accounts for about half of the requested 10.06% rate increase.

It is clear from market realities (higher costs to produce higher-quality recyclables and lower prices for the resulting product from MRF operations) and the supporting data provided by SCSS, that cost increases in this area are warranted. While the increase is significant, it is acceptable given market conditions and the higher cost of other alternatives.

It should be noted that SCSS requested a rate restructuring in their initial application in order to send “better cues” to residential customers about correctly sizing trash containers, since many customers are placing trash in their recycling (blue containers). However, due to other complex cost issues associated with its rate application, SCSS has rescinded this request.

Findings

- ***Complete Application.*** With its latest application, SCSS has fully provided the supporting documentation required for rate requests under the Franchise Agreements in Arroyo Grande, Oceano, Pismo Beach and Grover Beach. The revised application (Appendix A) has been correctly prepared and requests an across-the-board rate increase of 10.06%.
- ***High Level of Service at a Reasonable Cost.*** SCSS provides a broad level of high-quality services to these four agencies—including garbage, recycling and green waste collection and disposal as well as hauler-provided “waste wheeler” containers for all three services—at very competitive rates compared with many other communities. In fact, even with the recommended rate increase of 10.06%, rates in these four agencies will be among the lowest of those surveyed. In short, South County communities have the best of both worlds: high quality services at a low cost (compared with other communities).
- ***“Trigger Option.”*** As discussed in greater detail below, the rate increase exceeds the cost of living threshold that “triggers” the option of terminating the Franchise Agreements within nine months after rate approval.
- ***Need for Updated Rate-Setting Methodology.*** Several complex issues have surfaced in this review (most notably corporate overhead, greenwaste and MRF costs as well as rate structure concerns) that have not been encountered in the past in using the rate-setting methodology, which is based on the City of San Luis Obispo’s *Rate Setting Process and Methodology Manual for Integrated Solid Waste Management Rates* (Rate Manual) adopted in 1994. In short, with very minor modifications, this approach has been in place for 25 years. Accordingly, given the passage of time and the emergence of issues not envisioned in 1994, it is timely to update this methodology.

Undertaking this work is supported by Waste Connections (the parent company of SCSS) as well as by the staff of all agencies serviced by SCSS (which includes the County, Avila CSD and Nipomo CSD as well as the City of San Luis Obispo). Waste Connections has conceptually agreed to fund half of this cost; if the remaining cost is shared by the central

coast agencies serviced by Waste Connections, the consultant service cost for each agency should be very modest. There are several highly-respected consultant firms that could assist with this update, such as:

HF&H Consultants
<http://hfh-consultants.com>

FCS Group
<http://fcsgroup.com>

NBS
<https://www.nbsgov.com>

MSW Consultants
<https://MSW-Consultants.com>

R3 Consulting Group
<https://r3cgi.com>

Bell & Associates
Chris@bellassociatesinc.com

If the governing bodies are interested in pursuing an update, the next steps include developing a funding strategy; preparing and issuing a request for proposals (RFP); and selecting the vendor.

Rate Recommendations

It is recommended that the governing bodies of each agency adopt an across-the-board rate increase of 10.06%.

As discussed below, this rate increase exceeds the cost of living threshold that triggers the option of terminating the Franchise Agreements within nine months after rate approval. However, it is important to note that this “trigger” calculation does not limit the allowable rate increase that SCSS may request under the methodology set forth in the Franchise Agreements.

Cost of Living “Trigger” Option. Along with establishing the rate review methodology, Section 8.3 of the Franchise Agreements provides that if the rate increase request compared with the rate in effect at the date of the agreement exceeds the cumulative cost of living increase from that same date, each agency has the *option* of terminating the agreement at any time within nine months following approval of the requested rate increase (assuming it was submitted in accordance with the rate-setting methodology). This provision was subsequently amended in 2016 allowing for an added increase based on landfill rate increases (“weighted” for their proportion of total costs). It is important to note that other than a waiver for greenwaste cost increases in 2011, no other adjustments (including other pass-through costs) are allowed under the Franchise Agreements. As detailed later in this report, the calculated threshold limit for an increase that would avoid triggering this option is 3.32% (in short, the requested rate increase is 6.74% above the trigger).

It is important to note that the “trigger option” does not directly limit rate increase requests by SCSS to an amount that may be less than that allowed under the rate-setting methodology.

About Proposition 218 Notices

Not all agencies prepare and issue “Proposition 218” notices for private sector solid waste rate increases. However, for those that do, the notice sets the maximum amount that rates can be increased at the public hearing: rates can be approved at lesser amounts without re-noticing. However, agencies cannot adopt higher rates – even if they only apply to a few customers – without another 45-day re-noticing. As such, it is recommended that the notices reflect the rates requested by SCSS.

However, subjecting the Franchise Agreement to *possible* termination if the rate request is greater than the cost of living threshold provides an incentive for SCSS to do so if possible.

Rate Summary for Single Family Residential Customers

Table 1 summarizes the requested rates for single family residential (SFR) customers. As reflected in this summary, given the significant cost drivers facing SCSS, the increases will be modest under the proposed rate increase. For example, for collection of a 32-gallon garbage container (the most common SFR service level) as well as separate waste wheelers for recycling and green waste, the proposed monthly rate will increase by about \$1.57 on average for the four agencies.

Table 1. Single Family Residential Rates

	Container Size (Gallons)		
	32	64	96
Current			
Arroyo Grande	\$17.26	\$22.44	\$27.63
Grover Beach	15.65	21.16	26.64
Oceano	14.00	20.13	39.40
Pismo Beach	15.36	30.73	46.09
Requested			
Arroyo Grande	19.00	24.70	30.41
Grover Beach	17.22	23.29	29.32
Oceano	15.41	22.16	43.36
Pismo Beach	16.91	33.82	50.73
Increase: Requested Rates			
Arroyo Grande	1.74	2.26	2.78
Grover Beach	1.57	2.13	2.68
Oceano	1.41	2.03	3.96
Pismo Beach	1.55	3.09	4.64

BACKGROUND

On September 25, 2018, SCSS submitted a *Base Year* rate increase to be effective January 1, 2019. As noted above, due to the complexity and

concerns with the rate application, four supplemental applications were submitted, with the most recent one received on March 28, 2019. This application was prepared in accordance with the rate review process and methodology formally set forth in its Franchise Agreements with Arroyo Grande, Grover Beach, Oceano and Pismo Beach.

In establishing a rate-setting process and methodology, each of these Franchise Agreements specifically reference the City of San Luis Obispo’s *Rate Setting Process and Methodology Manual for Integrated Solid Waste Management Rates*. This comprehensive approach to rate reviews was adopted by San Luis Obispo in 1994 and establishes detailed procedures for requesting rate increases and the required supporting documentation to do so. It also sets cost accounting standards and allowable operating profit ratios.

As noted above, the financial information for Arroyo Grande, Grover Beach, Oceano and Pismo Beach is closely related. For this reason, these four agencies jointly contracted with William C. Statler (who has extensive experience in evaluating rate requests in accordance with the adopted methodology) on October 31, 2019 to evaluate SCSS’s rate increase application.

This is the sixth *Base Year* analysis performed under this rate-setting methodology. The first was prepared in September 2001; second in August 2004; the third in August 2007; the fourth in December 2012; and the last one in September 2015. As discussed below, several *Interim Year* rate reviews have prepared since then.

Franchise Agreement Summary

Historically, each agency has had its own approach to determining service levels and adopted differing Franchise Agreements accordingly. While these became similar beginning in 1999, in 2008 the Cities of Arroyo Grande, Grover

Beach and Pismo Beach adopted renewed franchise agreements, followed by the Oceano Community Service District in Summer 2010, which are the same in all key provisions:

Table 2. Franchise Agreement Effective Dates

Agency	Agreement	Amendments
Arroyo Grande	June 10, 2008	March 22, 2016 July 26, 2016
Grover Beach	July 7, 2008	June 20, 2016
Oceano	July 14, 2010	July 29, 2016
Pismo Beach	June 3, 2008	August 3, 2016

- Each agency contracts with SCSS for garbage, green/food waste and recycling; and SCSS provides the container (waste wheelers) for each service.
- As noted above, each agency has adopted the same rate-setting methodology, including the *option* of terminating the agreement within nine months following approval of the requested rate increase if it exceeds the cost of living threshold.
- All agencies have adopted franchise fees of 10%.

Each of these agreements were similarly amended in 2016 to:

- Extend the term of the agreement for 20 years in recognizing the amortization of extensive investments in food and green waste processing.
- Revise the cost of living threshold “trigger” to include prorated landfill cost increases.

RATE REVIEW WORKSCOPE

This report addresses four basic questions:

- Should SCSS be granted a rate increase? And if so, how much?
- How much does it cost to provide required service levels?
- Are these costs reasonable?
- And if so, what is a reasonable level of return on these costs?

The following documents were closely reviewed in answering these questions:

- Franchise Agreements and any Amendments for each agency
- Audited financial statements for SCSS for 2016 and 2017
- City of San Luis Obispo’s *Rate Setting Process and Methodology Manual for Integrated Solid Waste Management Rates (Rate Manual)*
- SCSS rate increase application and supporting documentation
- Follow-up interviews, correspondence and briefings with agency and SCSS staff
- Rate surveys of Central Coast communities

REVENUE AND RATE SETTING OBJECTIVES

In considering SCSS's rate increase request, it is important to note the revenue and rate setting objectives for solid waste services as set forth in the Franchise Agreements via the *Rate Manual*.

Revenues. These should be set at levels that:

- Are fair to customers and the hauler.
- Are justifiable and supportable.
- Ensure revenue adequacy.
- Provide for ongoing review and rate stability.
- Are clear and straightforward for the agency and hauler to administer.

Rate Structure. Almost any rate structure can meet the revenue principles outlined above and generate the same amount of total revenue. Moreover, almost all rate structures will result in similar costs for the *average* customer: what different rate structures tell us is how costs will be distributed among *non-average* customers. The following summarizes adopted *rate structure* principles for solid waste services:

- Promote source reduction, maximum diversion and recycling.
- Provide equity and fairness within classes of customers (similar customers should be treated similarly).
- Be environmentally sound.
- Be easy for customers to understand.

COST ACCOUNTING ISSUES

Who's Paying What?

As noted above, SCSS's financial operations for Arroyo Grande, Grover Beach, Oceano and Pismo Beach are closely related. Keeping costs and revenues segregated is further complicated by the fact that SCSS, as a subsidiary of Waste Connections Incorporated (which acquired the parent company in April 2002), shares ownership with the following local companies:

- San Luis Garbage Company
- Mission Country Disposal
- Morro Bay Garbage Service
- Coastal Roll-Off Service
- Cold Canyon Land Fill
- Cold Canyon Processing Facility

Additionally, within the South County, SCSS's service area includes:

- City of Arroyo Grande
- City of Grover Beach
- City of Pismo Beach
- Oceano Community Services District

- Nipomo Community Services District
- Avila Beach Community Services District
- Other unincorporated areas in the South County such as Rural Arroyo Grande

Cost Accounting System

Between Companies. Separate “source” accounting systems are maintained for each company. Moreover, audited financial statements are prepared for each company by an independent certified public accountant; and SCSS’s auditors have consistently issued “clean opinions” on its financial operations. In short, appropriate systems appear to be in place to ensure that the financial results reported for SCSS do not include costs and revenues related to other companies. Additionally, virtually all of the financial operations of SCSS and its affiliated companies are regulated by elected governing bodies such as cities, special districts and the County.

Within the SCSS Service Area. Within the SCSS service area, a combination of direct and allocation methodologies are used in accounting for costs and revenues between communities. In general, revenues are directly accounted for each franchising agency, while costs are allocated using generally accepted accounting principles.

Cost Accounting Findings. The accounting and financial reporting system used by SCSS is reasonable and consistent with generally accepted accounting principles and practices. It treats similar costs similarly (such as collection and disposal, where there are no significant differences in service levels and unit costs between the four agencies), while recognizing community differences (such as different franchise fee rates). Because the financial operations of SCSS are closely related for all of the communities it serves, there are significant advantages to performing concurrent reviews.

Area of Possible Concern. While the service characteristics and resulting per unit costs are very similar for Arroyo Grande, Grover Beach, Oceano and Pismo Beach, this is unlikely to be true for the more rural areas in the South County serviced by SCSS. Because of their lower densities, collection costs are probably higher in these areas but these are not accounted for separately by SCSS.

On the other hand, there are three mitigating factors that reduce this concern:

- **Higher rates.** Depending on service type, rates are up to 30% higher in these areas, recognizing the higher collection costs for similar services. In short, these rate differentials significantly mitigate “equity” and cost accounting concerns.
- **Smaller percentage of accounts.** The four agencies covered by this report account for about two-thirds of the accounts serviced by SCSS. Accordingly, while there may be “cost per account” differences in these other areas, they account for a smaller portion of SCSS operations.
- **About 40% of revenues are from non-SFR accounts.** 41% of SCSS revenues come from multi-family and non-residential accounts, which have the same rate structure and similar service-versus-cost characteristics throughout the SCSS service area.

If costs for Arroyo Grande, Grover Beach, Oceano and Pismo Beach are so similar, why are the residential rates so different?

The short answer is: history and different approaches to rate structure philosophies.

History

Until 1999, service levels under the Franchise Agreements with SCSS between these four agencies were significantly different. The rates in place at that time became the basis for subsequent rate reviews.

Rate Structure Principles

Most significantly, each agency has adopted different rate structure principles to recover similar costs. For example, Pismo Beach has adopted a rate structure for its residential customers that more closely reflects a “pay-as-you-throw” philosophy under which the “per gallon” costs for 32, 64 and 96 gallon containers are the same (for example, a 64-gallon container costs twice as much as a 32-gallon one.) This results in lower monthly costs for 32-gallon customers and relatively higher rates for 64 and 96-gallon customers.

On the other hand, Arroyo Grande has adopted rates that do not have as much difference between container sizes (but still offer an incentive for smaller containers over larger ones), recognizing collection economies of scale for larger versus smaller containers. In this case, 32-gallon containers in Arroyo Grande are more expensive than in Pismo Beach, but 64-gallon containers are less.

Both rate structures have their strong points: in the case of Pismo Beach, rates are more reflective of disposal costs, whereas in Arroyo Grande they are more reflective of collection costs. But the important point is that the revenue generating capability is the same even though the rates are different.

Multi-Family and Non-Residential Rates

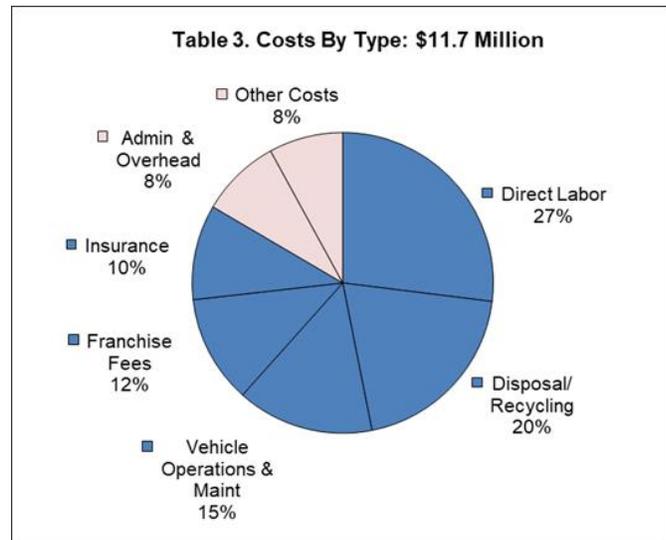
Lastly, multi-family and non-residential rates (which account for 41% of SCSS revenues) are similar in all four agencies: it is only in *single family residential* rates that there are significant differences between communities.

FINANCIAL OVERVIEW

While detailed financial and service information is provided in the SCSS rate request application (Appendix A), the following summarizes their actual costs, revenues and account information for 2017 (the last completed fiscal year for which there are audited financial statements) for all areas serviced by them.

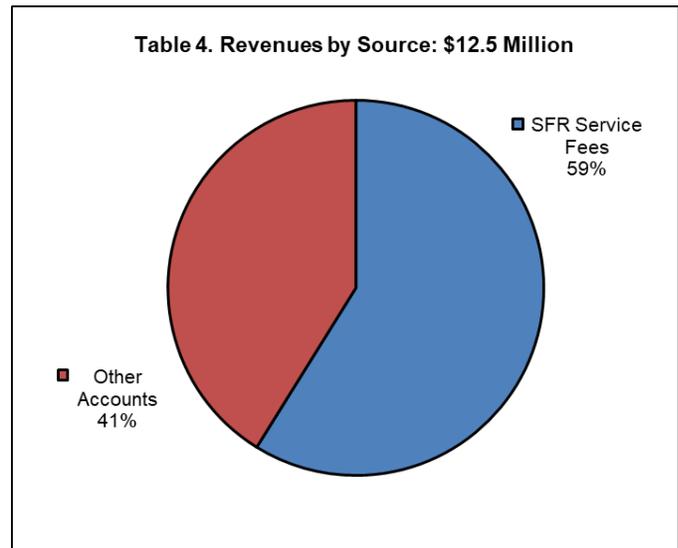
Costs by Type. Total expenses for 2017 (after deducting for non-allowable and limited costs as discussed later in this report) were \$11.7 million. As reflected in Table 3, five cost areas accounted for 84% of total costs:

- Direct labor for collection: 27%
- Disposal and recycling: 20%
- Vehicle operations and maintenance (including depreciation): 15%
- Franchise fees: 12%
- Insurance: 10%



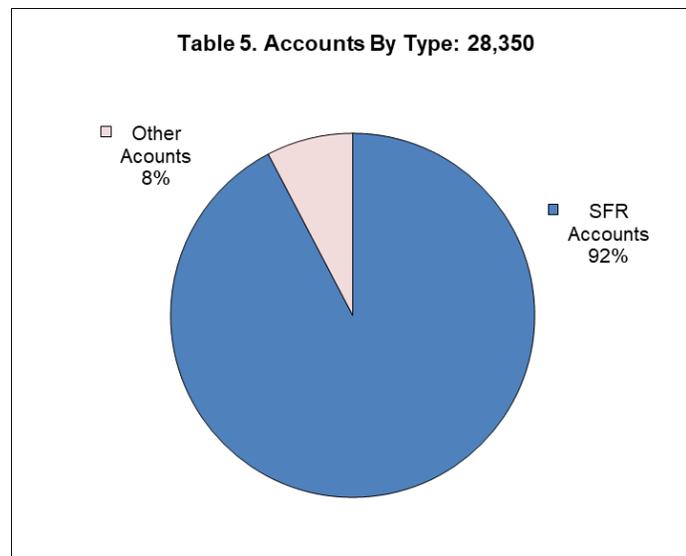
Revenues by Source. Total revenues in 2017 were \$12.5 million. As reflected in Table 4, 59% of SCSS’s revenues come from single-family residential (SFR) accounts.

Services to multi-family residential and non-residential customers account for 41% of their revenues, with less than 1% from other revenues.



Service Accounts by Type. While single-family residences account for 59% of revenues, they represent 92% of total accounts (Table 5).

This reflects the fact that per account, multi-family and non-residential customers generate more solid waste than single-family residential customers (and thus more revenue per account).



RATE-SETTING PROCESS

Under the *Rate Manual*, the rate-setting process follows a three-year cycle:

- **Base Year.** The first year of the cycle—the *Base Year*—requires a comprehensive, detailed analysis of revenues, expenses and operating data. This information is evaluated in the context of agreed upon factors in the franchise agreements in determining fair and reasonable rates. As noted above, the last *Base Year* analysis for SCSS under this approach was prepared in September 2015.
- **Two Interim Years.** In both the second and third years, SCSS is eligible for *Interim Year* rate adjustments that address three key change factors: changes in the consumer price index for “controllable” operating costs; changes in “pass-through costs” (primarily landfill tipping fees, which SCSS does not control: they are set by the County Board of Supervisors); and an adjustment to cover increased franchise fees.

The first two adjustment factors are “weighted” by the proportionate share that these costs represent of total costs (excluding franchise fees). For example, in the current *Base Year* analysis for recommended 2019 rates, controllable costs account for 84% of total costs, with landfill disposal costs accounting for 16%.

The rate review for the two *Interim Years* requires less information and preparation time than the *Base Year* review, while still providing fair and reasonable rate adjustments.

Rate Increase History

The following summarizes the SCSS rate review history since 2004 (last twelve years) based on the year of the application (rate increases took place the following year).

Table 6. Review History: 2005 to 2019 (Last 15 Years)

Year	Review Type	Arroyo Grande	Grover Beach	Oceano	Pismo Beach (1)
2005	Base Year	5.60%	5.60%	5.60%	5.30%
2006	Interim Year	3.09%	3.09%	3.09%	2.95%
2007	Interim Year	3.76%	3.76%	3.76%	3.60%
2008	Base Year	3.00%	3.00%	3.00%	2.90%
2009	Interim Year	0.00%	0.00%	0.00%	0.00%
2010	Interim Year (2)	0.00%	0.00%	0.00%	0.00%
2011	Interim Year	0.00%	0.00%	0.00%	0.00%
2012	Interim Year (2)	5.15%	5.15%	5.15%	5.15%
2013	Base Year	3.20%	3.20%	3.20%	3.20%
2014	Interim Year	2.05%	2.05%	2.05%	2.05%
2015	Interim Year	0.00%	0.00%	0.00%	0.00%
2016	Base Year	3.25%	3.25%	3.25%	3.25%
2017	Interim Year	1.10%	1.10%	1.10%	1.10%
2018	Interim Year	1.60%	1.60%	1.60%	1.60%
2019	Base Year (3)	10.06%	10.06%	10.06%	10.06%

1. *From 2004 to 2011, the franchise fee rate in Pismo Beach was 6% compared with 10% in the other three agencies, and as such, its rate increase was slightly less. In July 2011, Pismo Beach adopted a 10% franchise fee, bringing it in alignment with the other three agencies (as well as most other agencies in San Luis Obispo County). In implementing the 10% rate in 2011, Pismo Beach adopted an added 3.9% increase beyond the interim year rate increase of 5.15% requested by SCSS.*
2. *SCSS did not request a rate increase in 2010 (which would have been the “normal” cycle to do so), and accordingly, did not submit a Base Year rate application. However, SCSS did submit a rate request in 2011 using an Interim Year methodology. The reasonableness of using the resulting “hybrid” approach was discussed in detail in the 2011 Interim Year report, which concluded that this approach was reasonable given the circumstances.*
3. *Proposed rate increase.*

Assuming the proposed rate increase of 10.06% for 2019 is approved, this will result in an average annual rate increase of 2.75% over the last fifteen years, which reflects a high level of rate stability and price containment for SCSS customers.

RATE SETTING METHODOLOGY

Are the Costs Reasonable?

The first step in the rate review process is to determine if costs are reasonable. There are three analytical techniques that can be used in assessing this:

- Detailed review of costs and service responsibilities over time.
- Evaluation of external cost factors, such as general increases in the cost of living (as measured by the consumer price index).
- Comparisons of rates with other communities.

Each of these was considered in preparing this report, summarized as follows.

Detailed Cost Review

In its rate application (Appendix A), SCSS provides detailed financial data for five years:

- Audited results for the two prior years (2016 and 2017).
- Estimated results for the current year (2018, which is still in progress).
- Projected costs for the Base Year (2019).
- Estimated costs for the following year (2020).

Additionally, for virtually all line items, SCSS provided supplemental detail upon request to support cost increases from 2017 to 2019.

Table 7 below provides actual costs for 2017 (most recent audit results) compared with requested and recommended cost projections for 2019.

While there are significant cost increases in several categories, they are reasonable given the cost drivers facing SCSS; and in the case of MRF costs, this is an acceptable increase due to higher processing costs and lower revenues combined with the lack of other viable alternatives.

The Short Story. The key drivers behind the proposed 10.06% rate increase for 2019 can be summarized by three cost factors over the past two years:

- 4.5% for recycling via MRF operations.
- 2.2% for truck depreciation.
- 1.6% for investments in food and green waste recycling.
- 1.8% for all other cost increases including labor, vehicle fuel, ongoing maintenance, labor and other pass-through costs.

Table 7. Detailed Cost Review: 2017 vs 2019

	2017 Actual	2019 Requested	
		Amount	Change
Direct Labor	\$3,150,539	\$3,489,134	\$338,595
Administrative Costs *	1,105,077	748,245	(356,832)
Other Expenses			
Depreciation: Bldgs & Equipment	16,598	27,275	10,677
Depreciation: Trucks & Containers	229,543	596,497	366,954
Gas and Oil	880,285	965,300	85,015
Insurance: Health Care	638,285	704,092	65,807
Insurance: Liability and Other	557,688	376,836	(180,852)
Outside Services: Food/Greenwaste	441,100	706,984	265,884
Outside Services: Truck Repairs	31,669	119,696	88,027
Truck Repairs	436,531	525,345	88,814
All Other Costs	744,216	754,773	10,557
Total Allowable Costs	8,231,531	9,014,177	782,646
Pass-Through Costs			
Tipping Fees: Landfill	1,794,208	1,821,241	27,033
Tipping Fees: MRF (Related Party)	92,054	852,390	760,336
Franchise Fees	1,357,533	1,385,290	27,757
Interest, Related Party	62,222	107,902	45,680
Transportation, Related Party	54,347	50,389	(3,958)
Facility Rent, Related Party	91,703	150,860	59,157
Total Pass-Through Costs	3,452,067	4,368,072	916,005
Total Costs	11,683,598	13,382,249	1,698,651

* Corporate overhead and office salaries

The following describes the basis for each for the significant changes.

Allowable Costs

- **Direct Labor.** This reflects a two-year increase of 10.7%, or about 5.2% per year. SCSS says this increase is due to cost of living increases of about 2% per year plus an across the board increase of 5% for retention and attraction. Given the tight labor market, this increase is reasonable.
- **Administrative Costs.** This is a combination of corporate overhead (which is limited to increases in the consumer price index) and office salaries. SCSS’s initial application and 2017 audit reassigned costs between corporate overhead and office salaries. While there may be merit in its revised approach, this is a change from its past practice that was not discussed with staff beforehand. In response to this concern, SCSS revised their application. As such, the best “apples to apples” comparison is to combine the two categories, which results in an overall reduction of \$356,000 in administrative expenses from 2007. This virtually offsets all of the increases in direct labor.

- **Depreciation: Buildings and Equipment.** This increase results from the SCSS share (31%) of yard repaving costs of \$482,000 in 2018, amortized over twenty-five years, offset by other reductions.
- **Depreciation: Trucks and Containers.** In the 2015 *Base Year* report, I noted there was a significant decrease in depreciation costs due to an aging fleet: as vehicles begin to remain in service after their useful lives, they become fully-depreciated and no further annual expenses are recorded. This lower cost is a good thing initially. However, I noted that these vehicles will need to be replaced at some point and higher depreciation costs will then be incurred.

This is reflected in projected costs for 2019, which reflects the replacement of six trucks at a cost of about \$432,000 per vehicle. In assessing the reasonableness of this cost, SCSS provided the invoice for its most recent purchase. Additionally, recent costs for similar vehicles by other agencies were also reviewed. Based on this review, the proposed cost base is reasonable. Amortized over seven years as set forth in the *Rate Manual*, this results in added depreciation costs of \$370,000, which fully accounts for the increase from 2017 of \$367,000.

It should be noted that with these additions, the overall fleet age will decrease from 12.8 years to 11.2 years, a reduction of about 10% with these replacements, compared with the *Rate Manual* target of seven years. According, when these remaining vehicles that have exceed their useful lives are replaced, additional increases in depreciation costs in future *Base Year* rate applications are likely.

- **Gas and Oil.** These costs are projected to increase by about 4.5% annually. Given the volatility (both up and down) of diesel and CNG costs, this is a reasonable assumption for 2019 costs.
- **Insurance: Health Care.** These costs are projected to increase from 2017 by about 5% annually. Given increases in health care costs, this is a reasonable assumption for 2019 costs.
- **Insurance: Liability and Other.** Projected costs have decreased significantly from 2017, which reflects favorably on SCSS’s risk management efforts.
- **Outside Services: Food and Greenwaste.** These cost increases are driven by the 20-year investment in new equipment (on-site Digester) for food and green waste. This increased cost was envisioned in the 2016 Franchise Agreement amendments, where the term was correspondingly extended for 20 years.

The proposed rate is \$51.44 per ton, an increase from \$36.97 per ton in 2017. This increase is consistent with estimates discussed at the time. However, as reflected in Table 8, the key issue is allocating excess capacity. Currently about 25,000

Table 8. Food and Greenwaste: All Customers

Current Agency Use (Delivered Tons)	25,000
Reserve for Cold Canyon	3,000
Total Capacity	28,000
Excess (Reserve) Capacity	34,000
Tons	6,000
Percent	24.0%

tons are delivered to the Digester from all of Waste Connections' central coast customers; and another 3,000 tons have been reserved by Waste Connections for diversion from the landfill (plans to do so are in progress). However, the Digester is capable of processing 34,000 tons, an excess capacity of 6,000 tons (24%). It makes sense to reserve a reasonable capacity for the future: the question is: how much?

For rate-setting purposes, SCSS is proposing to share this capacity 67%/33%. This reserves about 18% growth for central coast agencies, allowing for about 1% growth over the 20-year franchise term. I concur that this is a reasonable basis for projecting this cost for 2019. This results in the following cost increase (roughly equal to the costs presented in Table 7):

Table 9. Increased Food and Greenwaste Costs

	2017	2019	Increase
Tonnage	11,931	13,727	1,796
Cost per ton	36.97	51.44	14.47
Annual Cost	\$441,089	\$706,097	265,008

It should be noted that an alternative of a “50/50” split of the excess capacity would reduce the cost allocated to SCSS by about \$36,000, for a lower increase of 9.72% versus the requested increase of 10.06% (difference of 0.34%). This would have a very minor impact on single family residential rates (about 5 cents per month for 32-gallon customers). Accordingly, reserving a larger capacity for future growth makes sense. That said, addressing the allocation of the Digester capacity is another area that would benefit from an update to the *Rate Manual*.

- **Truck Repairs: Outside Services and In-House.** As summarized below, the rate application requests an increase of \$353,682 (75.5%) in this cost category:

Table 10. Truck Repairs

	Actual 2017	Requested 2019	Increase	
			Amount	Percent
Outside Services	31,669	119,696	88,027	278.0%
In-House	436,531	525,345	88,814	20.3%
Total	\$468,200	\$645,041	\$176,841	37.8%

While significant, the proposed costs reflect a decrease from their initial application of \$821,882. Based on follow-up requests for more information and added review by SCSS of current trends, they have reduced the proposed amount by \$176,841. On one hand, this is disconcerting, since the average age of the fleet is going down by 10%, and as such, a modest decrease might otherwise be expected. However, SCSS's explanation for this increase is that it reflects a more proactive approach to vehicle maintenance, which it believes is necessary in meeting safety concerns. Along with other efforts, this focus on safety appears to be working, as reflected by the significant reduction in insurance costs.

- **All Other Allowable Costs.** While there are ups and downs in individual line items, in total these reflect modest annual increases of less than 1%.

Pass-Through Costs

- **Tipping Fees: Landfill.** No rate increases are reflected in the rate application. The modest two-year increase of 1.5% reflects increased tonnage.
- **Tipping Fees: MRF (Related Party).** This cost category reflects a significant cost increase from 2017. As summarized below, this is driven by a rate increase from \$7.80 per ton to \$67.50 per ton by a separate company that is controlled by Waste Connections (Cold Canyon Processing Facility):

Table 11. Recycling: MRF Operations

	Actual 2017	Requested 2019	Increase	
			Amount	Percent
Tonnage	12,773	12,628	(145)	-1.1%
Cost per ton	7.80	67.50	59.70	765.4%
Annual Cost	\$99,629	\$852,390	\$752,761	755.6%

Note: The net costs for 2017 in Table 7 reflect other offsetting costs of about \$7,000.

Waste Connections believes that its MRF rates are not subject to regulatory review and that its basis for setting these rates is proprietary and not subject to disclosure under the Franchise Agreements. That said, SCSS offers the following explanation for this cost increase:

Competitive Rates. The following information was provided by SCSS is comparing their proposed rate with other communities:

Table 12. MRF Rates Survey

Facility	Location	Distance (Miles)	Per Ton Pricing				
			Processing	Reload (If SLO)	Transport from SLO	Revenue Sharing	All-In Cost
Cold Canyon Processing Facility	San Luis Obispo	0	\$67.50	\$0.00	\$0.00	No	\$67.50
Monterey Regional Waste Facility (1)	Monterey	144	50.00	10.00	45.00	No	105.00
Burtec (2)	West Valley	215	57.50	10.00	45.00	No	112.50
Mid Valley Disposal	Fresno	140	67.50	10.00	40.00	No	117.50
Gold Coast Recycling	Ventura	162	77.44	10.00	40.00	No	127.44
Mid-State (3)	Templeton	23	78.00	10.00	25.00	No	113.00
Tajiguas Landfill	Santa Barbara	112	160.00	10.00	30.00	No	200.00
Recology	Pier 96 (Bay Area)	214	190.00	10.00	45.00	Unknown	245.00

1. Expected rate in 90 days.
2. Eliminated revenue share
3. Unable to handle SLO County volume

In short, SCSS believes its pricing is far lower than that otherwise available to South County communities; and even if loading and transportation costs are excluded, Waste Connections’ MRF costs are very competitive.

In reviewing these costs, it is important to note that while SCSS is responsible under the Franchise Agreements for separately collecting co-mingled recyclables and delivering them to a recycling facility that will accept them for processing, it is not required to operate such a

facility. As such, the \$67.50 rate, while a significant increase, is more cost-effective for SCSS than other alternatives.

Given increased costs and lower market prices, the increased rate for 2019 reflects the same operating margin as 2017. Subject to several key caveats, this may be true.

1. It is clear that market realities have significantly impacted the net cost of recycling. As discussed by the President of the Boston Group in Appendix B, this is largely due to the collapse of markets in China, which affects both costs and revenues: the quality of the recycled product needs to be higher (resulting in higher costs); and the price of recycled products is significantly lower.
2. It is reasonable for operating margins for recycling to be higher than they are for collection services like those provided under the Franchise Agreements. As discussed below under Rate-Setting Methodology, SCSS is allowed an operating profit margin of 8% for “non-pass through costs.” In essence, this recognizes that while there are risks in effectively managing costs, there are minimal revenue risks, since rates are guaranteed and service is required. However, with recycling costs, revenues are highly volatile depending on the market. Thus, there is both cost and revenue risk.

A complex econometric model developed by the firm of Sound Resource Economics (located in Tacoma Washington: Neal Johnson, PhD, Principal) indicates that 16% is an appropriate operating profit margin for utilities where costs and revenues are at risk. Setting aside the math and assumptions behind this conclusion, it intuitively makes sense that operating margins should be higher where both costs and revenues are at risk, versus where just costs are. Placed in context for SCSS collection services, which have an 8% operating margin for cost risks, an added margin for revenue risks (especially in a volatile market) makes sense.

3. Based on a non-disclosure agreement, SCSS shared with me very high-level data showing that based on projected higher costs and lower revenues from 2017, that the operating margin between 2017 and 2019 remained the same.
4. While I was not provided with the underlying detail for the high-level cost and revenue data provided to me, I can conclude that based on market forces that are driving higher costs and lower revenues, and a reasonable operating margin in excess of 8%, that a significant increase in recycling costs is reasonable. The question is: how much?

Answering this question clearly is made difficult by the fact that the *Rate Manual* did not foresee this situation (in fact, it thought there would be net revenues offsetting rate requirements). More appropriately addressing this cost issue is a key factor in my recommendation to update the *Rate Manual*.

That said, given the higher costs and lower revenues undoubtedly faced by the MRF combined with the lack of more cost-effective options, the proposed rate of \$67.50 is acceptable.

Provided in Appendix C is additional information from Waste Connections about its MRF operations.

- **Franchise Fees.** This reflects a modest two-year increase of 2% based on customer growth.
- **Interest (Related Party).** Interest is an allowable cost under the *Rate Manual*. In this case, interest costs are assessed internally by Waste Connections based on a methodology that takes into account its corporate costs of borrowing and financed assets. Accordingly, this is treated as a “pass-through” cost. SCSS’s auditors have provided a written opinion on the reasonableness of the methodology; and I have reviewed the calculations underlying the projected costs in accordance with this methodology. Based on this, I believe the projected interest costs for 2019 are reasonable.
- **Transportation (Related Party).** These costs have decreased modestly.
- **Facility Rent (Related Party).** This increase is based on an updated assessment of the market value of SCSS’s share of the yard and office facilities. Based on reviewing a recent independent market value assessment and Waste Connections methodology for allocating SCSS’s share of these costs, I believe that the cost increase is reasonable.

Trends in External Cost Drivers

The most common external “benchmark” for evaluating cost trends is the consumer price index. Over the past two years, the U.S. CPI-U increased by 4.4%. Excluding the cost drivers discussed above, all other costs increased by 1.4%.

Rates in Comparable Communities

Lastly, reasonableness of rates (and underlying costs) can also be evaluated by comparing rates with comparable communities. However, survey results between “comparable” communities need to be carefully weighed, because every community is different. For example, even in the South County where service levels and costs are very similar, there are rate differences. In short, making a true “apples-to-apples” comparison is easier said than done.

Nonetheless, surveys are useful assessment tools—but they are not perfect and they should not drive rate increases. Typical reasons why solid waste rates may be different include:

- Franchise fees and AB 939 fee surcharges
- Landfill costs (tipping fees)
- Service levels (frequency, quality)
- Labor market
- Operator efficiency and effectiveness
- Voluntary versus mandatory service

- Direct services provided to the franchising agency at no cost, such as free trash container pick-up at city facilities, on streets and in parks
- Percentage of non-residential customers, and how costs and rates are allocated between customer types
- Revenue collection procedures: Does the hauler or the franchising agency bill for service? And what are the procedures for collecting delinquent accounts?
- Services included in the base fee (recycling, green waste, containers, pick-up away from curb)
- Different rates structures
- Land use and density (lower densities will typically result in higher service costs)
- Mix of residential and non-residential accounts

With these caveats, the following summarizes single family residential rates for other cities in the Central Coast area compared with the proposed rates for SCSS. As reflected below, even with the recommended or proposed rate increases, Arroyo Grande, Grover Beach, Oceano and Pismo Beach will have among the lowest rates of the agencies surveyed.

Table 13. Single-Family Residential Rate Survey

Single Family Residential Monthly Trash Rates			
	Container Size (Gallons)		
	30-40	60-70	90-101
Atascadero	\$26.49	\$41.56	\$52.18
Morro Bay	17.91	35.81	53.72
Paso Robles	32.33	42.41	46.81
San Luis Obispo*	14.49	28.99	43.48
Santa Maria	na	30.69	34.81
San Miguel	28.23	44.48	61.06
Templeton	28.72	41.15	45.67
Requested: South County Sanitation Service Area			
Arroyo Grande	19.00	24.70	30.41
Grover Beach	17.22	23.29	29.32
Oceano	15.41	22.16	43.36
Pismo Beach	16.91	33.82	50.73

* *Currently under review*

Summary: Are the costs reasonable? Based on the results of the three separate cost-review techniques—trend review, external factor review and rate comparisons—the proposed cost assumptions for 2019 are reasonable.

What Is a Reasonable Return on these Costs?

After assessing if costs are reasonable, the next step is to determine a reasonable rate of return on these costs. The rate-setting method formally adopted by Arroyo Grande, Grover Beach, Oceano

and Pismo Beach in their Franchise Agreements with SCSS includes clear criteria for making this assessment. It begins by organizing costs into three main categories, which will be treated differently in determining a reasonable “operating profit ratio:”

Allowable Costs (Operations and Maintenance)

- Direct collection labor
- Vehicle maintenance and repairs
- Insurance
- Fuel
- Depreciation
- Billing and collection

Pass-Through Costs

- Tipping fees
- Franchise fees
- Payments to affiliated companies (such as facility rent, interest and trucking charges)

Excluded and Limited Costs

- Charitable and political contributions
- Entertainment
- Income taxes
- Non-IRS approved profit-sharing plans
- Fines and penalties
- Limits on corporate overhead

After organizing costs into these three categories, determining “operating profit ratios” and overall revenue requirements is straightforward:

- The target is an 8% operating profit ratio on “allowable costs.”
- Pass-through costs may be fully recovered through rates but no profit is allowed on these costs.
- No revenues are allowed for any excluded or limited costs.

In the case of SCSS, about 70% of their costs are subject to the 8% operating profit ratio; and 30% are pass-through costs that may be fully recovered from rates but no profit is allowed. No recovery is allowed for excluded costs.

Preparing the Rate Request Application

Detailed “spreadsheet” templates for preparing the rate request application—including assembling the required information and making the needed calculations—are provided in the *Rate Manual*. SCSS has prepared their rate increase application in accordance with these requirements (Appendix A); and the financial information provided in the application for 2016 and 2017 ties to its audited financial statements.

Rate Request Summary

The following summarizes the calculations that support the requested and recommended rate increases:

Table 15. Rate Increase Summary

	Requested
Allowable Costs	9,014,178
Allowable Profit (8% Operating Ratio)	783,841
Pass-Through Costs	
Tipping Fees: Landfill	1,821,241
Tipping Fees: MRF	852,390
Franchise Fees	1,385,290
Related Party Costs	309,151
Total Pass-Through Costs	4,368,072
Allowed Revenue Requirements	14,166,091
Revenue without Rate Increase	12,991,486
Revenue Requirement: Shortfall (Surplus)	1,174,605
Rate Base Revenue	12,973,924
Percent Change in Revenue Requirement	9.05%
Allowed Revenue Increase *	10.06%

* Adjusted for 10% Franchise Fee

Implementation

The following summarizes key implementation concepts in the adopted rate-setting model:

- The “8%” operating profit ratio is a target; in the interest of rate stability, adjustments are only made if the calculated operating profit ratio falls outside of 10% to 6%.
- There is no provision for retroactivity: requested rate increases are “prospective” for the year to come; there is no provision for looking back. This means that any past shortfalls from the target operating profit cannot be recaptured.
- On the other hand, if past ratios have been stronger than this target, then the revenue base is re-set in the *Base Year* review.
- As discussed above, detailed *Base Year* reviews are prepared every three years; *Interim Year* reviews to account for focused changes in the consumer price and tipping fees are prepared in the two “in-between” years.
- Special rate increases for extraordinary circumstances *may* be considered. This has never occurred in any of the agencies that use this rate-setting methodology.

The result of this process is a proposed rate increase of 10.06%.

COST OF LIVING “TRIGGER OPTION”

As noted above, Section 8.3 of the Franchise Agreements provides that if the rate increase request compared with the rate in effect at the date of the agreement exceeds the cumulative cost of living increase from that same date, each agency has the *option* of terminating the agreement

at any time within nine months following approval of the requested rate increase. While this provision does not directly limit rate increase requests by SCSS to an amount that may be less than that allowed under the rate-setting methodology, subjecting the Franchise Agreement to *possible* termination if the rate request is greater than the cost of living threshold provides a strong incentive for SCSS to do so, if possible.

Calculation of the Costs of Living Threshold

As recommended in the 2013 *Interim Year* rate review for consistency and clarity, the CPI-U rate increases used in calculating *Interim Year* increases and the “trigger” threshold are based on changes from June to June (given application submittal targets, this was the most recent date that would consistently be available).

Along with the adjustment for the “weighted” greenwaste rate increase in 2012 of 1.7% previously approved, the 2016 Franchise Agreement amendments provided for adjustments to the threshold “trigger” of landfill rate increases, weighted by the ratio of landfill costs to total costs (assumed at 16% based on long-term trends).

Table 16(a) provides the threshold calculation compared with actual rate increases and those recommended for 2019; and Table 16(b) provides landfill rates since 2008.

As reflected in Table 16(a), the cumulative changes in the cost of living (with adjustments for greenwaste and landfill cost increases) is 22.53%. This compares with cumulative rate increases, including those recommended of 10.06% for 2019, of 29.27%. This would result in exceeding the “trigger” by 6.74%. Correspondingly, the rate increase would be limited to 3.32% to remain under the “trigger.”

Table 16(a). Trigger Threshold Calculation

US CPI-U Increase				Allowed Adjustments		Threshold	Rate Year (2)	Rate Increase *
June	Index	Amount	Percent	Greenwaste	Landfill (1)			
2009	215.693							
2010	217.965	2.272	1.05%		2.74%	3.79%	2011	0.00%
2011	225.722	7.757	3.56%	1.70%	0.00%	5.26%	2012	5.15%
2012	229.478	3.756	1.66%		0.00%	1.66%	2013	3.20%
2013	233.504	4.026	1.75%		1.05%	2.81%	2014	2.05%
2014	238.343	4.839	2.07%		0.99%	3.06%	2015	0.00%
2015	238.638	0.295	0.12%		0.93%	1.05%	2016	3.25%
2016	241.018	2.380	1.00%		0.00%	1.00%	2017	1.10%
2017	244.955	3.937	1.61%		0.00%	1.61%	2018	1.61%
2018	251.989	7.034	2.79%		0.00%	2.79%	2019	10.06%
Cumulative Total		36.296	16.83%	1.70%	5.70%	22.53%		29.27%

1. Landfill rate increases prorated at 16% of total costs

2. Recommended rate for 2019

Above Trigger Threshold: Requested Rate Increase	6.74%
Available Rate Increase to Avoid Trigger	3.32%

Table 16(b). Landfill Rates Per Ton

Year	Actual	Increase		Prorated @ 16%
		Amount	Percent	
2008	29.25	-	0.00%	0.00%
2009	29.25	-	0.00%	0.00%
2010	29.25	-	0.00%	0.00%
2011	34.25	5.00	17.09%	2.74%
2012	34.25	-	0.00%	0.00%
2013	34.25	-	0.00%	0.00%
2014	36.50	2.25	6.57%	1.05%
2015	38.75	2.25	6.16%	0.99%
2016	41.00	2.25	5.81%	0.93%
2017	41.00	-	0.00%	0.00%
2018	41.00	-	0.00%	0.00%
2019	41.00	-	0.00%	0.00%

Note: Under long-term rate increases approved by the County, Cold Canyon Landfill was eligible for annual rate increases of \$2.25 per ton in 2017, 2018 and 2019, with a resulting rate of \$47.75 by 2019, However, it chose not to do so.

However, it is important to note that this “trigger” calculation does not limit the allowable rate increase that may be requested under the methodology set forth in the Franchise Agreements.

Accordingly, the agencies may want to consider (as they did in as part of the 2016 *Base Year* review and *Interim Year* increases for 2017 and 2018), if the recommended or requested rate increases are approved, making findings that they will not pursue the “trigger” option.

COORDINATION WITH OTHER AGENCIES

SCSS has submitted similar rate requests to the three other agencies that regulate rates and services in the other South County areas that it serves: County of San Luis Obispo, Avila Beach Community Services District and the Nipomo Community Services District. These agencies are likely to act on the requested rate increases within the same time frame as the four agencies covered in this report.

Waste Connections (as San Luis Garbage Company) has also submitted a rate increase application to the City of San Luis Obispo, which has also undergone several amendments. Based on similar rate increase drivers as those provided for SCSS, the most recent version requests an increase of 13.72%.

SUMMARY

Based on the rate-setting policies and procedures formally adopted by Arroyo Grande, Grover Beach, Oceano and Pismo Beach in their Franchise Agreements, this report concludes that:

- SCSS has submitted the required documentation required under its Franchise Agreements with the four agencies.
- This results in a recommended rate increase of 10.06%.

ATTACHMENTS

Appendix A: Base Year Rate Request Application from South County Sanitary Service

Appendix B: Boston Group Outlook on Recycling Costs

Appendix C: Cold Canyon Processing Facility Background

Appendix A

BASE YEAR RATE REQUEST APPLICATION

1. Base Year Application Summary

- City of Pismo Beach
- City of Arroyo Grande
- City of Grover Beach
- Oceano Community Services District

2. Supporting Schedules

- Financial Information: Cost and Revenue Requirements Summary
- Revenue Offset Summary
- Cost Summary for Base Year
- Base Year Revenue Offset Summary
- Operating Information

2019 Base Year Rate Adjustment Application-4th Amended

Summary

CITY OF ARROYO GRANDE

Requested Increase				
Recycle Processing	6.5%	CNG Trucks/Infrastructure	4.40%	
		Organics	3.1%	
		Other	-3.9%	
1. Rate Increase Requested				10.06%

Rate Schedule

Rate Schedule	Current Rate	Increased Rate	Adjustment (a)	New Rate
Single Family Residential				
2. Economy Service (1 - can curb)	\$ 17.26	\$1.74		\$19.00
4. Standard Service (2- can curb)	\$ 22.44	\$2.26		\$24.70
5. Premium Service (3 - can curb)	\$ 27.63	\$2.78		\$30.41

(a) Calculated rates are rounded up to the nearest \$0.01.

6. **Multiunit Residential and Non-residential** Rate increases of **10.06%** will be applied to all rates in each structure with each rate rounded to the nearest \$0.01

Certification

To the best of my knowledge, the data and information in this application is complete, accurate, and consistent with the instructions provided by the Rate Setting Manual.

Name: Jeff Smith Title: District Manager

Signature: Date: 03/18/19

Fiscal Year: 1-1-2019 to 12-31-2019

2019 Base Year Rate Adjustment Application-4th Amended

Summary

CITY OF GROVER BEACH

Requested Increase

Recycle Processing	6.5%	CNG Trucks/Infrastructure	4.40%
		Organics	3.1%
		Other	-3.9%
1. Rate Increase Requested			10.06%

Rate Schedule

Rate Schedule	Current Rate	Increased Rate	Adjustment (a)	New Rate
---------------	--------------	----------------	----------------	----------

Single Family Residential

2. Economy Service (1 - can curb)	\$ 15.65	\$1.57		\$17.22
4. Standard Service (2- can curb)	\$ 21.16	\$2.13		\$23.29
5. Premium Service (3 - can curb)	\$ 26.64	\$2.68		\$29.32

(a) Calculated rates are rounded up to the nearest \$0.01.

6. Multiunit Residential and Non-residential	Rate increases of	10.06%
	will be applied to all rates in each structure	
	with each rate rounded to the nearest \$0.01	

Certification

To the best of my knowledge, the data and information in this application is complete, accurate, and consistent with the instructions provided by the Rate Setting Manual.

Name: Jeff Smith Title: District Manager

Signature: Date: 03/18/19

Fiscal Year: 1-1-2019 to 12-31-2019

2019 Base Year Rate Adjustment Application-4th Amended

Summary

OCEANO COMMUNITY SERVICE DISTRICT

Requested Increase

Recycle Processing	6.5%	CNG Trucks/Infrastructure	4.40%
		Organics	3.1%
		Other	-3.9%

1. Rate Increase Requested **10.06%**

Rate Schedule

Rate Schedule	Current Rate	Increased Rate	Adjustment (a)	New Rate
---------------	--------------	----------------	----------------	----------

Single Family Residential

2. Economy Service (1 - can curb)	\$ 14.00	\$1.41		\$15.41
4. Standard Service (2- can curb)	\$ 20.13	\$2.03		\$22.16
5. Premium Service (3 - can curb)	\$ 39.40	\$3.96		\$43.36

(a) Calculated rates are rounded up to the nearest \$0.01.

6. **Multiunit Residential and Non-residential** Rate increases of **10.06%** will be applied to all rates in each structure with each rate rounded to the nearest \$0.01

Certification

To the best of my knowledge, the data and information in this application is complete, accurate, and consistent with the instructions provided by the Rate Setting Manual.

Name: Jeff Smith Title: District Manager

Signature: Date: 03/18/19

Fiscal Year: 1-1-2019 to 12-31-2019

2019 Base Year Rate Adjustment Application-4th Amended

Summary

CITY OF PISMO BEACH

Requested Increase

Recycle Processing	6.5%	CNG Trucks/Infrastructure	4.40%
		Organics	3.1%
		Other	-3.9%

1. Rate Increase Requested **10.06%**

Rate Schedule

Rate Schedule	Current Rate	Increased Rate	Adjustment (a)	New Rate
---------------	-----------------	-------------------	-------------------	-------------

Single Family Residential

2. Economy Service (1 - can curb)	\$15.36	\$1.55		\$16.91
4. Standard Service (2- can curb)	\$30.73	\$3.09		\$33.82
5. Premium Service (3 - can curb)	\$46.09	\$4.64		\$50.73

(a) Calculated rates are rounded up to the nearest \$0.01.

6. **Multunit Residential and Non-residential** Rate increases of **10.06%**
 will be applied to all rates in each structure
 with each rate rounded to the nearest \$0.01

Certification

To the best of my knowledge, the data and information in this application is complete, accurate, and consistent with the instructions provided by the Rate Setting Manual.

Name: Jeff Smith Title: District Manager

Signature: Date: 03/18/19

Fiscal Year: 1-1-2019 to 12-31-2019

South County Sanitary Service
2019 Base Year Rate Adjustment Application

Financial Information

Historical		Current	Projected	
2016	2017	2018	Base Year 2019	2020

(from Pg. 4)

Section I-Allowable Costs

6. Direct Labor	\$3,083,345	\$3,150,539	\$3,385,970	\$3,489,134	\$3,593,808
7. Corporate Overhead	\$332,113	\$153,045	\$340,461	\$350,334	\$363,647
8. Office Salaries	\$478,072	\$901,055	\$386,322	\$397,911	\$409,849
9. Other General and Admin Costs	\$3,820,842	\$4,026,894	\$4,098,450	\$4,776,799	\$4,958,317
10. Total Allowable Costs	\$7,714,372	\$8,231,533	\$8,211,202	\$9,014,178	\$9,325,620

Section II-Allowable Operating Profit

11. Operating Ratio	87.3%	91.1%	96.1%	92.0%	92.0%
12. Allowable Operating Profit	\$1,126,283	\$803,795	\$336,505	\$783,841	\$810,924

Section III-Pass Through Costs

13. Tipping Fees	\$1,891,183	\$1,886,262	\$2,680,988	\$2,673,630	\$2,673,630
14. Franchise Fees	\$1,318,502	\$1,357,533	\$1,368,864	\$1,385,290	\$1,401,894
15. AB939 Fees	\$0	\$0	\$0	\$0	\$0
16. Payments to Affiliated Companies*	\$137,595	\$208,272	\$243,980	\$309,151	\$320,899
17. Total Pass Through Costs	\$3,347,280	\$3,452,067	\$4,293,832	\$4,368,072	\$4,396,423

* Affiliate Payments include interest, lease payments, and transportation

Section III-Pass Through Costs

18. Revenue Requirement	\$12,187,936	\$12,487,395	\$12,841,539	\$14,166,091	\$14,532,967
19. Total Revenue Offsets (from Page 3)	\$12,187,936	\$12,487,395	\$12,841,539	\$12,991,486	\$13,147,193

Section III-Pass Through Costs

20. Net Shortfall (Surplus)	\$1,174,605
-----------------------------	-------------

21. Total Residential and Non-residential Revenue without increase in Base Year (pg.5, line 76)	\$12,973,924	Nipomo \$12,973,924
22. Percent Change in Residential and Non-residential Revenue Requirement	9.05%	8.2%
23. Franchise Fee Adjustment Factor (1 - 6 percent)	90.000%	92.700%
Limitation due to cumulative increases	10.06%	8.89%
24. Percent Change in Existing Rates	10.06%	8.89%

2019 Base Year Rate Adjustment Application

Revenue Offset Summary

	Section VII - Revenue Offsets				
	Historical		Current	Projected	
	2016	2017	2018	Base Year 2019	2020
<i>Residential Revenue (without increase in Base Yr.)</i>					
28. Single Family Residential	\$7,163,810	\$7,341,537	\$7,541,246	\$7,631,741	\$7,723,322
Multiunit Residential Dumpster					
29. Number of Accounts					
30. Revenues					
31. Less Allowance for Uncollectible Resi Accounts	\$0	\$0	\$0	\$0	\$0
32. Total Residential Revenue	\$7,163,810	\$7,341,537	\$7,541,246	\$7,631,741	\$7,723,322
<i>Non-residential Revenue (without increase in Base Yr.)</i>					
Account Type					
Non-residential Can					
33. Number of Accounts	8	8	8	8	8
34. Revenues			\$4,535	\$4,589	\$4,644
Non-residential Wastewheeler					
35. Number of Accounts	392	425	460	466	471
36. Revenues			\$477,469	\$483,199	\$488,997
Non-residential Dumpster					
37. Number of Accounts	1,738	1,684	1,629	1,649	1,668
38. Revenues	\$5,004,136	\$5,133,957	\$4,796,508	\$4,854,067	\$4,912,315
39. Less: Allowance for Uncollectible Non-resid	\$0	\$0	\$0	\$0	\$0
40. Total Non-residential Revenue	\$5,004,136	\$5,133,957	\$5,278,512	\$5,341,854	\$5,405,956
45. Interest on Investments	\$6,104	\$0	\$0	\$2,035	\$2,059
46. Other Income	\$13,885	\$11,901	\$21,780	\$15,856	\$15,856
47. Total Revenue Offsets	\$12,187,936	\$12,487,395	\$12,841,539	\$12,991,486	\$13,147,193

South County Sanitary Service

2019 Base Year Rate Adjustment Application

Cost Summary for Base Year

Description of Cost	BASE YEAR			
	2016	2017	2018	2019
Labor	\$2,849,547	\$2,906,100	\$3,127,283	\$3,219,834
Payroll Taxes	\$233,798	\$244,439	\$258,686	\$269,300
48. Total Direct Labor	\$3,083,345	\$3,150,539	\$3,385,970	\$3,489,134
49. Corporate Overhead	\$332,113	\$153,045	\$436,899	\$453,501
Less limitation (enter as negative)			(\$96,438)	(\$103,167)
Total Corporate Overhead	\$332,113	\$153,045	\$340,461	\$350,334
Office Salary	\$442,804	\$864,061	\$350,384	\$360,895
Payroll Taxes	\$35,268	\$36,995	\$35,938	\$37,016
50. Total Office Salaries	\$478,072	\$901,055	\$386,322	\$397,911
Bad Debt	\$2,448	\$4,271	\$11,283	\$4,300
Allocated expenses	\$0	\$0	\$0	\$0
Bond expense	\$6,482	\$5,325	\$5,325	\$5,527
Depreciation on Bldg and Equip	\$0	\$16,598	\$6,297	\$27,275
Depreciation on Trucks/Containers	\$274,514	\$229,543	\$304,867	\$596,497
Drive Cam fees	\$28,997	\$28,680	\$22,949	\$23,821
Dues and Subscriptions	\$6,738	\$8,196	\$6,221	\$6,457
Facilities	\$0	\$50,977	\$0	\$0
Gas and oil	\$796,069	\$880,285	\$969,634	\$965,300
Laundry (Uniforms)	\$21,452	\$24,462	\$26,679	\$27,693
Legal and Accounting	\$29,459	\$30,952	\$31,145	\$37,328
Miscellaneous and Other	\$16,522	\$8,372	\$8,433	\$8,753
Office Expense	\$206,325	\$242,249	\$275,612	\$286,086
Operating Supplies	\$39,671	\$39,710	\$40,674	\$42,219
Other insurance - Medical	\$1,238,436	\$1,195,973	\$1,041,356	\$1,080,928
Other Taxes	\$35,985	\$35,080	\$34,854	\$36,179
Outside Services	\$431,794	\$518,013	\$541,595	\$867,435
Public Relations and Promotion	\$1,578	\$1,699	\$1	\$1
Postage	\$6,574	\$2,005	\$2,047	\$4,125
Permits	\$63,007	\$60,347	\$60,101	\$62,385
Relocation	\$22,576	\$3,186	\$9,302	\$9,656
Rent	\$3,000	\$3,000	\$0	\$0
Telephone	\$20,909	\$20,182	\$13,956	\$14,486
Tires	\$146,896	\$139,628	\$87,488	\$88,145
Travel	\$26,944	\$13,991	\$27,278	\$28,315
Truck Repairs	\$365,282	\$436,531	\$543,855	\$525,345
Utilities	\$29,184	\$27,637	\$27,497	\$28,542
51. Total Other Gen/Admin Costs	\$3,820,842	\$4,026,894	\$4,098,450	\$4,776,799
52. Total Tipping Fees	\$1,891,183	\$1,886,262	\$2,680,988	\$2,673,630
53. Total Franchise Fee	1,318,501.56	\$1,357,533	1,368,863.98	1,385,290
54. Total AB 939/Regulatory Fees	\$0	\$0	\$0	\$0
55. Total Lease Pmt to Affil Co.'s	\$89,051	\$91,703	\$145,337	\$150,860
55a. Interest Expense (to affiliate)	\$0	\$62,222	\$50,099	\$107,902
55b. Transportation costs (to affiliate)	\$48,544	\$54,347	\$48,545	\$50,389
56. Total Cost	\$11,013,108	\$11,567,031	\$12,406,390	\$13,223,958

2019 Base Year Rate Adjustment Application

Base Year Revenue Offset Summary

For Information Purposes Only

Description of Revenue	Section VII-Revenue Offsets						
	Overall	Franchise	Refuse Collection				Non-franchise
	Total	Total	Arroyo	Pismo	Grover	Unincorporated	Total
<i>Residential Revenue (without increase in Base Year)</i>							
57. Single Family Residential	\$7,631,741	\$7,631,741	\$1,293,703	\$852,859	\$868,551	\$4,616,628	
<i>Multiunit Residential Dumpster</i>							
58. Number of Accounts	0	0					
59. Revenues	\$0	\$0					
60. Less Allowance for Uncollectable	\$0	\$0					
61. Total Residential Revenue	\$7,631,741	\$7,631,741	\$1,293,703	\$852,859	\$868,551	\$4,616,628	\$0
<i>Non-residential Revenue (without increase in Base Year)</i>							
<i>Account Type</i>							
<i>Non-residential Can</i>							
62. Number of Accounts	8	8	2	4	0	2	
63. Revenues	\$4,589	\$4,589	\$503	\$1,468	\$0	\$2,617	
<i>Non-residential Wastewheeler</i>							
64. Number of Accounts	466	466	131	132	95	108	
65. Revenues	\$483,199	\$483,199	\$134,345.31	\$180,384.79	\$64,852.36	\$103,616.13	
<i>Non-residential Dumpster</i>							
66. Number of Accounts	1,649	1,643	352	236	327	728	6
67. Revenues	\$4,854,067	\$4,777,761	\$1,059,880	\$1,004,808	\$688,810	\$2,024,263	\$76,305
68. Less: Allowance for Uncollectable Non-residential Accounts	\$0	\$0					
69. Total Non-residential Revenue	\$5,341,854	\$5,265,549	\$1,194,729	\$1,186,661	\$753,662	\$2,130,497	\$76,305
74. Interest on Investments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
75. Other Income	\$328	\$0	\$0	\$0	\$0	\$0	\$328
76. Total Revenue Offsets	\$12,973,924	\$12,897,290	\$2,488,432	\$2,039,520	\$1,622,213	\$6,747,125	\$76,634

South County Sanitary Service

2019 Base Year Rate Adjustment Application

Operating Information

Historical		Current		Projected			
	Percent		Percent		Percent	Base Year	Percent
2016	Change	2017	Change	2018	Change	2019	Change

Section IX-Operating Data

Residential

Accounts

77.	Arroyo Grande	5,742	0.5%	5,769	1.1%	5,833	1.0%	5,891	1.0%	5,950
	Grover Beach	4,198	0.3%	4,211	0.7%	4,239	1.0%	4,281	1.0%	4,324
	Pismo Beach	3,748	0.5%	3,768	-0.2%	3,762	1.0%	3,800	1.0%	3,838
	Oceano CSD	1,838	0.1%	1,840	-0.3%	1,834	1.0%	1,852	1.0%	1,871
	Nipomo CSD	4,001	0.8%	4,035	0.9%	4,070	1.0%	4,111	1.0%	4,152
	County	6,436	1.8%	6,551	1.4%	6,643	1.0%	6,709	1.0%	6,777
		25,963	0.8%	26,174	0.8%	26,381	1.0%	26,645	1.0%	26,911
78.	Routes-Garbage	7	0.0%	7	0.0%	7	0.0%	7	0.0%	7
79.	Routes-Recycling	7	0.0%	7	0.0%	7	0.0%	7	0.0%	7
80.	Direct Labor Hours	32,722	0.0%	32,722	0.0%	32,722	0.0%	32,722	0.0%	32,722

Non-residential Garbage

Accounts

80.	Arroyo Grande	486	-1.0%	481	-0.4%	479	1.0%	484	1.0%	489
	Grover Beach	442	-2.0%	433	-3.7%	417	1.0%	421	1.0%	425
	Pismo Beach	380	-1.1%	376	-2.4%	367	1.0%	371	1.0%	374
	Oceano CSD	190	0.5%	191	-12.0%	168	1.0%	170	1.0%	171
	Nipomo CSD	211	-0.9%	209	-16.3%	175	1.0%	177	1.0%	179
	County	475	2.3%	486	6.8%	519	1.0%	524	1.0%	529
		2,184	-0.4%	2,176	-2.3%	2,125	1.0%	2,146	1.0%	2,168
81.	Routes-garbage	5	0.0%	5	0.0%	5	0.0%	5	0.0%	5
	Routes-recycling	3	0.0%	3	0.0%	3	0.0%	3	0.0%	3
82.	Direct Labor Hours	22,334	0.0%	22,334	0.0%	22,334	0.0%	22,334	0.0%	22,334

Recyclable Materials - All areas-Commingled Recycling (in tons)

Accounts

83.	Tri-Cities	8,965	-3.1%	8,686	-1.1%	8,587	0.0%	8,587	0.0%	8,587
	Nipomo/Oceano CSD	3,296	-3.1%	3,193	-1.1%	3,157	0.0%	3,157	0.0%	3,157
84.	County	1,055	-3.1%	1,022	-1.1%	1,010	0.0%	1,010	0.0%	1,010
		13,316	-3.1%	12,901	-1.1%	12,754	0.0%	12,754	0.0%	12,754

Recyclable Materials - All areas-Greenwaste Recycling

Routes	5	0.0%	5	0.0%	5	0.0%	5	0.0%	5
Tons Collected	11,294	5.6%	11,931	5.3%	12,567	1.0%	12,693	1.0%	12,820
Direct Labor Hours	7,271	0.0%	7,271	0.0%	7,271	0.0%	7,271	0.0%	7,271

Garbage Tons Collected	40,552	1.5%	41,142	1.2%	41,621	1.0%	42,037	1.0%	42,457
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GLOBAL OUT LOOK

CHINA NOT IN THE FUTURE

It seems odd that in the middle of the Amazon craze we are looking at a decrease in the demand of waste paper from China. In fact, it's hard to understand why China is not on board with the recent growth of the packaging sector. International Paper, Georgia Pacific etc. are having record years.

This is a complex issue. First, we have to look at the government which is the polar opposite of the United States. I know this sounds simple but it really is not. We are a free capitalistic republic and China is, well a Communist country. We continue to say, this just does not make sense, and it truly does not. Communist Countries do not look for sense but control. This control is in the form of new regulations that come down from the leaders without understanding the economic impact to their own country. What is truly amazing is all the paper mills in China feel the same way but if they were to say anything against the Chinese Government they would literally be thrown in jail or removed from their position. China is really not about a "Team approach".

Here is a little history on how we all got to 2018 and the new laws and regulations currently being enforced by the Chinese Government. 20 years ago, China began building infrastructure, buildings and equipment to help propel them to an industrial power. Included in this was papermills, to be able to make packaging for all the products that were going to be produced in China. Previous to 2000, very little waste paper was consumed in China. Other countries such as European countries, Taiwan, Korea, Indonesia and Japan were the largest consumers. Interestingly enough the quality standards in these countries was very high. You either needed to make this quality or you would not be able to sell your product to these mills. This was also indeed the practice in the USA. Part of this was because the technology of cleaning equipment was very expensive and cost prohibitive. It was actually more cost effective to pay more for cleaner paper than to pay less for lesser quality paper.

In the 1990's sorting lines were being built to help separate office paper produced from large office buildings to help the growing demand of pulp substitutes. Sorted white ledger and sorted office paper arrived as a very good alternative to expensive pulp. The unfortunate remaining product of this process was mixed paper, such as groundwood grades, file folders, OCC and other unbleachables. Concurrently, China was building state of the art paper mills. They were looking for low cost fiber to make their products. That low cost contaminated mixed paper combined with OCC was a viable raw material for them and they started purchasing machines that could clean this fiber from contamination and make paper. Still USA mills were not going to entertain this because they new it was not sustainable with costs.

By 2000 China had begun its journey as the largest mixed paper consumer in the world. Growing Chinese mill groups were able to convince all of the major waste haulers in the United States that they could make paper out of this mixed paper. Even lowering the grade and consolidating it as single stream in their recycling programs. When the waste haulers figured out the money they could save by using one truck instead of multiple trucks, sorting lines started being purchased. These sorting technologies came from the basics of mining equipment to efficiently separate grades of paper, OCC, news and mixed paper. However, this material would be comingled with glass, plastic, tin, aluminum cans, plastic bags,

dog poop, kitty litter and garbage. That's right garbage, if you're garbage can overflowed, toss it in the recycling bin who will say anything there is no quality control. (wishful recycling) In fact, the City of Los Angeles in the late 1990's had residual garbage at 40% from their single stream. However, China kept buying this material. You would see quality claims on a consistent basis but you knew this was part of the business and you paid the claim and moved on.

During this industrial boom China was recognizing that there was a cost to all of this growth to China's Environment. In 2012, President Jinping Xi was elected by the Communist party and started to enforce new reforms and initiatives including new Environmental policies. The first which was made very public was the computer recycling business in many documentaries.

In 2014, Green Fence policy was put into place after China realized that the wastepaper stream developed was a majorly flawed system. Mixed paper and curbside news were containing approximately 5 to 10 percent prohibitive and the yield from this grade is approximately 70 percent. Simple math tells us if China is importing 6 million tons of mixed paper they are also importing 1.8 million tons of material that will go to the landfill. Part of this however is the papermaking process, but with lower grades you get lower yield. As mentioned earlier, the US papermills were very aware this was going to happen this is why we don't buy much mixed paper domestically.

This new influx of landfill bound material caused China's government to have a knee jerk reaction. China decided to hold strict inspections and they started rejecting material and sending shipments back to their origin. Green fence policy was created to get control of the waste that was being shipped. Since 2014, China noticed that mills were still disposing the same amount of waste and instead of telling the government that this is part of the paper making process the mills kept quiet as new regulations became stricter. Once again, in a communist country you don't have the freedom to find a reasonable solution, you just hit the brakes.

In 2017, China flat out made a decision to no longer accept recycled plastic in any form. Before this, they were the largest consumer of HDPE, PET, plastic bags and a grade called MRF film. Once again China developed this market by accepting low quality plastic that in some cases like MRF film was filled with terrible contamination. Previous to this there was no market for MRF grade. So instead of coming to a reasonable standard, the Chinese government just banned plastic all together and all the factories that were recycling plastic just went under.

Currently we are watching the same scenario play out with metals. It could be partially related to the trade talks but we are unsure. We do know that China has said it will ban importing metals by the end of 2018.

So where does this leave waste paper. Currently as of January 1st 2018 mixed paper is banned from China. That is 6 million tons of paper. Who will buy this, for now it is limited, India is a far second to China and everyone is running to shove 6 million tons into a market that will consume 1 million tons.

The next question is what has happened to our waste stream at our homes in just 10 years. There is a simple answer, look at your recycling bin at your house. You have lots of OCC, lots of junk mail with little to no newsprint. The newsprint market is limited and there are only a couple of mills in the world now that produce recycled newsprint. This leaves only a couple of answers for diversion from the landfill for

mixed paper, use it for fuel for a waste to energy plant or anaerobic digesting. Both of these options are the same, they will cost landfill rates if not higher.

Under the current China Leadership, they want to move away from importing paper and have an initiative to be self sufficient by 2020. It is hard for us to believe this is possible with billions of dollars of investments in paper mills. If China follows what they are currently doing with computers, plastic and metal recycling then, they can do this with wastepaper as well. Our belief at the Boston Group is that the market for grades like OCC and office paper will continue to be in demand globally. Mixed paper by pure recycled stream at the house hold will continue to be an item that will be in to much supply for the demand. As mentioned earlier, it will have to be used in other manners that will divert it from the land fill but will be costly. It is also important to note that garbage at the curbside is not sorted but mixed paper that is destine for more expensive tip fees will be sorted.

The conclusion of our cost of recycling is no longer a shared profit but pure cost. Adding labor to sort mixed paper is at a minimum doubling you're costs. In California, my estimate at profitable recycling and diversion will be \$75 per ton charge at the door of recycling facilities.

I am more than welcome to always talk about different markets and how they will change in the future. Always feel free to call me.

Regards,

Kevin Kodzis
President
The Boston Group Inc.



COLD CANYON PROCESSING FACILITY

A Waste Connections Company

March 19, 2019

Aaron Floyd
Deputy Public Works Director
City of San Luis Obispo
Public Utilities
879 Morro Street.
San Luis Obispo, CA 93401

Subject: MRF Recycling Background

Dear Mr. Floyd,

It is my pleasure to continue with the partnership created many years ago between the City of San Luis Obispo, San Luis Garbage Company and the Cold Canyon Processing Facility.

As the local service provider, the Cold Canyon Processing Facility has always tried to stay a few steps ahead of the trends affecting the processing of recyclables. Global commodity markets are volatile. As of 2012, we stopped sending material to China as we began to see that with China, there was too much unpredictability in the market. We also started seeing price manipulation that was actually hurting the local market. We knew then that, as a local service provider, we needed to manage volatility and build stronger relationships within our own community. We started building those relationships with our local partners like George Kardashian at San Miguel Garbage and Faron Bento in Cayucos. We did this by securing reasonably priced transportation when and where we needed it for our local community, as we are approximately five hours from any port or mill. These moves allowed us to keep recycling costs as low as possible for our customers.

We also continued to build relationships along the West Coast with mills and manufacturers that use our recyclable materials. We moved materials within California as much as possible with an eye on cost predictability and control. Mixed paper is approximately 30% of our recycle stream, so we had to find a way to recycle this material type. While others in the County were disposing of mixed paper in landfills, we continued to maintain relationships in places such as Malaysia, Vietnam and South Korea, which allowed us to continue processing mixed paper, although often at a significant loss.

In late 2013 and early 2014, China rolled out a program called the "Green Fence," through which China began restricting the recycling materials the country was willing to accept. Luckily, our relationships with our other partners were well established by this point, minimizing the initial impact of this



program. Then in 2017, China instituted what amounted to a ban on foreign recyclables. Called the “National Sword” campaign, this action created a new norm—going forward, China would only accept materials with no more than 0.5% of what the Chinese now deemed ‘trash.’ In 2018, China banned 24 materials from being imported at all.

These changes meant that a typical MRF in the U.S., like the Cold Canyon Processing Facility, had to alter its operations drastically. The first step was to slow the line down from processing 20 to 22 tons of materials per hour, to 12 to 14 tons per hour. This has greatly increased costs at our facility by requiring the doubling of our workforce and increasing overtime by over 100% in order to process the materials.

Since the inception of the “National Sword” campaign, commodity values have continued to drop. In the past three months, we have seen another 60% decrease in commodity values. Many markets have completely shut down and no longer accept recyclable materials. However, we have still been able to move all materials types to our end market processors because of our trusted relationships and ability to navigate challenging market conditions.

As the local service provider, we chose to do the right thing, at the right time, for the right reason. During the beginning of this crisis in 2017 and 2018, many other processors began disposing of recyclable materials in landfills because they couldn’t sell them, didn’t want to pay for acceptable disposal, or couldn’t create a product that anyone could take even at cost. The Cold Canyon Processing Facility is one of the few MRFs in the region that chose to continue to process materials even if it cost us more money through additional processing costs, increased transportation fees, and final destination fees.

Between the additional headcount to process the materials correctly and produce a product that is marketable, coupled with a decrease in the overall average commodity price of 35% to 65% depending on the material type, we have no choice but to increase our per-ton processing fee. The per-ton processing fee increase allows us to continue operations as the lowest cost service provider to our customers, and it is our intent to continue to operate in a manner that will allow us to be the lowest cost service provider going forward.

You have our commitment that we will continue to work to find the best value for the materials generated. We will continue to focus on outreach and education to eliminate non-recyclable materials from our recycle stream. We will look for opportunities to update our equipment to meet future recycling needs as California marches on toward a 75% diversion goal.

For the reasons outlined above, and as we’ve discussed with you over the past several months, the purpose of this notice is to inform you that the Cold Canyon Processing Facility will be increasing its per-ton recyclable materials processing fee it charges San Luis Garbage Company for the City’s recyclable materials from \$7.80 to \$67.50, effective June 1, 2019.

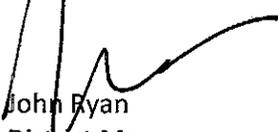
For your reference, I have included below links to a couple of articles that may further help the City understand how the recycling market has changed.

<https://www.npr.org/sections/goatsandsoda/2019/03/13/702501726/where-will-your-plastic-trash-go-now-that-china-doesnt-want-it>

<https://www.theatlantic.com/technology/archive/2019/03/china-has-stopped-accepting-our-trash/584131/>

We thank you for your long-term partnership and look forward to many more years of working together toward common goals with regard to recycling.

Sincerely,



John Ryan
District Manager
Cold Canyon Processing Facility
a Waste Connections company

cc: Mychal Boerman, Peter Cron, Ron Munds, Bill Statler, Jeff Smith, Sue VanDelinder



Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730 FAX (805) 481-6836

Date: June 26, 2019

To: Board of Directors

From: Carey Casciola, Business and Accounting Manager

Via: Paavo Ogren, General Manager

Subject: **Agenda Item # 10B:** Consideration of recommendations to adopt resolutions approving the Fiscal Year 2019-20 Preliminary Budget and the Fiscal Year 2019-20 Appropriation Limitation and to set August 28, 2019 as the date of the public hearing to consider the adoption of the 2019-20 Final Budget.

Recommendation

It is recommended that your Board:

1. Adopt the attached resolution approving the 2019-20 Preliminary Budget
2. Adopt the attached resolution determining the 2019-20 Appropriations Limitation
3. Set August 28, 2019 as the date for a public hearing for your Board to consider adoption of the 2019-20 Final Budget

Discussion

At your Board meeting of June 12, 2019, your Board provided direction on the preparation of the Preliminary Budget for Fiscal Year (FY) 2019-20. Attached is the District's preliminary 2019-20 Budget. The worksheets have been designed to include the following:

- ✓ Budget Narrative
- ✓ Actual FY 2014-15 through FY 2017-18
- ✓ Estimated current year 2018-19
- ✓ Proposed 2019-20 Budget

Proposed Budget Workshop Estimates

Subsequent to your Board meeting on June 12th, adjustments were made to the Preliminary Budget from the Proposed Workshop Budget based on Board direction:

- Increase to Salaries and Wages in the Enterprise Funds to transition the Utilities Supervisor to salary and create the Lead Operator position.



Oceano Community Services District

Board of Directors Meeting

- Five Cities Fire Authority FY 2019-20 Oceano CSD reimbursement increased by \$75,765 from \$1,062,383 to \$1,138,148 based on the second amendment to the joint exercise of powers agreement.

The table below summarizes changes in operation surplus/(deficit) to the funds:

Fund	Workshop 2019-20	Preliminary 2019-20	Change
General Fund	\$ (73,907)	\$ (149,672)	\$ (75,765)
Water Fund	(503,455)	(516,455)	(13,000)
Sewer Fund	34,679	29,679	(5,000)
Garbage Fund	15,771	13,771	(2,000)
Total	\$ (526,902)	\$ (622,677)	\$ (95,775)

Appropriation Limitations

Article XIII(b) of the California State Constitution was approved by voters in November 1979 and places limits on the level of appropriations from tax sources that are permitted in any given year. The limitation is modified every year for increases in population and per-capita income.

For fiscal year 2019-20 the appropriation limitations for fiscal year 2018-19 will be restated as \$2,304,845. The table below provides a three year illustration of the appropriation limitation calculation:

	FY 2017/18 -	FY 2018/19 - Restated	FY 2019/20
Previous Fiscal Year Limitation	\$ 2,124,217	\$ 2,209,823	\$ 2,304,846
Ratio of Change	1.0403	1.043	1.044
Appropriation Limitation	\$ 2,209,823	\$ 2,304,846	\$ 2,406,259
Appropriations Subject to Limitation	\$ (935,000)	\$ (997,150)	\$ (1,050,721)
Appropriations Under Limit	\$ 1,274,823	\$ 1,307,695	\$ 1,355,538

Note: The 2018/19 appropriation limitation was restated since it was originally calculated based on the 2017/18 amount of \$1,274,823, which is the "Appropriation Under Limit" rather than the \$2,209,823, which was the 2017/18 Appropriation Limitation.

Other Agency Involvement

The County Auditor is provided a copy of the District's annual budget once approved. Numerous other agencies are involved in the development of the District's budget including the Five Cities Fire Authority and the County of San Luis Obispo.



Other Financial Considerations

The proposed preliminary budget for FY 2019/20 includes \$4,160,221 in revenues, \$4,749,876 in expenditures, and \$582,274 in fund balance available from current year budget savings for a net surplus of \$88,384. The current year budget savings were generated to specifically help cover the anticipated FY 2019/20 Water Fund operating deficit of \$493,890. Details are covered in the narrative section of the attached budget including details associated with each fund. Most significantly, the Water Fund has been impacted by increases in State Water costs, increases in administrative overhead charges (which have correspondingly decreased Wastewater Fund administrative costs), and shortfalls in revenues that have resulted from overall community conservation efforts.

The accounting close-out for the current FY 2018-19 year will be substantially completed before the adoption of the Final FY 2019-20 Budget in August 2019, at which time the detailed update on reserves can be provided for Board consideration. Overall, an increase in reserves for FY 2019-20 from \$3,319,414 to \$3,407,798 is estimated based on the net budget surplus of \$88,384.

Results

Reviewing and adopting the 2019-20 Preliminary Budget is required by State statute prior to June 30, 2019 and helps to ensure that the financial management of the District promotes a well governed community.

Attachments:

- Resolution Adopting the 2019-20 Preliminary Budget
 - 2019-20 Preliminary Budget
- Resolution Adopting the 2019-20 Appropriation Limitation

OCEANO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2019 - ____

A RESOLUTION ADOPTING THE PRELIMINARY 2019-20 FISCAL YEAR BUDGET

WHEREAS, Section 61110 et seq, of the California Government Code established procedures for the adoption of budgets for Community Services Districts, including the Oceano Community Services District ("District"); and,

WHEREAS, pursuant to Government Code Section 61110 et seq. the District elects to adopt a preliminary budget for Fiscal Year 2019-20; and,

WHEREAS, the District has published notice of this hearing adopting the District's preliminary budget pursuant to Government Code Section 61110. et seq; and,

WHEREAS, the District desires to make known its planned activities and associated costs for the 2019-20 fiscal year.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED by the Board of Directors, Oceano Community Services District, San Luis Obispo County, California, as follows:

1. That the attached proposed budgets, including the payment and compensation plan entitled, "Oceano Community Services District Preliminary Budget Fiscal Year 2019-20" be adopted as follows.

Budget Unit	FY 2019-2020
Administrative Fund Appropriations	\$953,680
Street Lighting Fund Appropriations	\$51,153
Fire Department Fund	\$1,184,089
Parks and Rec Fund Appropriations	\$0
Equipment Fund Appropriations	\$29,090
Facilities Fund Appropriations	\$159,555
Water Fund Appropriations	\$2,923,674
Sewer Fund Appropriations	\$488,061
Garbage Fund Appropriations	\$103,565
Total	\$5,892,867

2. That the proposed budget be administered as established by past policies and practices.
3. That in accordance with Government Code Section 61110(f), the Board of Directors will schedule a public hearing prior to September 1, 2018 for the adoption of the 2019-20 Final Budget, including utilization of fund balances available from Fiscal Year 2018-19, final reserve designations, and other adjustment that the Board of Directors may choose to consider.

OCEANO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2019 - ____

Upon motion of _____, seconded by _____ and on the following roll call vote, to wit:

AYES:
NOES:
ABSENT:
ABSTAINING:

the foregoing Resolution is hereby adopted this ____ day of _____, 2019

President of the Board of Directors

ATTEST:

Secretary for the Board of Directors

(SEAL)

APPROVED AS TO FORM AND LEGAL EFFECT:

Jeffrey Minnery
District Counsel

By: _____

District Legal Counsel

Dated: _____

Oceano Community Services District
Preliminary Budget
for
Fiscal Year 2019-2020



**OCEANO COMMUNITY SERVICES DISTRICT
PRELIMINARY BUDGET
FISCAL YEAR 2019/20**

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Summary

The Oceano Community Services District (OCSD) preliminary budget for fiscal year (FY) 2019/20 has been prepared consistent with the current FY 2018/19 budget. Overall, the District's financial condition has been improving over the past several years. Nevertheless, the financial condition is subject to impacts that will need to be addressed in the upcoming year. The impacts have generally been anticipated and multi-year strategies will be needed or OCSD will be at-risk of a deteriorating financial condition in upcoming fiscal years.

Significant Budget Items

The OCSD (FY) 2019/20 Preliminary Budget includes two funds with significant budget issues.

- Fire and Emergency services are provided by the Five Cities Fire Authority and consideration of an amendment to the Joint Powers Authority agreement with the cities of Arroyo Grande and Grover Beach is needed for approval of the FY 2019/20 FCFA budget. Utilizing \$90,942 of General Fund reserves and \$58,730 of fund balance available* from the prior year budget savings is necessary to balance the Fire Fund budget in FY 2019/20. Doing so will reduce current estimated reserves in the General Fund from \$626,540 to \$535,598.
- The OCSD Water Fund has a significant estimated deficit of \$503,455 for the FY 2019/20 budget. Although fund balance available generated from current year budget savings of \$321,316 will help fund a majority of the estimated deficit, utilizing \$195,139 in Water Fund reserves will be needed. Doing so will reduce current estimated reserves in the Water Fund from \$1,406,193 to \$1,211,054.

The Water Fund deficit is a result of three primary factors. The first is a shortfall in revenue, which has exceeded \$290,000 over the past four years and has resulted from successful water conservation efforts by the community. The second factor was anticipated and resulted from a change in the allocation of Administrative overhead. Changes were approved in the current FY 2018/19 budget and increase charges to the Water Fund while reducing charges to the Wastewater Fund. The third factor is unanticipated costs associated with State water. Additional details are provided in subsequent sections on each of the OCSD budget units.

- Although the remaining OCSD budgets are balanced, it should be noted that the Wastewater Fund is relying on \$113,940 in annual reimbursements from the interfund loan that was provided to construct the Sheriff's substation in 2002. These reimbursements will end in FY 2022/23. Planning for the future reduction of interfund reimbursements combined with the need to fund wastewater fund capital improvements should be evaluated in FY 2019/20.

* **"Fund Balance Available"** is the estimate of budget savings from the current year that is available to help fund the FY 2019/20 budget

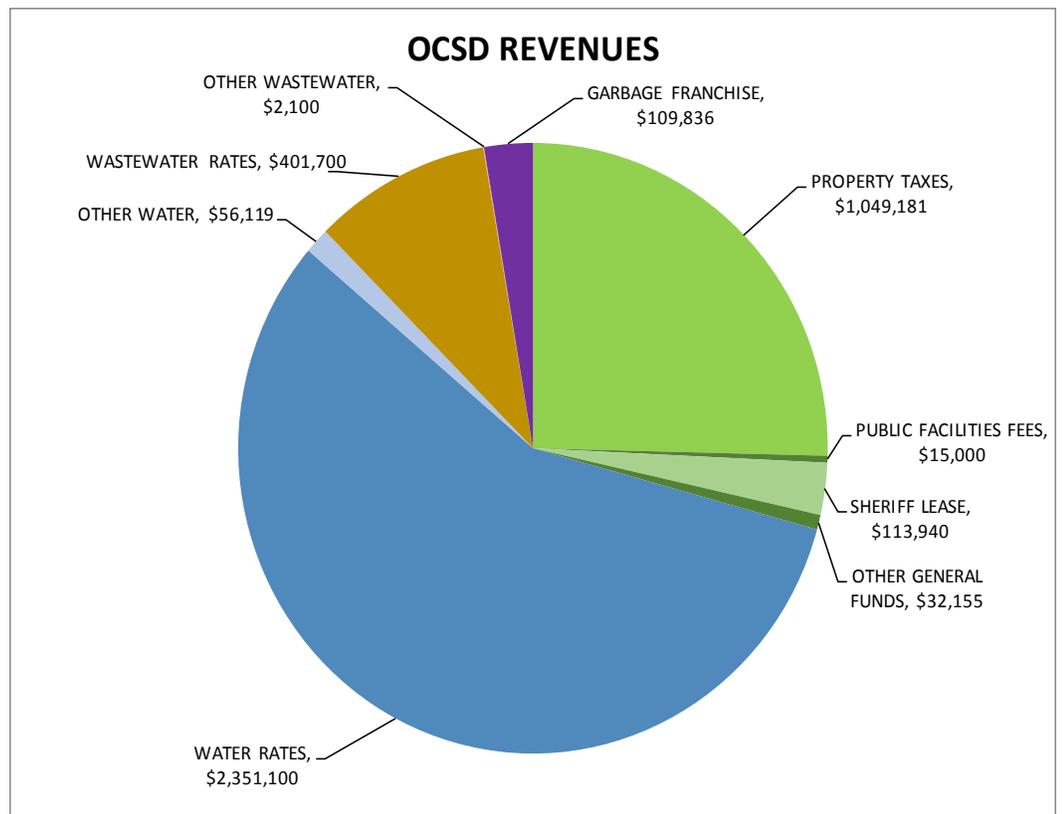
Combined Preliminary Budget

The following table illustrates the combined OCSD budgets.

OCSD Combined Budget - All Funds						
	<u>GENERAL</u>	<u>ENTERPRISE</u>	<u>SUB TOTAL</u>	<u>COMBINING</u>		
	<u>FUND</u>	<u>FUNDS</u>		<u>ADJUSTMENT</u>	<u>TOTAL</u>	<u>%</u>
OPERATING REVENUE	\$1,210,276	\$2,891,726	\$4,102,002		\$4,102,002	99%
NON OPERATING REVENUE	1,145,929	58,219	1,204,148	(1,145,929)	58,219	1%
TOTAL REVENUE	2,356,205	2,949,945	5,306,150	(1,145,929)	4,160,221	100%
LABOR	861,796	478,015	1,339,811	(192,250)	1,147,561	24%
SERVICES & SUPPLIES	1,504,421	2,088,828	3,593,248		3,593,248	76%
CAPITAL OUTLAY	0	0	0		0	0%
DEBT SERVICES	0	9,067	9,067		9,067	0%
ADMIN COST	57,221	896,458	953,679	(953,679)	0	0%
TOTAL EXPENDITURES	2,423,437	3,472,368	5,895,805	(1,145,929)	4,749,876	100%
SURPLUS/ (DEFICIT)	(67,232)	(522,423)	(589,655)	0	(589,655)	0
INTERFUND TRANSFERS	(82,440)	82,440	0	0	0	
FUND BALANCE AVAILABLE	58,730	523,271	582,001	0	582,001	
NET SURPLUS / (DEFICIT)	(\$90,942)	\$83,287	(\$7,654)	\$0	(\$7,654)	\$0

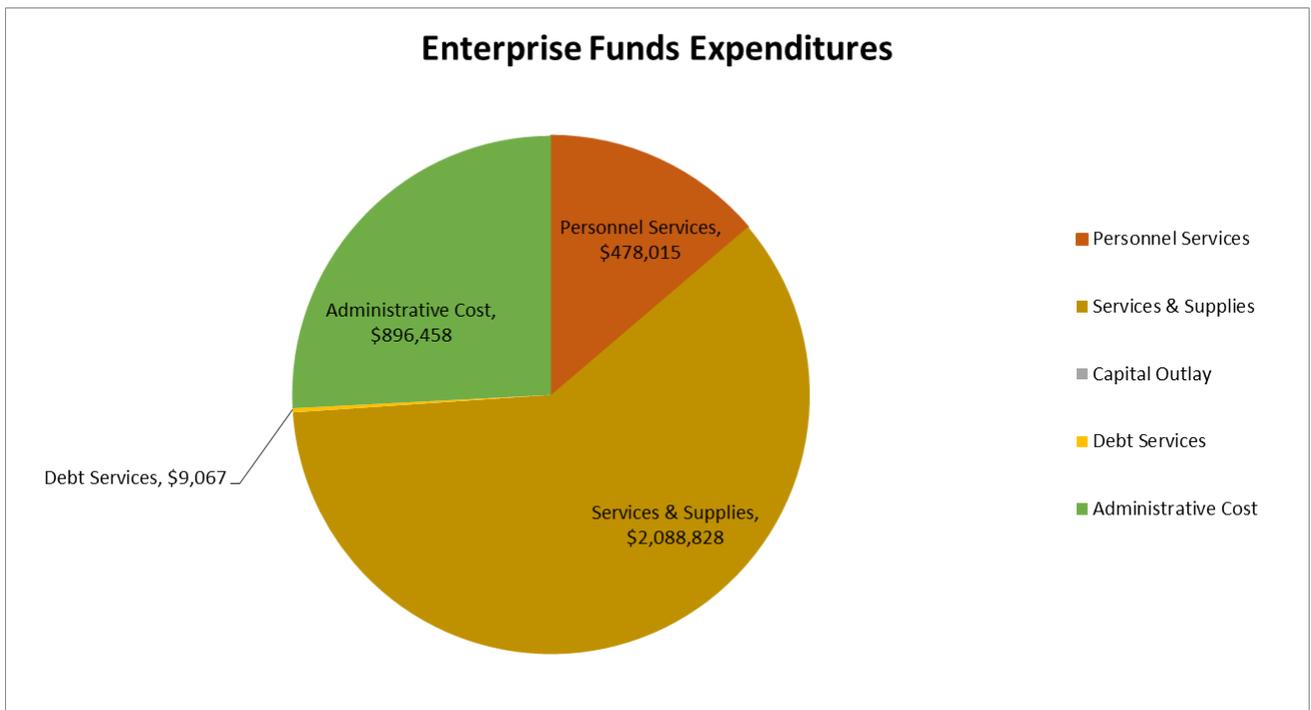
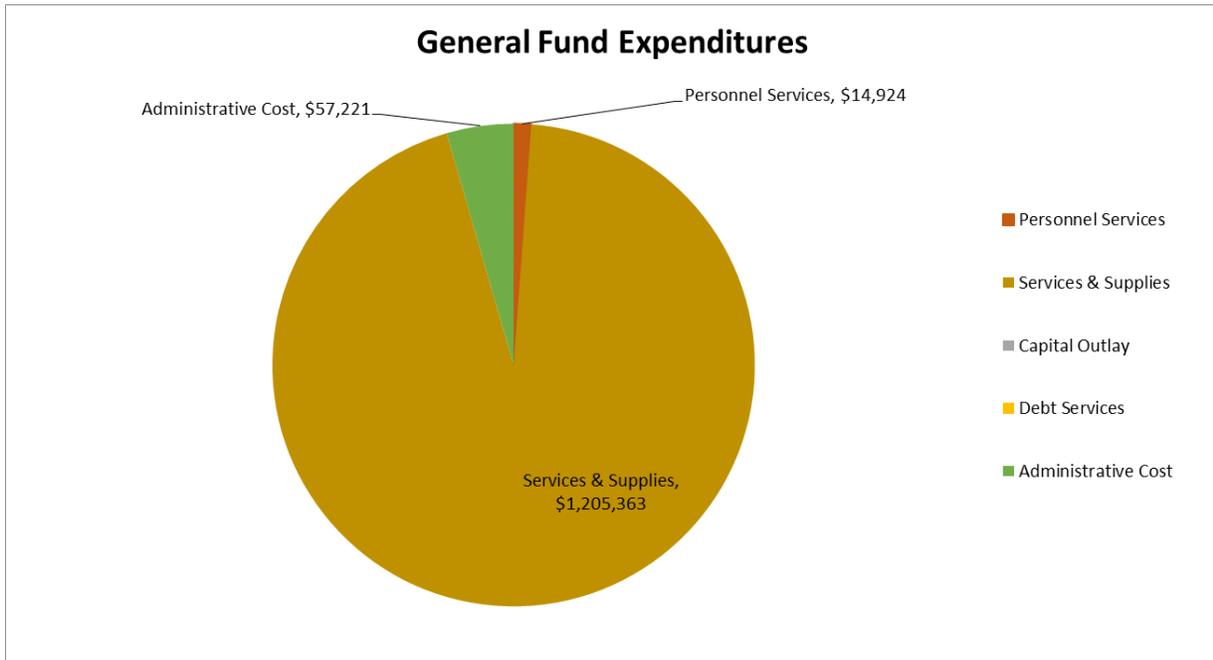
Total General Fund revenues are estimated to increase \$50,491 (8%) from \$998,690 estimated for FY 2018/19 to \$1,049,181 in FY 2019/20. Enterprise Fund revenues are estimated to increase \$85,000 (3%) from \$2,865,044 in FY 2018/19 to \$2,949,945 in FY 2019/20.

The adjacent chart illustrates the OCSD estimated revenues for FY 2019/20.



Total General Fund expenditures are estimated to increase \$318,950 (15%) from \$2,104,487 estimated for FY 2018/19 to \$2,423,437 in FY 2019/20. The increase in FCFA expenditures of \$150,786 (15%) represents the primary increase in costs. Enterprise Fund expenditures are estimated to increase \$441,802 (14%), which excludes the expenditures reimbursed by grants in FY 2018/19. The increase of \$196,000 in State water represents the majority increase in costs.

The following graph illustrates the OCSD costs for FY 2019/20 by category.



GENERAL FUND BUDGETS

The General Fund Budgets consist of the following:

- Fire Fund
- Lighting Fund
- Administrative Fund
- Facilities Fund

Fire and Emergency Services – See budget schedules on pages 19-23

The budget for the Fire Fund is based on the amendment to the joint powers authority (JPA) for the Five Cities Fire Authority (FCFA). The most recent amendment, which approved by the Board on June 12, 2019, is the second amendment to the JPA and is necessary to establish the funding needed to implement the FCFA strategic plan. The second amendment also provides that the District's share of FY 2019/20 costs for FCFA is \$1,138,148. In order to fund FY 2019/20 cost, utilizing \$90,942 in General Fund reserves will be necessary and \$58,730 of fund balance available from the prior year budget savings. Those reserves are estimated to be \$626,540 at the beginning of FY 2019/20 and will decrease to \$535,598.

In addition to establishing funding for the FY 2019/20 FCFA budget, the second amendment also establishes the new funding formula for future year FCFA costs. As discussed by the Board during several agenda items since the FCFA Strategic Plan was adopted in 2017, the ability of OCSD to fund strategic plan measures will depend on whether community voters support a special tax in the March 2020 primary election.

The amount of the special tax needed to cover FCFA costs in future years is currently being evaluated in preparation of a March 2020 ballot item. The deadline for the Board to call for the election is in October 2019. The Board meeting that staff anticipates providing estimates of the special tax is July 24, 2019.

If approved by voters, the special tax will go into effect the following fiscal year (FY 2020/21). If the special tax is not approved by OCSD voters, the FY 2020/21 budget for FCFA will be consistent with the proposed FY 2019/20. If the special tax is not approved by voters, however, OCSD will no longer be able to fund its share of FCFA costs after FY 2020/21 and pursuant to the second amendment, the community will cease to be part of the Five Cities Fire Authority as of June 30, 2021. Between March 2020 and June 2021, several "wind-down" actions will be taken to separate OCSD from FCFA, including distribution of assets and determinations regarding current and long-term liabilities. During the wind-down period, OCSD will also need to determine whether the District can provide fire and emergency services as a stand-alone fire department or whether the District might seek to divest itself from those services through the San Luis Obispo County Local Agency Formation Commission (LAFCo).

Additional information on FCFA Strategic Plan and a recent study prepared by the County of San Luis Obispo on fire and emergency services in the unincorporated areas of the county, including Oceano, can be located on the District's website at the following link:

<https://oceanocsd.org/customer-services/district-services/fire-emergency/>

Lighting Fund - See budget schedules on pages 24-27

The lighting fund pays for street lights and is funded through a portion of the District's property tax allocation. The proposed FY 2019/20 budget of \$51,153 is an increase of \$710 (1.4%) from \$50,443 budgeted in FY 2018/19. Actual expenditures have been closer to \$45,000 per year.

Administrative Fund - See budget schedules on pages 13-18

The Administrative Fund includes the cost of the general manager and staff responsible for the district's accounting and finances, human resources, clerk and records retention, contract management and related administrative functions. The proposed FY 2019/20 budget of \$1,145,929 represents a decrease of \$24,071 (-2.1%) from \$1,170,000 budgeted in FY 2018/19. The decrease is primarily a result of deferring a recruitment for an Assistant General Manager / District Engineer that had been budgeted in FY 2018/19 with a planned overlap of approximately six months prior to the retirement of the current General Manager. The FY 2019/20 budget is based on the announced current General Manager retirement in December 2019 and an estimate 3 months of overlap with the hiring of a new General Manager.

Facilities Fund - See budget schedules on pages 28-32

The Facilities Fund includes revenues and expenditures for the fire station, administrative offices, Sheriff's substation, and the old firehouse. The fire station is rented to FCFA for \$15,000 per year. The Sheriff's substation is leased to the County of San Luis Obispo for \$113,400 per year. A portion of the old firehouse is rented to Village AA for \$11,700 per year.

In FY 2016-17 the Sheriff's substation was reclassified to the Facilities Fund from the Water Fund (30%) and Wastewater Fund (70%). An interfund transfer of \$113,940 from the Facilities Fund to the Wastewater Fund is made each year until FY 2022/23 for the repayment of the original construction of the building. The reclassification reestablished the integrity of its Governmental Fund Accounting system. The Sheriff's 20-year lease will be up for renewal in April 2021.

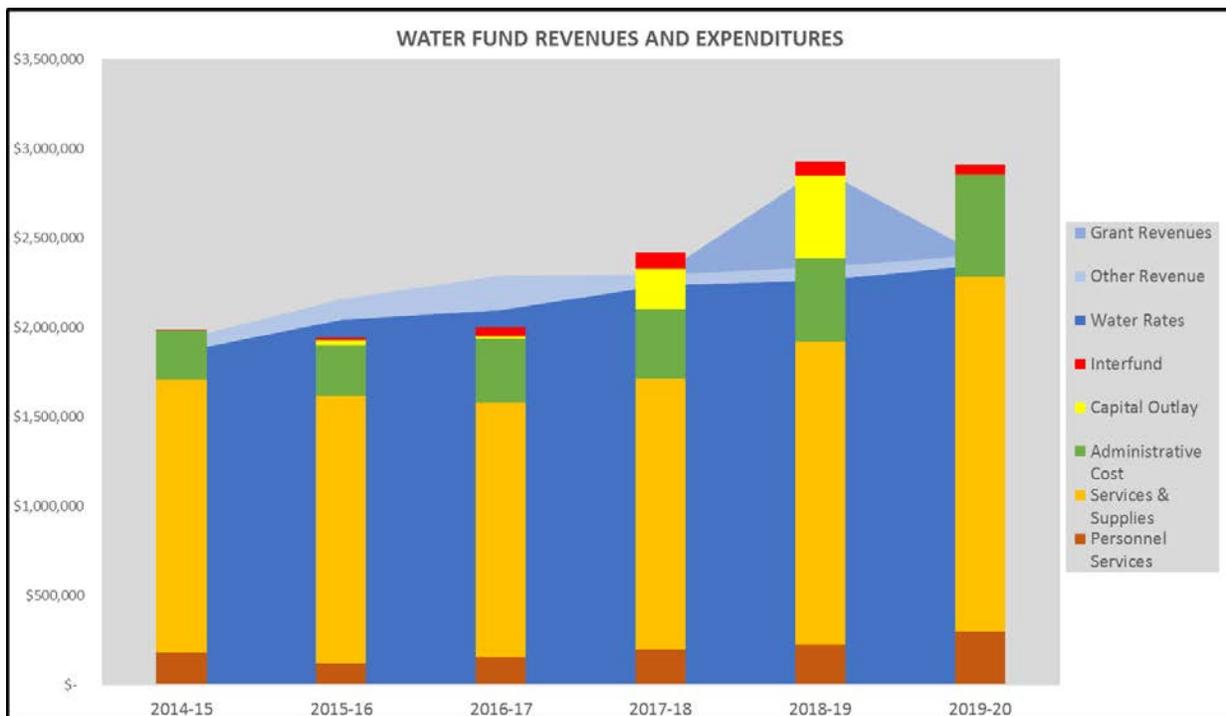
The District is in an agreement with the Planning and Building department of the County of San Luis Obispo related to Public Facilities Fees (PFF's). The County currently collects PFF's and distributes them to the District. These fees can be utilized for capital improvements and equipment related for the Fire Fund. The ending balance for PFF reserves are up to \$261,466. The emergency generator for the fire station, Sheriff's building and administrative office has encumbered \$46,642 of the PFF reserves.

ENTERPRISE FUND BUDGETS

The OCSD Enterprise Fund budgets consist of the following:

- Water Fund
- Wastewater Fund
- Garbage Fund

Water Fund - See budget schedules on pages 34-39



The District provides water service to approximately 2,200 connections. The District’s water supplies include groundwater, Lopez water, and State water. A water system rate increase was approved in April of 2015 by Ordinance 2015-01 and has been adjusted based on increases in the consumer price index for each year. Since the rate increase there has been a \$291,652 shortfall in target revenues due to water conservation efforts of the community.

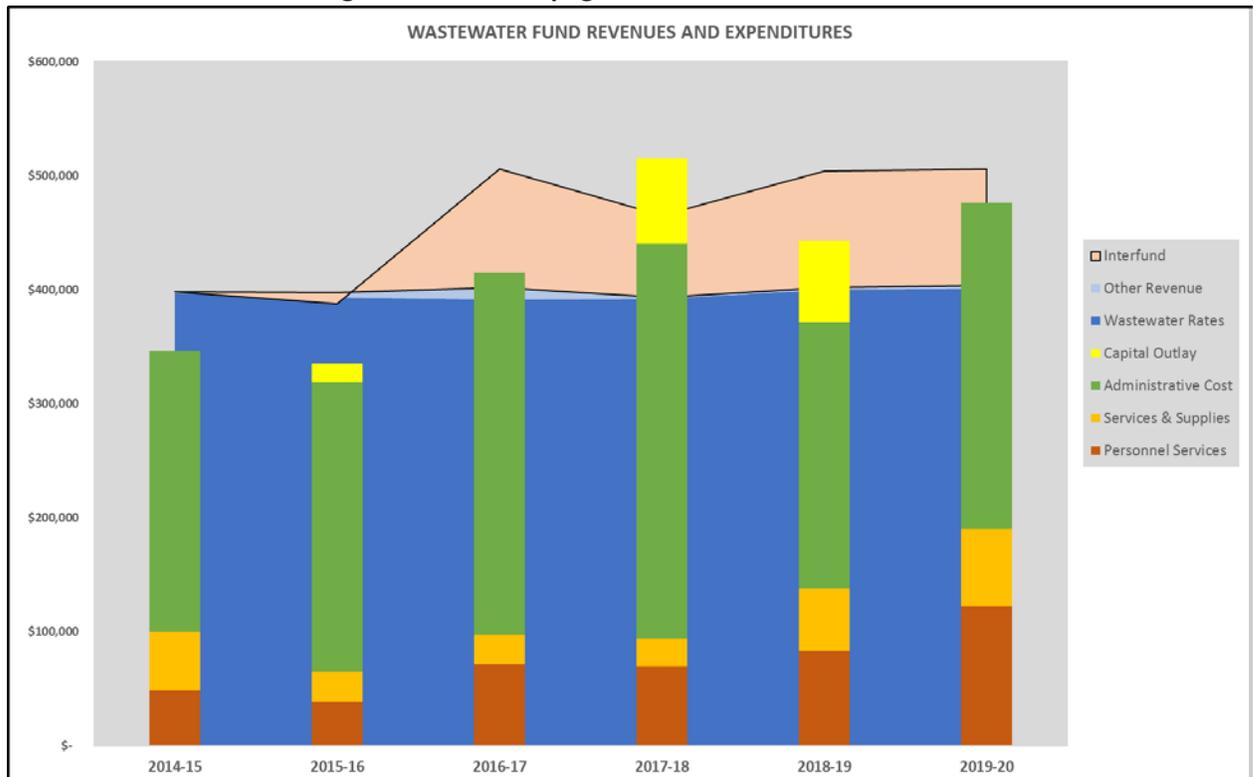
This past year the charges for State water owned and operated by California Department of Water Resources (DWR) were significantly higher than estimated in 2017 and 2018. The increase in cost billed by DWR was \$222,723 greater than the prior year. The District requested to use the deposit held by the County to minimize the budgetary impact of FY 2018/19. This budget adjustment increased State water expenditures to \$1,118,455 and State water costs came under \$953,953 leaving a remaining balance of \$164,502 to reduce FY 2019/20 costs.

The District has secured \$375,000 in grants from state agencies for the water system capital improvements projects. The Water Resource Reliability Program (WRRP) funded by Proposition 1 has evaluated long-term infrastructure needs of the Districts water system that includes significant deferred maintenance and replacement. The design phase scope of work includes other preconstruction activities including environmental compliance, other technical assistance and community outreach.

The utilities staff currently includes a total of four employees with the hiring of the operator in training/ solid waste coordinator in February 2019. This staffing level is consistent with the historical staffing levels for the District. Nevertheless, as the grant funded WRRP projects move forward and work on capital projects increase Board consideration of staffing a Lead Operator will be important. Currently the Utilities Supervisor works as the lead and an on-call operator. Transitioning the Utilities Supervisor to a salary position with a greater emphasis on capital projects would also require shifting responsibilities for other utility crew positions. The fiscal impacts of the Lead Operator and operator in training are included in this budget and have increased the salary and wages expenditures in the enterprise funds. Next steps are to meet and confer with the Service Employees International Union, Local 620.

The administrative cost in the Water Fund increased last year to better reflect the work and time spent on water services. The FY 2017/18 budget allocated 45% to the Water Fund and the current allocation has increased the Water Fund by 15% to 60%. The inverse occurred in the Wastewater Fund going from 40% of the administrative allocation to 30%. It had been clear in the past years that the allocation to the Wastewater Fund was too high.

Wastewater Fund - See budget schedules on pages 40-44



The Wastewater operating deficit for the FY 2019/20 budget is (\$72,716). The Facilities Fund pays an interfund transfer of \$113,940 the Wastewater Fund for the repayment of the original construction of the Sheriffs building. After the interfund debt payment the Wastewater Fund has a \$29,679 surplus for FY 2019/20. The Wastewater Fund continues to incur operating net losses because the revenues are not increased every year similar to the Water Fund. The operating shortfall needs to be addressed in the upcoming year as well as the deferred infrastructure repairs and replacement.

The Sewer System Management Plan (SSMP) must be updated every five years. In 2015, the SSMP was performed in house. A similar process will be done in FY 2019/20 and no expenditures have been budgeted for the SSMP. An internal audit is done every two years to help manage the expenses and time that are dedicated to the update.

Garbage Fund - See budget schedules on pages 45-49

The Garbage Fund operating surplus for the FY 2019/20 budget is \$13,771. The District has filled the solid waste coordinator/ operator in training position and the costs related to their duties have been reflected in the expenditures. The expenditure line item professional services increased from last year to cover the amount of times the utilities staff fills the roll off with solid waste.



GENERAL FUND





**OCEANO COMMUNITY SERVICES DISTRICT
GENERAL FUND
SUMMARY**

ACCOUNT NO.	GENERAL FUND (GF)	ACTUAL FY 2014/2015	ACTUAL FY 2015/2016	ACTUAL FY 2016/2017	ACTUAL FY 2017/2018	ESTIMATED FY 2018/2019	PROPOSED FY 2019/2020
SOURCES OF FUNDS							
	Fire	\$0	\$0	\$0	\$0	\$0	\$0
	Lighting	\$0	\$0	\$0	\$0	\$0	\$0
	Facilities	\$26,426	\$148,482	\$168,743	\$169,127	\$236,057	\$159,555
	Admin	\$1,508,212	\$1,542,680	\$1,757,141	\$1,859,878	\$1,981,611	\$2,196,650
	Total Sources of Funds	\$1,534,638	\$1,691,162	\$1,925,883	\$2,029,005	\$2,217,668	\$2,356,205
USES OF FUNDS							
	Fire	\$786,526	\$827,169	\$851,824	\$964,222	\$1,051,073	\$1,184,089
	Lighting	\$44,441	\$42,090	\$45,904	\$39,570	\$43,280	\$51,153
	Facilities	\$27,153	\$58,748	\$91,696	\$118,415	\$111,403	\$42,266
	Admin	\$650,563	\$644,794	\$792,935	\$857,732	\$898,731	\$1,145,929
	Total Expenditures	\$1,508,683	\$1,572,801	\$1,782,359	\$1,979,939	\$2,104,487	\$2,423,437
OPERATING SURPLUS/(DEFICIT)							
	Fire	(\$786,526)	(\$827,169)	(\$851,824)	(\$964,222)	(\$1,051,073)	(\$1,184,089)
	Lighting	(\$44,441)	(\$42,090)	(\$45,904)	(\$39,570)	(\$43,280)	(\$51,153)
	Facilities	(\$727)	\$89,734	\$77,047	\$50,712	\$124,655	\$117,289
	Admin	\$857,648	\$897,886	\$964,206	\$1,002,146	\$1,082,880	\$1,050,721
	OPERATING SURPLUS/(DEFICIT)	\$25,955	\$118,361	\$143,524	\$49,065	\$113,181	(\$67,232)
TRANSFERS & ENCUMBRANCES							
	Transfers In - From Water Fund	0	0	31,500	31,500	31,500	31,500
	(Transfers Out) - To Wastewater	0	0	(113,940)	(113,940)	(113,940)	(113,940)
	Encumbrances - Sources of Funding					0	
	Encumbrances - (Designated Funds)					(47,391)	
	NET TRANSFERS & ENCUMBRANCES	\$0	\$0	(\$82,440)	(\$82,440)	(\$129,831)	(\$82,440)
RESERVES							
	Use of Reserves				33,375	75,380	90,942
	(Additions to Reserves)	(25,955)	(118,361)	(61,084)			
	Use of Prior Year FBA						58,730
	Other Adjustments						
	RESERVES - INCREASE / (DECREASE)	(\$25,955)	(\$118,361)	(\$61,084)	\$33,375	\$75,380	\$149,672
	NET BUDGETARY SOURCES/USES	(\$0)	(\$0)	(\$0)	\$0	\$58,730	\$0



ADMINISTRATIVE BUDGET





OCEANO COMMUNITY SERVICES DISTRICT
FUND LEVEL ANALYSIS
ADMINISTRATIVE DEPARTMENT - GENERAL FUND - 01

ACCOUNT NO.	GENERAL FUND (GF) ADMINISTRATIVE DEPARTMENT - 01	ACTUAL FY 2014/2015	ACTUAL FY 2015/2016	ACTUAL FY 2016/2017	ACTUAL FY 2017/2018	ESTIMATED FY 2018/2019	PROPOSED FY 2019/2020
SOURCES OF FUNDS							
	Revenues	\$890,048	\$905,524	\$963,635	\$1,017,634	\$1,035,492	\$1,050,721
	Other Sources of Funds	\$618,163	\$637,156	\$793,506	\$842,244	\$946,119	\$1,145,929
	Total Sources of Funds	\$1,508,212	\$1,542,680	\$1,757,141	\$1,859,878	\$1,981,611	\$2,196,650
USES OF FUNDS							
	Salaries & Wages	\$350,625	\$343,391	\$441,421	\$435,716	\$389,305	\$460,650
	Benefits	\$99,036	\$108,857	\$108,634	\$142,238	\$147,355	\$193,972
	Personnel Services	\$449,661	\$452,248	\$550,055	\$577,954	\$536,660	\$654,622
	Services & Supplies	\$200,902	\$192,546	\$242,880	\$279,778	\$240,589	\$299,058
	Operating Crew Benefits Allocation	\$0	\$0	\$0	\$0	\$121,481	\$192,250
	Administrative Cost	\$0	\$0	\$0	\$0	\$0	\$0
	Total Expenditures	\$650,563	\$644,794	\$792,935	\$857,732	\$898,731	\$1,145,929
	OPERATING SURPLUS/(DEFICIT)	\$857,648	\$897,886	\$964,206	\$1,002,146	\$1,082,880	\$1,050,721



**OCEANO COMMUNITY SERVICES DISTRICT
FUND LEVEL ANALYSIS**

ADMINISTRATIVE DEPARTMENT - GENERAL FUND - 01

3%

ACCOUNT NO.	GENERAL FUND (GF) ADMINISTRATIVE DEPARTMENT - 01	ACTUAL FY 2014/2015	ACTUAL FY 2015/2016	ACTUAL FY 2016/2017	ACTUAL FY 2017/2018	ESTIMATED FY 2018/2019	PROPOSED FY 2019/2020
SOURCES OF FUNDS							
REVENUES							
01-4-3100-000	Property Taxes: Current Year - Secured	843,006	879,236	933,879	964,610	973,709	1,022,013
01-4-3101-000	Property Taxes: Current Year - Unsecured	20,571	20,657	21,222	21,060	21,380	22,667
01-4-3102-000	Property Taxes: Prior Year - Secured	(1,554)	(820)	(1,100)	(2,135)	1,160	0
01-4-3103-000	Property Taxes: Prior Year - Unsecured	923	0	625	1,160	1,072	0
	Unitary Tax	0	0	0	0	15,738	14,193
01-4-3105-000	Penalties & Interest	474	4,918	13,193	32,901	26,312	0
01-4-3106-000	Delinq Garbage Charges	818	2,403	1,474	2,787	1,275	0
01-4-3120-000	Homeowners' Prop Tax Relief	6,479	6,517	6,500	6,381	6,448	6,273
01-4-3213-100	Will Serve Letter Fee	900	1,170	1,160	930	1,680	0
01-4-3230-100	Misc Income	121	23	1,409	3	0	0
01-4-3238-200	Firework Permit	1,540	1,540	1,540	1,540	0	1,540
01-4-3243-100	Reimbursements	7,165	2,042	0	0	2,232	0
01-4-3245-000	SSLOCSD Reimbursements	22,000	3,666	135	425	0	0
01-4-3260-100	IRS/EDD Refunds	13	0	0	0	0	0
01-4-3300-000	Interest Income	4,053	1,269	1,237	385	0	0
01-4-3557-000	CO Charge: SB 2557	(16,460)	(17,097)	(17,639)	(14,512)	(15,514)	(15,965)
01-4-3606-205	PG&E Energy Rebate	0	0	0	2,100	0	0
	Total Revenues	\$890,048	\$905,524	\$963,635	\$1,017,634	\$1,035,492	\$1,050,721
OTHER SOURCES OF FUNDS							
	Encumrance - LHMP Grant Funds	0	0	0	0	47,391	0
	Allocated Administrative Overhead	618,163	637,156	793,506	842,244	777,247	953,679
	Allocated Operating Crew Overhead	0	0	0	0	121,481	192,250
	Total Other Sources of Funds	\$618,163	\$637,156	\$793,506	\$842,244	\$946,119	\$1,145,929
	Total Sources of Funds	\$1,508,212	\$1,542,680	\$1,757,141	\$1,859,878	\$1,981,611	\$2,196,650
USES OF FUNDS							
SALARIES & WAGES							
01-5-4100-010	Salary & Wages	348,038	339,788	418,479	431,860	383,764	452,300
01-5-4100-012	W&S - Classic PERS EE Cont By District	0	0	19,665	0	0	0
01-5-4100-020	Overtime	2,587	3,603	3,277	3,856	5,541	8,350
	Total Salaries & Wages	\$350,625	\$343,391	\$441,421	\$435,716	\$389,305	\$460,650



**OCEANO COMMUNITY SERVICES DISTRICT
FUND LEVEL ANALYSIS**

ADMINISTRATIVE DEPARTMENT - GENERAL FUND - 01

3%

ACCOUNT NO.	GENERAL FUND (GF) ADMINISTRATIVE DEPARTMENT - 01	ACTUAL FY 2014/2015	ACTUAL FY 2015/2016	ACTUAL FY 2016/2017	ACTUAL FY 2017/2018	ESTIMATED FY 2018/2019	PROPOSED FY 2019/2020
BENEFITS							
01-5-4100-061	PERS Contribution	51,342	26,513	30,065	52,240	51,656	58,000
01-5-4100-062	PERS UAL Payment	2,361	14,522	17,851	22,790	30,576	38,500
01-5-4100-063	Pension Expense (GASB 68)	0	7	46	0	0	0
01-5-4100-070	SUI	2,746	2,604	0	0	0	2,500
01-5-4100-071	Medicare	4,516	4,857	5,692	6,528	6,016	6,400
01-5-4100-072	FICA	0	0	129	837	304	1,650
01-5-4100-192	P/R Fed & State Taxes	0	526	4,523	2,643	0	0
01-5-4100-075	Compensation Insurance	2,271	15,600	7,363	13,785	5,300	5,022
01-5-4100-090	Insurance	34,874	43,402	42,140	42,515	52,603	81,000
01-5-4100-097	Cell Phone Allowance	900	825	825	900	900	900
01-5-4100-099	Auto/Expense Allowance	26	0	0	0	0	0
Total Benefits		\$99,036	\$108,857	\$108,634	\$142,238	\$147,355	\$193,972
Total Personnel Services		\$449,661	\$452,248	\$550,055	\$577,954	\$536,660	\$654,622
SERVICES & SUPPLIES							
01-5-4100-110	Communications & Dispatch	3,913	4,488	8,202	8,934	7,821	8,950
01-5-4100-100	Clothing	0	58	0	3,963	0	0
01-5-4100-090	Boot Allowance	0	750	750	750	0	0
01-5-4100-150	Insurance	5,327	11,471	25,932	21,373	22,606	24,000
01-5-4100-170	Maintenance: Equipment	3,774	1,855	1,269	154	476	3,700
01-5-4100-173	Maint: Structures/ Improvements	8,996	6,140	6,504	10,507	6,599	10,500
01-5-4100-180	Memberships	2,644	8,303	6,026	6,858	7,240	6,800
01-5-4100-190	Misc Expense	51	(291)	(22)	0	0	0
01-5-4100-191	Over and Short	83	(236)	(4,745)	96	0	0
01-5-4100-193	Bank Fees	1,410	1,432	2,059	4,262	4,232	4,650
01-5-4100-200	Office Expense	3,810	5,584	4,253	6,401	9,077	6,950
01-5-4100-205	Outside UB Mail Service	7,930	13,365	14,639	19,082	0	0
01-5-4100-210	Postage	1,427	649	476	348	2,569	2,500
01-5-4100-218	Audit	19,500	18,525	34,250	21,775	19,150	19,820
01-5-4100-219	Special Admin Expense	1,169	327	0	0	0	0
01-5-4100-220	Professional Services	14,510	16,344	19,397	21,686	22,611	23,000
01-5-4100-221	Information Technology	3,932	3,879	10,080	6,178	9,373	10,000
01-5-4100-223	Legal Services	86,085	70,869	58,620	81,715	77,432	89,650
01-5-4100-225	Board Stipends	11,200	10,650	10,700	8,700	8,867	18,540
01-5-4100-226	Annual Software Maintenance	0	0	7,318	14,803	10,468	14,420
01-5-4100-230	Required Legal Notice	579	188	90	0	297	2,575



**OCEANO COMMUNITY SERVICES DISTRICT
FUND LEVEL ANALYSIS**

ADMINISTRATIVE DEPARTMENT - GENERAL FUND - 01

3%

ACCOUNT NO.	GENERAL FUND (GF) ADMINISTRATIVE DEPARTMENT - 01	ACTUAL FY 2014/2015	ACTUAL FY 2015/2016	ACTUAL FY 2016/2017	ACTUAL FY 2017/2018	ESTIMATED FY 2018/2019	PROPOSED FY 2019/2020
01-5-4100-235	Books/ Journals/ Subscriptions/ Software	287	251	1,027	698	133	1,545
01-5-4100-241	Rents/ Lease: Equipment	2,570	1,752	0	0	0	3,090
01-5-4100-247	LAFCO Annual Charge	0	0	14,349	15,280	12,790	16,995
01-5-4100-248	Permits, Fees, Lincenses	0	0	364	495	447	1,030
01-5-4100-250	Small Tools/ Equipment	0	0	16	0	0	0
01-5-4100-260	Election Expense	4,141	0	4,871	0	549	10,000
01-5-4100-280	Private Vehicle/ Milage Expense	377	36	62	233	0	515
01-5-4100-283	Job Advertising Expense	224	978	0	0	549	1,803
01-5-4100-285	Classes/ Seminars/ Training Fee	660	1,630	2,746	2,159	980	5,665
01-5-4100-286	Board Member Travel	76	25	2,881	132	513	2,060
01-5-4100-290	Utilities	6,910	11,121	9,979	9,529	9,455	10,300
01-5-4100-297	Pass-thur: Delinquent Garbage/ Tax Roll	818	2,403	789	2,664	985	0
01-5-4100-320	Fixed Assets - Phone System	0	0	0	0	5,369	0
01-5-4100-199	Claims & Stettlements	8,500	0	0	4,907	0	0
	New Website	0	0	0	6,096	0	0
	Total Services & Supplies	\$200,902	\$192,546	\$242,880	\$279,778	\$240,589	\$299,058
	Operating Crew Benefits & Direct Labor Cost Allocations						
	Leave time	0	0	0	0	29,137	43,000
	Salaries & Wages (Admin)	0	0	0	0	4,287	6,400
	PERS Contribution	0	0	0	0	21,983	31,500
	Medicare	0	0	0	0	3,216	4,700
	P/R Fed & State Taxes	0	0	0	0	505	4,150
	SUI	0	0	0	0	0	1,750
	Insurance	0	0	0	0	38,339	74,500
	Boot Allowance	0	0	0	0	1,000	1,000
	Clothing	0	0	0	0	6,215	7,000
	Standby	0	0	0	0	16,800	18,250
	Total Operating Crew Benefits	\$0	\$0	\$0	\$0	\$121,481	\$192,250
	ADMINISTRATIVE COST ALLOCATION						
	Total Administrative Cost Allocation	\$0	\$0	\$0	\$0	\$0	\$0
	Total Expenditures	\$650,563	\$644,794	\$792,935	\$857,732	\$898,731	\$1,145,929



**OCEANO COMMUNITY SERVICES DISTRICT
FUND LEVEL ANALYSIS**

ADMINISTRATIVE DEPARTMENT - GENERAL FUND - 01

3%

ACCOUNT NO.	GENERAL FUND (GF) ADMINISTRATIVE DEPARTMENT - 01	ACTUAL FY 2014/2015	ACTUAL FY 2015/2016	ACTUAL FY 2016/2017	ACTUAL FY 2017/2018	ESTIMATED FY 2018/2019	PROPOSED FY 2019/2020
OPERATING SURPLUS/(DEFICIT)		\$857,648	\$897,886	\$964,206	\$1,002,146	\$1,082,880	\$1,050,721
TRANSFERS & ENCUMBRANCES							
	Transfers In - Facilitateis Fund	0	0	0	0	0	0
	(Transfers Out) - Fire and Lighting	(830,967)	(869,259)	(897,729)	(1,028,792)	(1,035,492)	(1,050,721)
	Encumbrances - Sources of Funding	0	0	0	0	0	0
	Encumbrances - (Designated LHMP Funds)	0	0	0	0	(47,391)	0
NET TRANSFERS & ENCUMBRANCES		(\$830,967)	(\$869,259)	(\$897,729)	(\$1,028,792)	(\$1,082,883)	(\$1,050,721)
RESERVES							
	Use of Reserves				26,646	0	0
	(Additions to Reserves)	(26,681)	(28,627)	(66,477)		0	0
	Other Adjustments					0	0
RESERVES - INCREASE / (DECREASE)		(\$26,681)	(\$28,627)	(\$66,477)	\$26,646	\$0	\$0
NET BUDGETARY SOURCES/USES		\$0	(\$0)	\$0	(\$0)	(\$3)	\$0



FIRE BUDGET





**OCEANO COMMUNITY SERVICES DISTRICT
FUND LEVEL ANALYSIS
FIRE DEPARTMENT - GENERAL FUND - 01**

ACCOUNT NO.	GENERAL FUND (GF) FIRE DEPARTMENT - 01	ACTUAL FY 2014/2015	ACTUAL FY 2015/2016	ACTUAL FY 2016/2017	ACTUAL FY 2017/2018	ESTIMATED FY 2018/2019	PROPOSED FY 2019/2020
SOURCES OF FUNDS							
	Revenues	\$0	\$0	\$0	\$0	\$0	\$0
	Other Sources of Funds	\$0	\$0	\$0	\$0	\$0	\$0
	Total Sources of Funds	\$0	\$0	\$0	\$0	\$0	\$0
USES OF FUNDS							
	Salaries & Wages	\$1,510	\$345	\$640	\$92	\$27	\$1,000
	Benefits	\$4,520	\$4,475	\$4,941	\$5,723	\$7,653	\$8,040
	Personnel Services	\$6,030	\$4,820	\$5,581	\$5,816	\$7,680	\$9,040
	Services & Supplies	\$755,769	\$796,863	\$814,504	\$923,717	\$1,020,077	\$1,146,438
	Capital Overlay	\$0	\$0	\$0	\$0	\$0	\$0
	Administrative Cost Allocation	\$24,727	\$25,486	\$31,740	\$34,690	\$23,317	\$28,610
	Total Expenditures	\$786,526	\$827,169	\$851,824	\$964,222	\$1,051,073	\$1,184,089
	OPERATING SURPLUS/(DEFICIT)	(\$786,526)	(\$827,169)	(\$851,824)	(\$964,222)	(\$1,051,073)	(\$1,184,089)



**OCEANO COMMUNITY SERVICES DISTRICT
FUND LEVEL ANALYSIS**

FIRE DEPARTMENT - GENERAL FUND - 01

3%

ACCOUNT NO.	GENERAL FUND (GF) FIRE DEPARTMENT - 01	ACTUAL FY 2014/2015	ACTUAL FY 2015/2016	ACTUAL FY 2016/2017	ACTUAL FY 2017/2018	ESTIMATED FY 2018/2019	PROPOSED FY 2019/2020
SOURCES OF FUNDS							
REVENUES							
	Total Revenues	\$0	\$0	\$0	\$0	\$0	\$0
OTHER SOURCES OF FUNDS							
		0	0	0	0	0	0
	Total Other Sources of Funds	\$0	\$0	\$0	\$0	\$0	\$0
	Total Sources of Funds	\$0	\$0	\$0	\$0	\$0	\$0
USES OF FUNDS							
SALARIES & WAGES							
01-5-4200-010	Salary & Wages	1,356	345	255	92	0	1,000
01-5-4200-020	Overtime	153	0	385	0	27	0
	Total Salaries & Wages	\$1,510	\$345	\$640	\$92	\$27	\$1,000
BENEFITS							
01-5-4200-061	PERS Contribution	4,267	40	50	2	0	0
01-5-4200-062	PERS UAL Payment	0	4,369	4,851	5,700	7,046	7,079
01-5-4200-062	Medicare	24	5	10	2	0	0
01-5-4200-075	FICA	0	0	4	0	0	0
01-5-4200-090	Insurance	230	61	26	19	0	0
	Operating Crew Benefits Allocation	0	0	0	0	607	961
	Total Benefits	\$4,520	\$4,475	\$4,941	\$5,723	\$7,653	\$8,040
	Total Personnel Services	\$6,030	\$4,820	\$5,581	\$5,816	\$7,680	\$9,040
SERVICES & SUPPLIES							
01-5-4200-077	JPA - Quarterly Payments	723,710	754,337	779,965	808,530	987,362	1,138,148
01-5-4200-100	Clothing	0		42	0	0	0
01-5-4200-110	Communication	18,828	31,055	28,868	28,929	0	0
	Community Outreach	0	0	0	0	0	2,500
01-5-4200-150	Insurance	446	446	0	0	0	0



**OCEANO COMMUNITY SERVICES DISTRICT
FUND LEVEL ANALYSIS**

FIRE DEPARTMENT - GENERAL FUND - 01

3%

ACCOUNT NO.	GENERAL FUND (GF) FIRE DEPARTMENT - 01	ACTUAL FY 2014/2015	ACTUAL FY 2015/2016	ACTUAL FY 2016/2017	ACTUAL FY 2017/2018	ESTIMATED FY 2018/2019	PROPOSED FY 2019/2020
01-5-4200-170	Maintenance - Equipment	25	89	50	62	0	0
01-5-4200-173	Maintenance - Sturcture/ Improvements	1,826	1,115	1,364	1,262	0	0
01-5-4200-175	Operating Supplies	0	0	70	0	0	0
01-5-4200-200	Office Expense	28	96	48	0	0	0
01-5-4200-210	Postage	26				0	0
01-5-4200-220	Professional Services	0	0	0	16,165	27,900	0
01-5-4200-241	Rents & Leases - Equipment	5,772	5,772	0	0	0	0
01-5-4200-247	LAFCO Annual Charge	569				0	0
01-5-4200-290	Utilities	4,299	3,952	3,598	3,193	4,315	5,275
01-5-4200-291	Sandbags	0	0	498	386	500	515
01-5-4200-320	Fixed Assets - Equipment	0	0	0	65,189	0	0
01-5-4200-320	Hydrant R&M	240	0	0	0	0	0
	Total Services & Supplies	\$755,769	\$796,863	\$814,504	\$923,717	\$1,020,077	\$1,146,438
	CAPITAL OVERLAY						
	Total Capital Overlay	\$0	\$0	\$0	\$0	\$0	\$0
	ADMINISTRATIVE COST ALLOCATION						
	Allocated Overhead	24,727	25,486	31,740	34,690	23,317	28,610
	Total Administrative Cost Allocation	\$24,727	\$25,486	\$31,740	\$34,690	\$23,317	\$28,610
	Total Expenditures	\$786,526	\$827,169	\$851,824	\$964,222	\$1,051,073	\$1,184,089
	OPERATING SURPLUS/(DEFICIT)	(\$786,526)	(\$827,169)	(\$851,824)	(\$964,222)	(\$1,051,073)	(\$1,184,089)



**OCEANO COMMUNITY SERVICES DISTRICT
FUND LEVEL ANALYSIS**

FIRE DEPARTMENT - GENERAL FUND - 01

3%

ACCOUNT NO.	GENERAL FUND (GF) FIRE DEPARTMENT - 01	ACTUAL FY 2014/2015	ACTUAL FY 2015/2016	ACTUAL FY 2016/2017	ACTUAL FY 2017/2018	ESTIMATED FY 2018/2019	PROPOSED FY 2019/2020
TRANSFERS & ENCUMBRANCES							
	Transfers In - Property Taxes & Fac Fund	786,526	827,169	851,824	964,222	992,212	999,568
	(Transfers Out)					0	0
	Encumbrances - Sources of Funding					0	0
	Encumbrances - (Designated Funds)					0	0
	NET TRANSFERS & ENCUMBRANCES	\$786,526	\$827,169	\$851,824	\$964,222	\$992,212	\$999,568
RESERVES							
	Use of Reserves	0	0	0	0	90,380	153,002
	(Additions to Reserves)	0	0	0	0	0	0
	Use of Prior Year FBA					0	31,519
	Other Adjustments	0	0	0	0	0	0
	RESERVES - INCREASE / (DECREASE)	\$0	\$0	\$0	\$0	\$90,380	\$184,521
NET BUDGETARY SOURCES/(USES)		\$0	\$0	(\$0)	(\$0)	\$31,519	\$0



LIGHTING BUDGET





OCEANO COMMUNITY SERVICES DISTRICT
FUND LEVEL ANALYSIS
LIGHTING - GENERAL FUND - 01

ACCOUNT NO.	GENERAL FUND (GF) LIGHTING - 01	ACTUAL FY 2014/2015	ACTUAL FY 2015/2016	ACTUAL FY 2016/2017	ACTUAL FY 2017/2018	ESTIMATED FY 2018/2019	PROPOSED FY 2019/2020
SOURCES OF FUNDS							
	Revenues	\$0	\$0	\$0	\$0	\$0	\$0
	Other Sources of Funds	\$0	\$0	\$0	\$0	\$0	\$0
	Total Sources of Funds	\$0	\$0	\$0	\$0	\$0	\$0
USES OF FUNDS							
	Salaries & Wages	\$393	\$221	\$327	\$0	\$0	\$1,000
	Benefits	\$124	\$29	\$35	\$0	\$607	\$961
	Personnel Services	\$517	\$250	\$362	\$0	\$607	\$1,961
	Services & Supplies	\$37,742	\$35,468	\$37,607	\$30,898	\$34,901	\$39,655
	Capital Outlay	\$0	\$0	\$0	\$0	\$0	\$0
	Administrative Cost	\$6,182	\$6,372	\$7,935	\$8,672	\$7,772	\$9,537
	Total Expenditures	\$44,441	\$42,090	\$45,904	\$39,570	\$43,280	\$51,153
	OPERATING SURPLUS/(DEFICIT)	(\$44,441)	(\$42,090)	(\$45,904)	(\$39,570)	(\$43,280)	(\$51,153)



**OCEANO COMMUNITY SERVICES DISTRICT
FUND LEVEL ANALYSIS**

LIGHTING - GENERAL FUND - FUND 01

3%

ACCOUNT NO.	GENERAL FUND (GF) LIGHTING - 01	ACTUAL FY 2014/2015	ACTUAL FY 2015/2016	ACTUAL FY 2016/2017	ACTUAL FY 2017/2018	ESTIMATED FY 2018/2019	PROPOSED FY 2019/2020
SOURCES OF FUNDS							
REVENUES							
Total Revenues		\$0	\$0	\$0	\$0	\$0	\$0
OTHER SOURCES OF FUNDS							
Total Other Sources of Funds		\$0	\$0	\$0	\$0	\$0	\$0
Total Sources of Funds		\$0	\$0	\$0	\$0	\$0	\$0
USES OF FUNDS							
SALARIES & WAGES							
01-5-4195-010	Salaries & Wages	393	160	297	0	0	1,000
01-5-4195-020	Overtime Wages	0	61	30	0	0	0
Total Salaries & Wages		\$393	\$221	\$327	\$0	\$0	\$1,000
BENEFITS							
01-5-4195-071	Medicare	6	3	5	0	0	0
01-5-4195-061	PERs Contributions	43	13	0	0	0	0
01-5-4195-090	Insurance	75	13	30	0	0	0
	Operating Crew Benefits Allocation	0	0	0	0	607	961
Total Benefits		\$124	\$29	\$35	\$0	\$607	\$961
Total Personnel Services		\$517	\$250	\$362	\$0	\$607	\$1,961
SERVICES & SUPPLIES							
01-5-4195-175	Operating Supplies	0	0	1,406	0	0	1,545
01-5-4195-150	Insurance	111	112	0	0	0	0
01-5-4195-295	Street Lighting	37,630	35,357	36,202	30,898	34,901	38,110
Total Services & Supplies		\$37,742	\$35,468	\$37,607	\$30,898	\$34,901	\$39,655
CAPITAL OUTLAY							
Total Capital Outlay		\$0	\$0	\$0	\$0	\$0	\$0



**OCEANO COMMUNITY SERVICES DISTRICT
FUND LEVEL ANALYSIS**

LIGHTING - GENERAL FUND - FUND 01

3%

ACCOUNT NO.	GENERAL FUND (GF) LIGHTING - 01	ACTUAL FY 2014/2015	ACTUAL FY 2015/2016	ACTUAL FY 2016/2017	ACTUAL FY 2017/2018	ESTIMATED FY 2018/2019	PROPOSED FY 2019/2020
01-5-4195-376	ADMINISTRATIVE COST ALLOCATION Administrative Cost Allocation	6,182	6,372	7,935	8,672	7,772	9,537
	Total Administrative Cost Allocation	\$6,182	\$6,372	\$7,935	\$8,672	\$7,772	\$9,537
	Total Expenditures	\$44,441	\$42,090	\$45,904	\$39,570	\$43,280	\$51,153
	OPERATING SURPLUS/(DEFICIT)	(\$44,441)	(\$42,090)	(\$45,904)	(\$39,570)	(\$43,280)	(\$51,153)
	TRANSFERS & ENCUMBRANCES						
	Transfers In - Property Taxes	44,441	42,090	45,905	39,570	43,280	51,153
	(Transfers Out)					0	0
	Encumbrances - Sources of Funding					0	0
	Encumbrances - (Designated)					0	0
	NET TRANSFERS & ENCUMBRANCES	\$44,441	\$42,090	\$45,905	\$39,570	\$43,280	\$51,153
	RESERVES						
	Use of Reserves					0	0
	(Additions to Reserves)					0	0
	Other Adjustments					0	0
	RESERVES - INCREASE / (DECREASE)	\$0	\$0	\$0	\$0	\$0	\$0
	NET BUDGETARY SOURCES/USES	\$0	\$0	\$0	\$0	(\$0)	(\$0)



FACILITIES FUND





**OCEANO COMMUNITY SERVICES DISTRICT
FUND LEVEL ANALYSIS
FACILITIES - FUND 10**

ACCOUNT NO.	GENERAL FUND (GF) FACILITIES - 10	ACTUAL FY 2014/2015	ACTUAL FY 2015/2016	ACTUAL FY 2016/2017	ACTUAL FY 2017/2018	ESTIMATED FY 2018/2019	PROPOSED FY 2019/2020
SOURCES OF FUNDS							
	Revenues	\$26,426	\$148,482	\$168,743	\$169,127	\$151,057	\$159,555
	Other Sources of Funds	\$0	\$0	\$0	\$0	\$85,000	\$0
	Total Sources of Funds	\$26,426	\$148,482	\$168,743	\$169,127	\$236,057	\$159,555
USES OF FUNDS							
	Salaries & Wages	\$61	\$709	\$122	\$1,041	\$2,108	\$2,000
	Benefits	\$21	\$95	\$29	\$285	\$1,215	\$1,923
	Personnel Services	\$82	\$804	\$151	\$1,326	\$3,323	\$3,923
	Services & Supplies	\$2,344	\$9,886	\$14,661	\$46,211	\$92,535	\$19,270
	Capital Outlay	\$0	\$22,572	\$45,144	\$36,189	\$0	\$0
	Administrative Cost	\$24,727	\$25,486	\$31,740	\$34,690	\$15,545	\$19,074
	Total Expenditures	\$27,153	\$58,748	\$91,696	\$118,415	\$111,403	\$42,266
	OPERATING SURPLUS/(DEFICIT)	(\$727)	\$89,734	\$77,047	\$50,712	\$124,655	\$117,289



**OCEANO COMMUNITY SERVICES DISTRICT
FUND LEVEL ANALYSIS
FACILITIES - FUND 10**

3%

ACCOUNT NO.	GENERAL FUND (GF) FACILITIES - 10	ACTUAL FY 2014/2015	ACTUAL FY 2015/2016	ACTUAL FY 2016/2017	ACTUAL FY 2017/2018	ESTIMATED FY 2018/2019	PROPOSED FY 2019/2020
SOURCES OF FUNDS							
REVENUES							
10-4-3257-000	Utility Reimbursement	626	878	1,704	1,202	2,377	3,915
10-4-3258-000	Old Fire Station Rent	10,800	12,075	11,700	10,725	11,700	11,700
10-4-3259-000	Fire Rent	15,000	15,000	15,000	15,000	15,000	15,000
10-4-3260-000	Lease - Sheriff Facility	0	113,940	113,940	113,940	113,940	113,940
	Public Facilities Fees	0	6,258	25,358	27,280	8,040	15,000
10-4-3300-003	Interest Income	0	331	1,041	980	0	0
	Total Revenues	\$26,426	\$148,482	\$168,743	\$169,127	\$151,057	\$159,555
OTHER SOURCES OF FUNDS							
	Nuclear Power Preparedness - Emergency Generator	0	0	0	0	38,358	0
	Public Facilities Fees - Emergency Generator	0	0	0	0	46,642	0
	Total Other Sources of Funds	\$0	\$0	\$0	\$0	\$85,000	\$0
	Total Sources of Funds	\$26,426	\$148,482	\$168,743	\$169,127	\$236,057	\$159,555
USES OF FUNDS							
SALARIES & WAGES							
10-5-4300-010	Salary & Wages	61	709	122	807	1,105	2,000
10-5-4300-010	Overtime	0	0	0	234	1,003	0
	Total Salaries & Wages	\$61	\$709	\$122	\$1,041	\$2,108	\$2,000
BENEFITS							
10-5-4300-060	PERS - Retirement	6	84	15	129	0	0
10-5-4300-071	Medicare	1	8	2	17	0	0
10-5-4300-072	FICA	0	3	0	0	0	0
10-5-4300-080	Boot Allowance	1	0	0	0	0	0
10-5-4300-090	Medical Insurance	13	0	12	139	0	0
	Operating Crew Overhead		0	0	-	1,215	1,923
	Total Benefits	\$21	\$95	\$29	\$285	\$1,215	\$1,923
	Total Personnel Services	\$82	\$804	\$151	\$1,326	\$3,323	\$3,923
SERVICES & SUPPLIES							
10-5-4300-110	Communication	21	44	25	25	36	0



**OCEANO COMMUNITY SERVICES DISTRICT
FUND LEVEL ANALYSIS
FACILITIES - FUND 10**

3%

ACCOUNT NO.	GENERAL FUND (GF) FACILITIES - 10	ACTUAL FY 2014/2015	ACTUAL FY 2015/2016	ACTUAL FY 2016/2017	ACTUAL FY 2017/2018	ESTIMATED FY 2018/2019	PROPOSED FY 2019/2020
10-5-4300-100	Clothing	45	27	0	0	0	0
10-5-4300-150	Insurance	464	446	0	0	0	0
10-5-4300-163	Maint: Structure/ Improvements	0	3,711	11,633	4,494	4,140	15,450
10-5-4300-171	Maint. Vehicles	5	7	7	0	0	0
10-5-4300-172	Oil and Gas	79	50	0	0	0	0
10-5-4300-173	So: Maint. Structures/ Improvements	769	3,251	1,364	18,590	1,093	2,060
10-5-4300-192	Over/Short	0	0	(194)	195	0	0
10-5-4300-219	Special Admin Expense	7	0	0	0	0	0
10-5-4300-220	Professional Services	0	0	0	550	1,173	1,500
10-5-4300-247	LAFCO Annual Charge	569	0	0	0	0	0
10-5-4300-248	Permits, Fees, Lincenses	0	0	0	0	1,092	0
10-5-4300-290	Utilities	0	0	0	118	0	260
10-5-4300-366	Emergency Generator Project	0	0	1,826	22,239	85,000	0
10-5-4300-385	Depreciation Expense	386	2,350	0	0	0	0
Total Services & Supplies		\$2,344	\$9,886	\$14,661	\$46,211	\$92,535	\$19,270
CAPITAL OUTLAY							
10-5-4300-320	Fixed Assests	0	22,572	45,144	36,189	0	0
Total Capital Outlay		\$0	\$22,572	\$45,144	\$36,189	\$0	\$0
ADMINISTRATIVE COST ALLOCATION							
10-5-4300-376	Admin Allocation	24,727	25,486	31,740	34,690	15,545	19,074
Total Administrative Cost Allocation		\$24,727	\$25,486	\$31,740	\$34,690	\$15,545	\$19,074
Total Expenditures		\$27,153	\$58,748	\$91,696	\$118,415	\$111,403	\$42,266
OPERATING SURPLUS/(DEFICIT)		(\$727)	\$89,734	\$77,047	\$50,712	\$124,655	\$117,289



**OCEANO COMMUNITY SERVICES DISTRICT
FUND LEVEL ANALYSIS
FACILITIES - FUND 10**

3%

ACCOUNT NO.	GENERAL FUND (GF) FACILITIES - 10	ACTUAL FY 2014/2015	ACTUAL FY 2015/2016	ACTUAL FY 2016/2017	ACTUAL FY 2017/2018	ESTIMATED FY 2018/2019	PROPOSED FY 2019/2020
	TRANSFERS & ENCUMBRANCES						
	Transfers In - From Water Fund	0	0	31,500	31,500	31,500	31,500
	(Transfers Out) - To General & Sewer	0	0	(113,940)	(113,940)	(113,940)	(113,940)
	Encumbrances - Sources of Funding	0	0	0	0	0	0
	Encumbrances - (Designated Funds)	0	0	0	0	0	0
	NET TRANSFERS & ENCUMBRANCES	\$0	\$0	(\$82,440)	(\$82,440)	(\$82,440)	(\$82,440)
	RESERVES						
	Use of Reserves	727	0	5,393	31,728	0	0
	(Additions to Reserves)	0	(89,734)	0	0	(42,215)	(34,849)
	Other Adjustments	0	0	0	0	0	0
	RESERVES - INCREASE / (DECREASE)	\$727	(\$89,734)	\$5,393	\$31,728	(\$42,215)	(\$34,849)
	NET BUDGETARY SOURCES/USES	\$0	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)



**OCEANO COMMUNITY SERVICES DISTRICT
FUND LEVEL ANALYSIS
ENTERPRISE FUNDS**

ACCOUNT NO.	ENTERPRISE FUNDS	ACTUAL FY 2014/2015	ACTUAL FY 2015/2016	ACTUAL FY 2016/2017	ACTUAL FY 2017/2018	ESTIMATED FY 2018/2019	PROPOSED FY 2019/2020
SOURCES OF FUNDS							
	Water	\$1,934,305	\$2,160,801	\$2,293,711	\$2,298,272	\$2,861,749	\$2,407,219
	Wastewater	\$921,570	\$481,555	\$402,197	\$393,600	\$402,049	\$403,800
	Garbage	\$117,577	\$76,783	\$94,617	\$92,784	\$98,129	\$109,836
	Equipment	\$19,639	\$23,291	\$25,710	\$102,115	\$29,090	\$29,090
	Total Sources of Funds	\$2,993,092	\$2,742,430	\$2,816,237	\$2,886,771	\$3,391,017	\$2,949,945
USES OF FUNDS							
	Water	\$1,986,034	\$1,929,811	\$1,950,652	\$2,328,034	\$2,851,134	\$2,868,220
	Wastewater	\$787,662	\$418,912	\$414,861	\$515,141	\$442,792	\$476,516
	Garbage	\$51,813	\$44,675	\$84,031	\$75,838	\$75,244	\$102,565
	Equipment	\$436	\$19,045	\$20,583	\$104,922	\$19,745	\$25,067
	Total Expenditures	\$2,825,944	\$2,412,443	\$2,470,126	\$3,023,935	\$3,388,915	\$3,472,368
OPERATING SURPLUS/(DEFICIT)							
	Water	(\$51,728)	\$230,990	\$343,060	(\$29,762)	\$10,615	(\$461,001)
	Wastewater	\$133,908	\$62,643	(\$12,664)	(\$121,541)	(\$40,743)	(\$72,716)
	Garbage	\$65,764	\$32,109	\$10,587	\$16,946	\$22,886	\$7,271
	Equipment	\$19,204	\$4,246	\$5,128	(\$2,807)	\$9,345	\$4,023
	OPERATING SURPLUS/(DEFICIT)	\$167,148	\$329,987	\$346,110	(\$137,163)	\$2,102	(\$522,423)
	Transfers & Encumbrances						
	Water	(2,267)	(13,434)	(\$51,976)	(\$91,641)	(\$55,545)	(\$55,454)
	Wastewater	-	(9,733)	\$104,179	\$71,507	\$102,395	\$102,395
	Garbage	-	-	\$6,857	\$458	\$6,500	\$6,500
	Equipment	-	-	\$0	\$25,000	\$0	\$0
	Transfers & Encumbrances	(2,267)	(23,167)	59,060	5,324	53,350	53,441



WATER FUND





**OCEANO COMMUNITY SERVICES DISTRICT
FUND LEVEL ANALYSIS
WATER FUND - 02**

ACCOUNT NO.	WATER FUND WATER DEPARTMENT - 02	ACTUAL FY 2014/2015	ACTUAL FY 2015/2016	ACTUAL FY 2016/2017	ACTUAL FY 2017/2018	ESTIMATED FY 2018/2019	PROPOSED FY 2019/2020
SOURCES OF FUNDS							
	Revenues	\$1,900,123	\$2,138,202	\$2,293,711	\$2,298,272	\$2,335,776	\$2,407,219
	Other Sources of Funds	\$34,182	\$22,599	\$0	\$0	\$525,973	\$0
	Total Sources of Funds	\$1,934,305	\$2,160,801	\$2,293,711	\$2,298,272	\$2,861,749	\$2,407,219
USES OF FUNDS							
	Salaries & Wages	\$133,770	\$126,992	\$131,672	\$149,429	\$143,153	\$184,000
	Benefits	\$45,888	(\$7,865)	\$24,967	\$50,000	\$82,039	\$129,585
	Personnel Services	\$179,658	\$119,128	\$156,639	\$199,429	\$225,192	\$313,585
	Services & Supplies	\$1,527,264	\$1,497,657	\$1,425,685	\$1,515,358	\$1,694,850	\$1,982,428
	Capital Outlay	\$396	\$26,307	\$11,250	\$222,987	\$464,743	\$0
	Administrative Cost	\$278,716	\$286,720	\$357,078	\$390,260	\$466,349	\$572,207
	Total Expenditures	\$1,986,034	\$1,929,811	\$1,950,652	\$2,328,034	\$2,851,134	\$2,868,220
	OPERATING SURPLUS/(DEFICIT)	(\$51,728)	\$230,990	\$343,060	(\$29,762)	\$10,615	(\$461,001)



**OCEANO COMMUNITY SERVICES DISTRICT
FUND LEVEL ANALYSIS**

WATER FUND - 02

3%

ACCOUNT NO.	WATER FUND WATER DEPARTMENT - 02	ACTUAL FY 2014/2015	ACTUAL FY 2015/2016	ACTUAL FY 2016/2017	ACTUAL FY 2017/2018	ESTIMATED FY 2018/2019	PROPOSED FY 2019/2020
SOURCES OF FUNDS							
REVENUES							
02-4-3200-000	Sales: Residential	1,439,307	1,530,386	1,595,914	1,700,274	1,732,241	1,799,000
02-4-3203-000	Revenue Accrual	0	46,046	12,573	2,144	0	0
02-4-3204-000	Sales: Lopez	361,019	409,457	435,506	475,743	475,022	493,000
02-4-3205-000	Connection Fees	7,204	3,258	0	0	0	0
02-4-3206-000	Front Footage Fees	11,535	24,480	43,901	8,160	16,320	16,320
02-4-3207-000	Sales: U/B Courtesy Notice	4,620	4,487	4,279	4,240	4,321	4,500
02-4-3208-000	Delinquent U/B Acct Fees	29,235	27,335	29,010	25,470	26,731	27,000
02-4-3209-000	Capacity Charages	4,424	31,051	92,480	27,758	24,431	25,164
02-4-3210-00	Meter Fees	6,075	11,263	8,466	8,296	5,400	5,400
02-4-3211-000	Lopez Connection Fees	1,000	7,000	19,000	5,000	4,000	4,000
02-4-3212-000	New Account Setup Fee	4,530	2,910	2,640	2,421	2,556	2,600
02-4-3217-297	Wheeling/Fire Protection	24,203	21,056	19,281	24,390	23,010	25,000
02-4-3230-000	Sales: Miscellaneous	0	200	528	294	768	0
02-4-3260-350	Reimbursement - New Development	5,979	17,877	26,602	3,315	5,035	5,035
02-4-3255-000	Inspection Fees	150	225	175	150	100	200
02-4-3300-000	Interest Income	844	136	133	146	0	0
02-4-3300-002	Interst - Co Restricted /WCI	0	1,036	1,635	2,883	0	0
02-4-3900-000	Other Income	0	0	1,588	2,957	0	0
02-4-3900-490	Claims & Settlements	0	0	0	4,632	15,841	0
Total Revenues		\$1,900,123	\$2,138,202	\$2,293,711	\$2,298,272	\$2,335,776	\$2,407,219
OTHER SOURCES OF FUNDS							
02-4-3230-630	Well #5 Rehabilitation	0	22,599	0	0	0	0
	WRRP Grant Phase #1	0	0	0	0	154,767	0
	Waterline Replacement (Norswing/ HWY One)	0	0	0	0	0	0
	WRRP Grant Phase #2	0	0	0	0	177,750	0
	Use of County Deposit - State Water	0	0	0	0	193,456	0
	Rental Income (Sheriff Building Transfer 15/16)	34,182	0	0	0	0	0
Total Other Sources of Funds		\$34,182	\$22,599	\$0	\$0	\$525,973	\$0
Total Sources of Funds		\$1,934,305	\$2,160,801	\$2,293,711	\$2,298,272	\$2,861,749	\$2,407,219



**OCEANO COMMUNITY SERVICES DISTRICT
FUND LEVEL ANALYSIS**

WATER FUND - 02

3%

ACCOUNT NO.	WATER FUND WATER DEPARTMENT - 02	ACTUAL FY 2014/2015	ACTUAL FY 2015/2016	ACTUAL FY 2016/2017	ACTUAL FY 2017/2018	ESTIMATED FY 2018/2019	PROPOSED FY 2019/2020
USES OF FUNDS							
SALARIES & WAGES							
02-5-4400-010	Salaries and Wages	117,454	114,541	114,154	129,274	111,905	130,000
02-5-4400-012	Classic EE Contr by ER PERS	0	12,452	4,818	0	0	0
02-5-4400-020	Overtime	16,316	0	12,700	20,155	31,248	41,000
	Lead Operator Contingency (Budget Workshop)	0	0	0	0	0	13,000
Total Salaries & Wages		\$133,770	\$126,992	\$131,672	\$149,429	\$143,153	\$184,000
BENEFITS							
02-5-4400-061	PERs Contribution	14,207	6,913	7,401	14,522	0	0
02-5-4400-062	Pension Expense	0	(26,016)	335	15,455	0	0
02-5-4400-071	Medicare	1,830	1,694	1,672	2,060	0	0
02-5-4400-075	Workers Compensation Insurance	9,037	5,649	4,064	0	4,291	6,545
02-5-4400-080	Boot Allowance	60					
02-5-4400-090	Insurance	20,754	3,895	11,495	17,963	0	0
	Operating Crew Benefits Allocation	0	0	0	0	77,748	123,040
Total Benefits		\$45,888	(\$7,865)	\$24,967	\$50,000	\$82,039	\$129,585
Total Personnel Services		\$179,658	\$119,128	\$156,639	\$199,429	\$225,192	\$313,585
SERVICES & SUPPLIES							
02-5-4400-100	Clothing	1,982	2,423	190	0	0	0
02-5-4400-110	Communications	4,860	5,237	2,730	2,516	3,461	3,500
02-5-4400-150	Insurance	6,439	5,019	0	0	0	0
02-5-4400-163	Maint: Structures/ Improvments	2,627	375	8,127	640	8,857	8,900
02-5-4400-164	Paving	0	0	0	0	0	6,250
02-5-4400-170	Maintenance - Equipment	4,736	2,893	4,458	3,545	3,657	5,665
02-5-4400-171	Maintenance: Vehicles	2,250	0	687	56	0	0
02-5-4400-171	Gas and Oil	5,829					
02-5-4400-173	Maint: Shared Structures/ Improvements	8,054	5,919	0	8,094	5,148	10,815
02-5-4400-175	System Parts/ Operating Supplies	15,393	32,611	16,833	8,861	15,564	17,510
02-5-4400-176	Water Meters	5,977	10,347	9,897	10,247	10,251	10,815
02-5-4400-177	Saftey Expense	80	0	129	0	0	570
02-5-4400-178	Chemicals	0	0	594	627	3,763	3,800



**OCEANO COMMUNITY SERVICES DISTRICT
FUND LEVEL ANALYSIS**

WATER FUND - 02

3%

ACCOUNT NO.	WATER FUND WATER DEPARTMENT - 02	ACTUAL FY 2014/2015	ACTUAL FY 2015/2016	ACTUAL FY 2016/2017	ACTUAL FY 2017/2018	ESTIMATED FY 2018/2019	PROPOSED FY 2019/2020
02-5-4400-180	Membership	2,249	801	1,865	1,927	2,612	2,700
02-5-4400-190	Misc Expense	(3,652)	147	887	178	0	0
02-5-4400-191	Over and Short	0	0	(393)	(108)	0	0
02-5-4400-195	Customer Refund	0	0	280	0	0	0
02-5-4400-200	Office Expense	873	204	800	376	576	620
02-5-4400-205	Outside UB Mail Service	4,131	1,650	0	0	6,011	9,000
02-5-4400-210	Postage	15	4	84	0	0	0
02-5-4400-219	Special Admin Expense	(4,470)		0	0		
02-5-4400-220	Professional Services	23,080	14,673	14,334	13,191	12,395	18,025
02-5-4400-221	Information Technology	150	0	0	0	0	575
02-5-4400-222	Contracted Engineering	2,280	18,530	6,503	686	560	5,665
02-5-4400-224	Annual Software Maint	8,278	13,020	5,804	0	0	0
02-5-4400-225	Administrative Services	225		0	0		
02-5-4400-226	Engineering & Other Reimbursements	0	18,439	26,563	4,660	8,739	10,815
02-5-4400-230	Legal Notices	1,685	879	138	567	0	1,145
02-5-4400-231	Bad Debt Expense	3,767	1,014	1,078	0	1,456	545
02-5-4400-235	Books/ Journals/ Sub/ Software	3	78	0	0	0	0
02-5-4400-241	Rents/ Leases - Equipment	30	0	0	0	0	2,115
02-5-4400-247	LAFCO Charge	6,833	13,965	0	0	0	0
02-5-4400-248	Permits, Fees, Licenses	7,696	8,893	7,790	7,381	5,053	13,085
02-5-4400-250	Small Tools and Instruments	583	0	644	32	0	2,575
02-5-4400-285	Classes/ Seminars	2,253	633	1,212	2,118	0	10,279
02-5-4400-261	Water Supply - Lopez	461,167	433,135	457,285	441,331	472,914	505,069
02-5-4400-262	Water Supply - State Water	836,755	819,164	769,032	871,102	953,953	1,150,000
02-5-4400-290	Utilities	44,534	13,693	9,533	10,926	56,457	60,000
02-5-4400-297	Pass-Thru: Crest/Christie/AG	23,845	23,619	21,464	25,807	25,567	26,265
02-5-4400-320	Fixed Assets - Equipment	0	0	7,588	2,890	10,042	0
02-5-4400-362	Litigation: SMGB	8,943	10,620	7,918	34,018	48,411	50,000
02-5-4400-366	Storage Tank O&M	0	0	0	12,090	0	0
02-5-4400-380	NCMA Tec	28,751	42,239	41,834	31,149	32,724	38,625
02-5-4400-386	Interest Expense	4	0	0	0	0	0
02-5-4400-387	Interest Expense - Interfund	0	0	1,161	1,085	0	0
02-5-4400-393	Interest Expense - Water Bonds	4,125	3,160	2,340	750	0	0
02-5-4400-394	Software Lease Interest	404	0	0	0	0	0
02-5-4400-395	State Water Resources Control	4,500	0	0	0	0	0
02-5-4400-499	Claim & Settlements	0	(5,730)	(3,703)	18,614	6,680	7,500
	Total Services & Supplies	\$1,527,264	\$1,497,657	\$1,425,685	\$1,515,358	\$1,694,850	\$1,982,428



**OCEANO COMMUNITY SERVICES DISTRICT
FUND LEVEL ANALYSIS**

WATER FUND - 02

3%

ACCOUNT NO.	WATER FUND WATER DEPARTMENT - 02	ACTUAL FY 2014/2015	ACTUAL FY 2015/2016	ACTUAL FY 2016/2017	ACTUAL FY 2017/2018	ESTIMATED FY 2018/2019	PROPOSED FY 2019/2020
CAPITAL OUTLAY							
02-5-4400-354	CIP - Overlay	0	18,157	0	0	0	0
02-5-4400-358	CPI - Lagoon Waterline	0	0	0	123,486	12,113	0
02-5-4400-440	CPI - Well #8	28	(28)	0		0	0
02-5-4400-441	CPI - Well #5	368	7,137	0		0	0
02-5-4400-442	CPI - Air Park Drive Relocation	0	1,041	11,250	43,101	20,780	0
02-5-4400-443	CPI - HWY One Relocation	0	0	0	5,714	71,390	0
02-5-4400-444	CPI - WRRP	0	0	0	43,630	357,517	0
02-5-4400-445	CPI - Facilities Yard	0	0	0	7,057	2,943	0
Total Capital Outlay		\$396	\$26,307	\$11,250	\$222,987	\$464,743	\$0
ADMINISTRATIVE COST ALLOCATION							
	Administrative Cost Allocation	278,716	286,720	357,078	390,260	466,349	572,207
Total Administrative Cost Allocation		\$278,716	\$286,720	\$357,078	\$390,260	\$466,349	\$572,207
Total Expenditures		\$1,986,034	\$1,929,811	\$1,950,652	\$2,328,034	\$2,851,134	\$2,868,220
OPERATING SURPLUS/(DEFICIT)		(\$51,728)	\$230,990	\$343,060	(\$29,762)	\$10,615	(\$461,001)
TRANSFERS & ENCUMBRANCES							
	Transfers In	0	0	0	0	0	0
	(Transfers Out) - To General , Garbage, Equipment	(2,267)	(13,434)	(51,976)	(91,641)	(55,545)	(55,454)
	Encumbrances - Sources of Funding					0	0
	Encumbrances - (Designated Funds)					0	0
NET TRANSFERS & ENCUMBRANCES		(\$2,267)	(\$13,434)	(\$51,976)	(\$91,641)	(\$55,545)	(\$55,454)
RESERVES							
	Use of Reserves	53,995			121,403	366,246	195,139
	(Additions to Reserves)		(217,556)	(291,084)		0	0
	Use of Prior Year FBA						321,316
	Other Adjustments					0	0
RESERVES - INCREASE / (DECREASE)		\$53,995	(\$217,556)	(\$291,084)	\$121,403	\$366,246	\$516,455
NET BUDGETARY SOURCES/USES		\$0	(\$0)	(\$0)	\$0	\$321,316	(\$0)



WASTE WATER FUND





**OCEANO COMMUNITY SERVICES DISTRICT
FUND LEVEL ANALYSIS
WASTEWATER DEPARTMENT - FUND - 03**

ACCOUNT NO.	WASTEWATER FUND WASTEWATER DEPARTMENT - 03	ACTUAL FY 2014/2015	ACTUAL FY 2015/2016	ACTUAL FY 2016/2017	ACTUAL FY 2017/2018	ESTIMATED FY 2018/2019	PROPOSED FY 2019/2020
SOURCES OF FUNDS							
	Revenues	\$841,133	\$481,555	\$400,898	\$393,600	\$402,049	\$403,800
	Other Sources of Funds	\$80,437	\$0	\$1,299	\$0	\$0	\$0
	Total Sources of Funds	\$921,570	\$481,555	\$402,197	\$393,600	\$402,049	\$403,800
USES OF FUNDS							
	Salaries & Wages	\$35,592	\$41,678	\$59,445	\$45,086	\$51,599	\$72,500
	Benefits	\$13,140	(\$3,194)	\$12,070	\$24,468	\$31,553	\$49,792
	Personnel Services	\$48,732	\$38,483	\$71,514	\$69,554	\$83,152	\$122,292
	Services & Supplies	\$492,207	\$109,670	\$25,944	\$23,905	\$55,329	\$68,120
	Capital Outlay	\$0	\$15,896	\$0	\$74,785	\$71,137	\$0
	Administrative Cost	\$246,723	\$254,862	\$317,402	\$346,898	\$233,174	\$286,104
	Total Expenditures	\$787,662	\$418,912	\$414,861	\$515,141	\$442,792	\$476,516
	OPERATING SURPLUS/(DEFICIT)	\$133,908	\$62,643	(\$12,664)	(\$121,541)	(\$40,743)	(\$72,716)



**OCEANO COMMUNITY SERVICES DISTRICT
FUND LEVEL ANALYSIS**

WASTEWATER DEPARTMENT - FUND 03

3%

ACCOUNT NO.	WASTEWATER FUND WASTEWATER DEPARTMENT - 03	ACTUAL FY 2014/2015	ACTUAL FY 2015/2016	ACTUAL FY 2016/2017	ACTUAL FY 2017/2018	ESTIMATED FY 2018/2019	PROPOSED FY 2019/2020
SOURCES OF FUNDS							
REVENUES							
03-4-3210-000	Sales - Sewer	395,800	392,358	390,136	391,280	398,269	400,000
03-4-3203-000	Revenue Accrual	0	479	(78)	282	0	0
03-4-3211-000	Sewer Connections	525	4,000	8,985	2,500	2,000	2,000
03-4-3215-000	Sanitation District Collection	443,131	83,789	0	(1,487)	0	0
03-4-3255-000	Inspection Fees	75	200	175	125	100	100
03-4-3256-000	FOG Program	1,602	728	1,680	900	1,680	1,700
Total Revenues		\$841,133	\$481,555	\$400,898	\$393,600	\$402,049	\$403,800
OTHER SOURCES OF FUNDS							
03-4-3900-000	Other Income	679	0	1,299	0	0	0
	Rental Income (Sheriff Building Transfer 15/16)	79,758	0	0	0	0	0
Total Other Sources of Funds		\$80,437	\$0	\$1,299	\$0	\$0	\$0
Total Sources of Funds		\$921,570	\$481,555	\$402,197	\$393,600	\$402,049	\$403,800
USES OF FUNDS							
SALARIES & WAGES							
03-5-4500-010	Salaries and Wages	29,527	37,047	51,355	39,094	42,427	50,000
03-5-4500-012	Classic EE Contr by ER PERS	0	0	2,518	0	0	0
03-5-4500-020	Overtime	6,065	4,631	5,571	5,992	9,172	17,500
	Lead Operator Contingency (Budget Workshop)	0	0	0	0	0	5,000
Total Salaries & Wages		\$35,592	\$41,678	\$59,445	\$45,086	\$51,599	\$72,500
BENEFITS							
03-5-4500-061	CalPERS	4,437	2,608	3,868	4,983	0	0
03-5-4500-063	Pension Expense (GASB 68)	0	(8,375)	243	11,810	0	0
03-5-4500-071	Medicare	557	623	876	708	0	0
03-5-4500-071	Workers Compensation Insurance	951	1,278	1,911	0	2,397	3,652
03-5-4500-080	Boot Allowance	10	0	0	0	0	0
03-5-4500-090	Insurance	7,185	671	5,171	6,968	0	0
	Operating Crew Benefits Allocation	0	0	0	0	29,156	46,140
Total Benefits		\$13,140	(\$3,194)	\$12,070	\$24,468	\$31,553	\$49,792



**OCEANO COMMUNITY SERVICES DISTRICT
FUND LEVEL ANALYSIS
WASTEWATER DEPARTMENT - FUND 03**

3%

ACCOUNT NO.	WASTEWATER FUND WASTEWATER DEPARTMENT - 03	ACTUAL FY 2014/2015	ACTUAL FY 2015/2016	ACTUAL FY 2016/2017	ACTUAL FY 2017/2018	ESTIMATED FY 2018/2019	PROPOSED FY 2019/2020
Total Personnel Services		\$48,732	\$38,483	\$71,514	\$69,554	\$83,152	\$122,292
SERVICES & SUPPLIES							
03-5-4500-100	Clothing	269	426	145	0	0	0
03-5-4500-110	Communication	1,574	1,066	391	320	473	515
03-5-4500-150	Insurance	4,692	4,461	0	0	0	0
03-5-4500-163	Maint: Sewer Structures/ Improvements	2,118	4,281	685	6,807	16,219	17,000
03-5-4500-170	Maintenance: Equipment	268	1,002	3,942	205	400	3,348
03-5-4500-171	Maintenance: Vehicles	352	0	223	64	3,452	3,500
03-5-4500-172	Gas and Oil	947	0	0	0	0	3,500
03-5-4500-173	Maint: Structures/ Improvements	3,003	(1,992)	1,250	1,620	0	0
03-5-4500-175	System Parts/ Operating Supplies	5,656	2,340	7,426	1,728	1,264	8,240
03-5-4500-177	Safety Expense	63	1,405	704	283	0	2,850
03-5-4500-180	Memberships	76	81	456	469	0	0
03-5-4500-190	Misc Expense	289	0	2	269	0	0
03-5-4500-192	Over and Short	0	0	(239)	105	0	0
03-5-4500-200	Office Expense	51	0	601	0	0	515
03-5-4500-205	Outside UB Mailing Expense	4,131	444	10	0	6,011	9,000
03-5-4500-220	Professional Services	2,130	1,024	1,260	530	10,516	2,575
03-5-4500-222	Contracted Engineering	660	1,035	2,903	630	0	2,833
03-5-4500-224	Annual Software Maintenance	2,069	749	0	0	0	0
03-5-4500-226	Engineering & Other Reimbursables	0	620	1,150	(70)	0	0
03-5-4500-241	Rents & Leases/ Equipment	12,414	0	522	6,140	0	2,575
03-5-4500-247	LAFCO Annual Charges	5,409	0	0	0	0	0
03-5-4500-248	Regulatory Permits & Fees	2,088	6,101	2,406	2,588	4,407	4,020
03-5-4500-250	Small Tools & Instruments	25	0	650	32	0	0
03-5-4500-285	Classes/ Seminars/ Training Fees	315	300	269	570	0	2,800
03-5-4500-290	Utilities	1,726	1,052	957	805	2,531	2,600
03-5-4500-297	Pass-Thru: SSLOCSD Rev	441,386	83,817	0	0	0	0
03-5-4500-320	Fixed Assets - Equipment	0	1,299	0	0	7,917	0
03-5-4500-390	Bad Debt Expense	493	158	232	0	340	350
03-5-4500-499	Claims & Settlements	0	0	0	810	1,800	1,900
Total Services & Supplies		\$492,207	\$109,670	\$25,944	\$23,905	\$55,329	\$68,120



**OCEANO COMMUNITY SERVICES DISTRICT
FUND LEVEL ANALYSIS
WASTEWATER DEPARTMENT - FUND 03**

3%

ACCOUNT NO.	WASTEWATER FUND WASTEWATER DEPARTMENT - 03	ACTUAL FY 2014/2015	ACTUAL FY 2015/2016	ACTUAL FY 2016/2017	ACTUAL FY 2017/2018	ESTIMATED FY 2018/2019	PROPOSED FY 2019/2020
CAPITAL OUTLAY							
03-5-4500-354	CIP - Overlay	0	14,856	0	0	0	0
03-5-4500-442	CPI - Air Park Drive Relocation	0	1,041	0	3,077	29,716	0
03-5-4500-443	CPI - HWY One Relocation	0	0	0	64,651	38,478	0
03-5-4500-445	CPI - Facilities Yard	0	0	0	7,057	2,943	0
Total Capital Outlay		\$0	\$15,896	\$0	\$74,785	\$71,137	\$0
ADMINISTRATIVE COST ALLOCATION							
	Administrative Cost Allocation	246,723	254,862	317,402	346,898	233,174	286,104
Total Administrative Cost Allocation		\$246,723	\$254,862	\$317,402	\$346,898	\$233,174	\$286,104
Total Expenditures		\$787,662	\$418,912	\$414,861	\$515,141	\$442,792	\$476,516
OPERATING SURPLUS/(DEFICIT)		\$133,908	\$62,643	(\$12,664)	(\$121,541)	(\$40,743)	(\$72,716)
TRANSFERS & ENCUMBRANCES							
	Transfers In - From General Fund	0	0	113,940	113,940	113,940	113,940
	(Transfers Out) - Equipment Fund	0	(9,733)	(9,761)	(42,433)	(11,545)	(11,545)
	Encumbrances - Sources of Funding	0	0			0	
	Encumbrances - (Designated Funds)	0	0			0	
NET TRANSFERS & ENCUMBRANCES		\$0	(\$9,733)	\$104,179	\$71,507	\$102,395	\$102,395
RESERVES							
	Use of Reserves				50,034	94,697	
	(Additions to Reserves)	(133,908)	(52,910)	(91,515)		0	(186,028)
	Use of FBA						156,349
	Other Adjustments					0	
RESERVES - INCREASE / (DECREASE)		(\$133,908)	(\$52,910)	(\$91,515)	\$50,034	\$94,697	(\$29,679)
NET BUDGETARY SOURCES/USES		\$0	\$0	\$0	(\$0)	\$156,349	\$0



GARBAGE FUND





**OCEANO COMMUNITY SERVICES DISTRICT
FUND LEVEL ANALYSIS
GARBAGE FUND - 06**

ACCOUNT NO.	GARBAGE FUND GARBAGE DEPARTMENT - 06	ACTUAL FY 2014/2015	ACTUAL FY 2015/2016	ACTUAL FY 2016/2017	ACTUAL FY 2017/2018	ESTIMATED FY 2018/2019	PROPOSED FY 2019/2020
SOURCES OF FUNDS							
	Revenues	\$117,577	\$76,783	\$94,617	\$92,784	\$98,129	\$109,836
	Other Sources of Funds	\$0	\$0	\$0	\$0	\$0	\$0
	Total Sources of Funds	\$117,577	\$76,783	\$94,617	\$92,784	\$98,129	\$109,836
USES OF FUNDS							
	Salaries & Wages	\$4,679	\$3,609	\$16,238	\$6,899	\$10,112	\$22,000
	Benefits	\$1,557	(\$1,306)	\$1,513	\$3,600	\$12,905	\$20,138
	Personnel Services	\$6,236	\$2,303	\$17,751	\$10,499	\$23,017	\$42,138
	Services & Supplies	\$8,487	\$4,142	\$18,669	\$13,304	\$19,665	\$22,280
	Capital Outlay	\$0	\$0	\$0	\$0	\$1,471	\$0
	Administrative Cost	\$37,090	\$38,229	\$47,610	\$52,035	\$31,090	\$38,147
	Total Expenditures	\$51,813	\$44,675	\$84,031	\$75,838	\$75,244	\$102,565
	OPERATING SURPLUS/(DEFICIT)	\$65,764	\$32,109	\$10,587	\$16,946	\$22,886	\$7,271



**OCEANO COMMUNITY SERVICES DISTRICT
FUND LEVEL ANALYSIS**

GARBAGE FUND - 06

3%

ACCOUNT NO.	GARBAGE FUND GARBAGE DEPARTMENT - 06	ACTUAL FY 2014/2015	ACTUAL FY 2015/2016	ACTUAL FY 2016/2017	ACTUAL FY 2017/2018	ESTIMATED FY 2018/2019	PROPOSED FY 2019/2020
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SOURCES OF FUNDS

REVENUES							
06-4-3300-000	Garbage: Misc Income	53	0	0	0	0	0
06-4-3300-003	Interest	26	11	121	106	0	0
06-4-3501-000	Franchise Fees	82,001	76,772	86,818	84,923	90,249	102,036
06-4-3501-741	Landfill Savings Payment	35,497	0	7,679	7,756	7,880	7,800
Total Revenues		\$117,577	\$76,783	\$94,617	\$92,784	\$98,129	\$109,836
OTHER SOURCES OF FUNDS							
		0	0	0	0	0	0
Total Other Sources of Funds		\$0	\$0	\$0	\$0	\$0	\$0
Total Sources of Funds		\$117,577	\$76,783	\$94,617	\$92,784	\$98,129	\$109,836

USES OF FUNDS

SALARIES & WAGES							
06-5-4900-010	Salaries & Wages	4,618	3,349	14,851	6,762	9,839	20,000
06-5-4900-012	Classic EE Contr by ER PERS	0	0	139	0	0	0
06-5-4900-020	Overtime Wages	61	259	1,248	138	273	0
	Lead Operator Contingency (Budget Workshop)	0	0	0	0	0	2,000
Total Salaries & Wages		\$4,679	\$3,609	\$16,238	\$6,899	\$10,112	\$22,000
BENEFITS							
06-5-4900-061	PERS Contributions	427	212	213	734	0	0
06-5-4900-063	Pension Expense	0	(1,618)	34	1,671	0	0
06-5-4900-071	Medicare	72	54	237	109	0	0
06-5-4900-072	FICA	0	0	799	0	0	0
06-5-4900-075	Compensation Insurance	0	0	167	0	757	913
06-5-4900-080	Boot Allowance	5	0	0	0	0	0
06-5-4900-090	Insurance	1,054	47	63	1,086	0	0
	Operating Crew Benefits Allocation	0	0	0	0	12,148	19,225
Total Benefits		\$1,557	(\$1,306)	\$1,513	\$3,600	\$12,905	\$20,138
Total Personnel Services		\$6,236	\$2,303	\$17,751	\$10,499	\$23,017	\$42,138



**OCEANO COMMUNITY SERVICES DISTRICT
FUND LEVEL ANALYSIS**

GARBAGE FUND - 06

3%

ACCOUNT NO.	GARBAGE FUND GARBAGE DEPARTMENT - 06	ACTUAL FY 2014/2015	ACTUAL FY 2015/2016	ACTUAL FY 2016/2017	ACTUAL FY 2017/2018	ESTIMATED FY 2018/2019	PROPOSED FY 2019/2020
SERVICES & SUPPLIES							
06-5-4900-100	Clothing	124	226	145	0	0	0
06-5-4900-110	Communication	267	263	216	148	819	900
06-5-4900-150	Insurance	776	669	0	0	0	0
06-5-4900-171	Maintenance - Vehicles	184	638	42	14	164	515
06-5-4900-172	Gas and Oil	476	0	0	0	0	0
06-5-4900-173	Maint - Shared Structures/ Improvements	2,069	40	41	110	0	0
06-5-4900-175	Operating Supplies	831	11	447	0	1,120	1,545
06-5-4900-192	Over and Short	0	0	(73)	(21)	0	0
06-5-4900-200	Office Expense	31	0	40	0	0	1,030
06-5-4900-210	Postage	335	363	1,074	33	552	515
06-5-4900-219	Special Admin Expense	(48)	0	600	450	0	0
06-5-4900-220	Professional Services	0	1,510	6,930	2,512	6,908	7,000
06-5-4900-230	Legal Notices	2,245	0	0	77	103	260
06-5-4900-247	LAFCO Annual Charge	854	0	0	0	0	0
06-5-4900-290	Utilities	342	422	9,208	0	0	515
	School Outreach Programs	0	0	0	9,980	10,000	10,000
Total Services & Supplies		\$8,487	\$4,142	\$18,669	\$13,304	\$19,665	\$22,280
CAPITAL OUTLAY							
06-5-4900-445	CPI - Facilities Yard	0	0	0	0	1,471	0
Total Capital Outlay		\$0	\$0	\$0	\$0	\$1,471	\$0
ADMINISTRATIVE COST ALLOCATION							
	Administrative Cost Allocation	37,090	38,229	47,610	52,035	31,090	38,147
Total Administrative Cost Allocation		\$37,090	\$38,229	\$47,610	\$52,035	\$31,090	\$38,147
Total Expenditures		\$51,813	\$44,675	\$84,031	\$75,838	\$75,244	\$102,565



**OCEANO COMMUNITY SERVICES DISTRICT
FUND LEVEL ANALYSIS**

GARBAGE FUND - 06

3%

ACCOUNT NO.	GARBAGE FUND GARBAGE DEPARTMENT - 06	ACTUAL FY 2014/2015	ACTUAL FY 2015/2016	ACTUAL FY 2016/2017	ACTUAL FY 2017/2018	ESTIMATED FY 2018/2019	PROPOSED FY 2019/2020
OPERATING SURPLUS/(DEFICIT)		\$65,764	\$32,109	\$10,587	\$16,946	\$22,886	\$7,271
TRANSFERS & ENCUMBRANCES							
	Transfers In - From Water Fund	0	0	7,500	7,500	7,500	7,500
	(Transfers Out) - Equipment Fund			(643)	(7,042)	(1,000)	(1,000)
	Encumbrances - Sources of Funding					0	
	Encumbrances - (Designated Funds)					0	
NET TRANSFERS & ENCUMBRANCES		\$0	\$0	\$6,857	\$458	\$6,500	\$6,500
RESERVES							
	Use of Reserves - School Outreach & Clean Up Week					20,000	
	(Additions to Reserves)	(65,764)	(32,109)	(17,444)	(17,404)	(8,828)	(13,771)
	Other Adjustments					0	
RESERVES - INCREASE / (DECREASE)		(65,764)	(32,109)	(17,444)	(17,404)	\$11,172	(13,771)
NET BUDGETARY SOURCES/USES		(\$0)	(\$0)	(\$0)	\$0	\$40,558	(\$0)



EQUIPMENT FUND





**OCEANO COMMUNITY SERVICES DISTRICT
FUND LEVEL ANALYSIS
EQUIPMENT FUND - 12**

ACCOUNT NO.	EQUIPMENT FUND - 12	ACTUAL FY 2014/2015	ACTUAL FY 2015/2016	ACTUAL FY 2016/2017	ACTUAL FY 2017/2018	ESTIMATED FY 2018/2019	PROPOSED FY 2019/2020
SOURCES OF FUNDS							
	Revenues	\$19,639	\$23,291	\$25,710	\$102,115	\$29,090	\$29,090
	Other Sources of Funds	\$0	\$0	\$0	\$0	\$0	\$0
	Total Sources of Funds	\$19,639	\$23,291	\$25,710	\$102,115	\$29,090	\$29,090
USES OF FUNDS							
	Salaries & Wages	\$0	\$0	\$0	\$0	\$0	\$0
	Benefits	\$0	\$0	\$0	\$0	\$0	\$0
	Personnel Services	\$0	\$0	\$0	\$0	\$0	\$0
	Services & Supplies	\$0	\$7,801	\$10,290	\$8,150	\$10,679	\$16,000
	Capital Outlay	\$0	\$0	\$0	\$86,833	\$0	\$0
	Debt Service	\$436	\$11,244	\$10,293	\$9,939	\$9,067	\$9,067
	Total Expenditures	\$436	\$19,045	\$20,583	\$104,922	\$19,745	\$25,067
	OPERATING SURPLUS/(DEFICIT)	\$19,204	\$4,246	\$5,128	(\$2,807)	\$9,345	\$4,023



OCEANO COMMUNITY SERVICES DISTRICT
FUND LEVEL ANALYSIS
EQUIPMENT FUND - 12

ACCOUNT NO.	EQUIPMENT FUND - 12	ACTUAL FY 2014/2015	ACTUAL FY 2015/2016	ACTUAL FY 2016/2017	ACTUAL FY 2017/2018	ESTIMATED FY 2018/2019	PROPOSED FY 2019/2020
SOURCES OF FUNDS							
REVENUES							
12-4-3800-001	Lease Revenue from Water	15,626	12,920	12,976	52,641	16,545	16,545
12-4-3800-002	Lease Revenue from Sewer	2,267	10,370	9,761	42,433	11,545	11,545
12-4-3800-005	Lease Revenue from Garbage	1,747	0	201	7,042	1,000	1,000
12-4-3800-003	Insurance Proceeds	0	0	2,130	0	0	0
12-4-3800-004	Surplus Sales	0	0	643	0	0	0
Total Revenues		\$19,639	\$23,291	\$25,710	\$102,115	\$29,090	\$29,090
OTHER SOURCES OF FUNDS							
		0	0	0	0	0	0
Total Other Sources of Funds		\$0	\$0	\$0	\$0	\$0	\$0
Total Sources of Funds		\$19,639	\$23,291	\$25,710	\$102,115	\$29,090	\$29,090
USES OF FUNDS							
SALARIES & WAGES							
			0	0	0	0	0
Total Salaries & Wages		\$0	\$0	\$0	\$0	\$0	\$0
BENEFITS							
			0	0	0	0	0
Total Benefits		\$0	\$0	\$0	\$0	\$0	\$0
Total Personnel Services		\$0	\$0	\$0	\$0	\$0	\$0
SERVICES & SUPPLIES							
12-5-4350-171	Maintenance - Vehicles	0	1,912	4,997	1,254	2,453	6,500
12-5-4350-172	Fuel	0	5,889	5,292	6,896	8,225	9,500
Total Services & Supplies		\$0	\$7,801	\$10,290	\$8,150	\$10,679	\$16,000
CAPITAL OUTLAY							
12-5-4350-320	Fixed Assets	0	0	0	86,833	0	0
Total Capital Outlay		\$0	\$0	\$0	\$86,833	\$0	\$0



OCEANO COMMUNITY SERVICES DISTRICT
FUND LEVEL ANALYSIS
EQUIPMENT FUND - 12

ACCOUNT NO.	EQUIPMENT FUND - 12	ACTUAL FY 2014/2015	ACTUAL FY 2015/2016	ACTUAL FY 2016/2017	ACTUAL FY 2017/2018	ESTIMATED FY 2018/2019	PROPOSED FY 2019/2020
	DEBT SERVICE						
12-5-4350-320	Equipment Lease	0	9,067	9,067	9,067	9,067	9,067
12-5-4350-386	Interest Expense	436	2,177	1,226	872	0	0
	Total Debt Service	\$436	\$11,244	\$10,293	\$9,939	\$9,067	\$9,067
	Total Expenditures	\$436	\$19,045	\$20,583	\$104,922	\$19,745	\$25,067
	OPERATING SURPLUS/(DEFICIT)	\$19,204	\$4,246	\$5,128	(\$2,807)	\$9,345	\$4,023
	TRANSFERS & ENCUMBRANCES						
	Transfers In - General Fund (Backhoe)	0	0	0	25,000	0	0
	(Transfers Out)					0	0
	Encumbrances - Sources of Funding					0	0
	Encumbrances - (Designated Funds)					0	0
	NET TRANSFERS & ENCUMBRANCES	\$0	\$0	\$0	\$25,000	\$0	\$0
	RESERVES						
	Use of Reserves					0	0
	(Additions to Reserves)	(19,204)	(4,246)	(5,128)	(22,193)	(4,023)	(4,023)
	Other Adjustments					0	0
	RESERVES - INCREASE / (DECREASE)	(19,204)	(\$4,246)	(\$5,128)	(\$22,193)	(\$4,023)	(\$4,023)
	NET BUDGETARY SOURCES/USES	(\$0)	(\$0)	(\$0)	\$0	\$5,322	\$0

**OCEANO COMMUNITY SERVICES DISTRICT
PLAN OF PAYMENT AND COMPENSATION
SALARY SCHEDULE
For the Fiscal Year Ending June 30, 2019**

Step Differential: Step:	A Step #1	2.50% B Step #2	2.50% C Step #3	5.00% D Step #4	5.00% E Step #5	5.00% F Step #6	5.00% G Step #7	5.00% H Step #8	5.00% Longevity Step #8
General Manager									
Hourly	\$94.23	\$96.59	\$99.00	-	-	-	-	-	-
Annual	\$196,000.00	\$200,900.00	\$205,923.00	-	-	-	-	-	-
Business and Accounting Manager I									
Hourly	\$ 24.95	\$ 25.57	\$ 26.21	\$ 27.52	\$ 28.90	\$ 30.34	\$ 31.86	\$ 33.45	
Annual	\$51,896.00	\$53,186.00	\$54,517.00	\$57,242.00	\$60,112.00	\$63,107.00	\$66,264.00	\$69,576.00	
Business and Accounting Manager II									
Hourly	\$ 29.93	\$ 30.68	\$ 31.45	\$ 33.02	\$ 34.67	\$ 36.40	\$ 38.22	\$ 40.13	
Annual	\$62,254.00	\$63,814.00	\$65,416.00	\$68,682.00	\$72,114.00	\$75,712.00	\$79,504.00	\$83,470.00	
Business and Accounting Manager III									
Hourly	\$ 40.53	\$ 41.54	\$ 42.58	\$ 44.71	\$ 46.95	\$ 49.30	\$ 51.76	\$ 54.35	
Annual	\$84,302.00	\$86,403.00	\$88,566.00	\$92,997.00	\$97,656.00	\$102,544.00	\$107,656.00	\$113,048.00	
Account Administrator I									
Hourly	\$ 18.70	\$ 19.17	\$ 19.64	\$ 20.62	\$ 21.65	\$ 22.73	\$ 23.88	\$ 25.06	
Annual	\$38,896.00	\$39,874.00	\$40,851.00	\$42,890.00	\$45,032.00	\$47,278.00	\$49,670.00	\$52,125.00	
Account Administrator II									
Hourly	\$ 20.11	\$ 20.60	\$ 21.12	\$ 22.18	\$ 23.28	\$ 24.43	\$ 25.66	\$ 26.94	
Annual	\$41,829.00	\$42,848.00	\$43,930.00	\$46,134.00	\$48,422.00	\$50,814.00	\$53,373.00	\$56,035.00	
Account Administrator III									
Hourly	\$ 21.62	\$ 22.15	\$ 22.69	\$ 23.83	\$ 25.02	\$ 26.27	\$ 27.58	\$ 28.96	
Annual	\$44,970.00	\$46,072.00	\$47,195.00	\$49,566.00	\$52,042.00	\$54,642.00	\$57,366.00	\$60,237.00	
Utilities System Supervisor									
Hourly	\$ 30.86	\$ 31.63	\$ 32.42	\$ 34.04	\$ 35.74	\$ 37.51	\$ 39.41	\$ 41.38	
Annual	\$64,189.00	\$65,790.00	\$67,434.00	\$70,803.00	\$74,339.00	\$78,021.00	\$81,973.00	\$86,070.00	
Utilities Operator I									
Hourly	\$ 19.76	\$ 20.24	\$ 20.74	\$ 21.79	\$ 22.89	\$ 24.03	\$ 25.24	\$ 26.50	
Annual	\$41,101.00	\$42,099.00	\$43,139.00	\$45,323.00	\$47,611.00	\$49,982.00	\$52,499.00	\$55,120.00	
Utilities Operator II									
Hourly	\$ 21.23	\$ 21.76	\$ 22.30	\$ 23.43	\$ 24.60	\$ 25.82	\$ 27.13	\$ 28.49	
Annual	\$44,158.00	\$45,261.00	\$46,384.00	\$48,734.00	\$51,168.00	\$53,706.00	\$56,430.00	\$59,259.00	
Utilities Operator III									
Hourly	\$ 22.82	\$ 23.39	\$ 23.98	\$ 25.18	\$ 26.44	\$ 27.76	\$ 29.16	\$ 30.60	
Annual	\$47,466.00	\$48,651.00	\$49,878.00	\$52,374.00	\$54,995.00	\$57,741.00	\$60,653.00	\$63,648.00	
Operator In Training									
Hourly	\$ 18.38	\$ 18.83	\$ 19.31	\$ 20.27	\$ 21.28	\$ 22.35	\$ 23.46	\$ 24.65	
Annual	\$ 38,230.40	\$ 39,166.40	\$ 40,164.80	\$ 42,161.60	\$ 44,262.40	\$ 46,488.00	\$ 48,796.80	\$ 51,272.00	

Position Allocation List Approved Positions:	Permanent	Temporary	Full Time	Part Time	Part Time Hours
General Manager	1	0	1	0	n/a
Business and Accounting Manager I/II/III	1	0	1	0	n/a
Account Administrator I/II/III	3	0	2	1	=< 24/wk
Utilities System Supervisor	1	0	1	0	n/a
Utilities Operator I/II/III	2	0	2	0	n/a
Operator in Training	1	0	1	0	n/a
Total	9	0	8	1	n/a

OCEANO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2019- __

DETERMINATION OF APPROPRIATION LIMITATION
FOR FISCAL YEAR 2019-20

WHEREAS, Article XIII B of the California Constitution specifies that appropriations made by governmental entities may increase annually by the change in population and the change in U.S. Consumer Price Index or California per-capita income, whichever is less; and

WHEREAS, it has been determined by the State Department of Finance that the California per-capita income increase shall be used; and

WHEREAS, the percent change in the California per-capita income is 1.0385% and the percent change in the population of the unincorporated area of San Luis Obispo County is 0.54% (Population converted to a ratio is computed as follows: $\{0.54+100\} / 100 = 1.0054$).

NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED by the Board of Directors, Oceano Community Services District, San Luis Obispo County, California, as follows:

1. That the ratio of change is and is determined as follows: $1.0385 \times 1.0054 = 1.044$
2. That the 2019-2020 appropriation limit is and is determined as follows:

2018-2019 Limitation – Restated	\$2,304,845
2018-2019 Ratio of Change	1.044
2019-2020 Appropriation Limitation	\$2,406,259
2019-2020 Appropriations Subject to Limitation	\$(1,050,721)
2019-2020 Appropriations Under Limit	\$1,355,538

3. No further adjustment to the 2019-20 appropriation limitation has been made for mandated costs. However, any new mandated costs or increases in existing mandated costs would increase the limitation by the amount of "Proceed of Taxes" used to finance mandates in fiscal year 2019-20.

Upon motion of _____, seconded by _____, and on the following roll call vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAINING:

the foregoing Resolution is hereby adopted this _____ day of _____, 2019.

President of the Board of Directors

ATTEST:

Secretary for the Board of Directors

(SEAL)

APPROVED AS TO FORM AND LEGAL EFFECT:

Jeffrey Minnery
District Counsel

By: _____
District Legal Counsel

Dated: _____



OCEANO COMMUNITY SERVICES DISTRICT

Agenda Item 14- FUTURE AGENDA ITEMS (BOARD MEETING TIMELINE)

Board Meeting	Task
June 26, 2019	<ul style="list-style-type: none"> • South County Sanitary Rate Increase Prop 218 Hearing (No FCFA Agenda Items – Hearing to adopt 2019/20 Preliminary Budget)
July 10, 2019	<ul style="list-style-type: none"> • Review of the County report on fire and emergency services provided by special districts • Identification of other community options for fire and emergency services. • Tax roll hearing for charges and delinquencies
July 24, 2019	<ul style="list-style-type: none"> • Target date for direction on new FCFA funding formula • Multi-year updated cost estimates for the OCSD share of FCFA costs • Tax analysis
August 14, 2019	<ul style="list-style-type: none"> • Review Survey re: FCFA • FAQ's – Initial Public Information • Central Coast Blue
August 28, 2019	(No FCFA Agenda Items – Hearing to adopt 2019/20 Final Budget)
September 11, 2019	
September 25, 2019	<ul style="list-style-type: none"> • Last regular Board meeting to approve JPA Amendments
October 9, 2019	<ul style="list-style-type: none"> • Formal actions that must be adopted by your Board to place an item on the March 2020 ballot
October 23, 2019	
November 13, 2019*	
December 11, 2019*	

* One Board Meeting in November and December due to holidays.

Future Agenda Items: District Polices, Roles and Responsibilities with Related Agencies, Construction Documents (Norswing/ Pershing & Highway One waterline replacement projects), Five Cities Fire Authority, District Rules and Regulations, Cienega Seabreeze Park, Inc. Continued, Deferred Infrastructure Program, Lopez Lake LRRP & Contract Amendments, Central Coast Blue, Wastewater CIP, The Place, EIR State Parks PWP, LID Presentation