SEASIDE COUNTY SANITATION DISTRICT

440 HARCOURT AVE * SEASIDE, CA 93955
Telephone (831) 899-6825

BOARD MEMBER

Ralph Rubio
Chair
City of Seaside
440 Harcourt Ave
Seaside, CA 93955
(831) 899-6825

David Pendergrass
First Vice Chair
City of Sand City
1 Sylvan Park
Sand City, CA 9395
(831) 394-3054

Pat Lintell
Second Vice Chair
City of Del Rey Oaks
650 Canyon Del Rey
Del Rey Oaks, CA
93940
(831) 394-8511

DISTRICT STAFF

Craig Malin
District Manager
440 Harcourt Avenue
Seaside, CA 93955
(831)899-6203

Rick Riedl
District Engineer
440 Harcourt Avenue
Seaside, CA 93955
(831) 899-884

Jessie Avila
Legal Counsel
County Counsel
168 West Alisal Street
Third Floor
Salinas, CA 93901
(831) 755-5313

Lesley Milton-Rerig
District Clerk
440 Harcourt Avenue
Seaside, CA 93955
(831) 899-6707

REGULAR **MEETING AGENDA**
Board of Directors
Tuesday, January 10, 20179:30 AM,
City of Seaside Conference Room
440 Harcourt Ave, Seaside, CA 93955

1. CALL TO ORDER

Ralph Rubio	Chair
David Pendergrass	First Vice Chair
Pat Lintell	Second Vice Chair

2. ROLL CALL

3. ORAL COMMUNICATIONS COMMENTS

Members of the public may address the Board regarding any item within the subject matter jurisdiction of the Board; however, no action may be taken on off-agenda items unless authorized by law. To be able to properly identify those making comments in the meeting minutes, it would be helpful if speakers state their names. Comments shall be limited to matters not listed on the agenda. Members of the public may comment on any matter listed on the agenda at the time the Board considers that matter. Each person's presentation is limited to a maximum of three (3) minutes.

4. CONSENT AGENDA

A. APPROVAL OF MINUTES FROM THE DECEMBER 13, 2016 REGULAR MEETING.

PURPOSE: To review and approve the minutes from the December 13, 2016 Regular Meeting.

RECOMMENDATION: That the minutes be reviewed and approved.

B. APPROVAL OF EXPENDITURES FOR THE MONTH OF DECEMBER 2016 FOR SEASIDE COUNTY SANITATION DISTRICT

PURPOSE: Approval of expenditures for December 2016 for an expenditure amount of $57,567.74.

RECOMMENDATION: Approve expenditures for December 2016. Total expenditures were $57,567.74.

C. ACCEPT AND FILE CASH AND INVESTMENT REPORT FOR QUARTER ENDING SEPTEMBER 30, 2016.

PURPOSE: Accept and file the Seaside County Sanitation District September 30, 2016 Cash and Investment Report.

RECOMMENDATION: Accept and file report.

D. SEASIDE COUNTY SANITATION DISTRICT OPERATIONS REPORT FOR DECEMBER 2016

PURPOSE: Receive monthly report for sewer maintenance and stoppages for December 2016.

RECOMMENDATION: Accept report. This item is presented for information only.

5. NEW BUSINESS

A. SEWER RATE STUDY AND PROPOSED ADJUSTMENTS TO SEWER USERS FEES

PURPOSE: The purpose of this item is to have the District Board review and finalize the Sewer Rate Study and consider the proposed adjustments to the sewer users fees for implementation.

RECOMMENDATION: It is recommended that the District Board direct staff to finalize the rate study in accordance with the user fees outline in the attached table and direct staff to implement the required notification of ratepayers to affect the rate change.

6. STAFF REPORTS

Staff reports include items for which verbal reports/presentations will be provided. If a specific Seaside County Sanitation District presentation is planned, it will be listed and information included with the Agenda. Brief oral reports may be provided for items arising after the Agenda was prepared. The Board may wish to ask questions or discuss a staff report, but no action is appropriate other than referral to staff, or request that a matter be set as a future Agenda item.

7. BOARD MEMBERS COMMENTS

8. ADJOURNMENT

Next Regularly Scheduled Meeting:
February 14, 2017
Seaside City Hall
9:30 a.m.

In compliance with the Americans with Disabilities Act (ADA), the Seaside County Sanitation District (SCSD) does not discriminate against persons with disabilities. SCSD's meetings are held at an accessible facility. Any person with a disability who requires a modification or accommodation to be able to participate in this meeting is asked to contact the office of the District Clerk at cityclerk@ci.seaside.ca.us 831-899-6707, no fewer than two business days prior to the meeting to allow for reasonable arrangements. Agenda related writings or documents provided to the SCSD Board of Directors are available for public inspection during the meeting or may be requested from the office of the District Clerk This agenda is posted in compliance with California Government Code Section 54954.2(a) or Section 54956.

Agenda related writings or documents provided to the Board are available for public inspection during the meeting or may be requested from the office of the District Clerk.

FINAL MINUTES
SEASIDE COUNTY SANITATION DISTRICT
Tuesday, December 13, 2016 9:30 AM
REGULAR MEETING
Seaside Conference Room

1. CALL TO ORDER

The meeting was called to order at 9:33 a.m.

2. ROLL CALL

Present: Lintell, Pendergrass, Rubio

3. ORAL COMMUNICATIONS COMMENTS

There were no public comments.

4. CONSENT AGENDA

On motion by Chair Rubio and seconded by Second Vice Chair Lintell and passed by the following vote the District Board approved the consent agenda except for item E.

RESULT:	**Approved**
MOVER:	Mayor Ralph Rubio
SECONDER:	Second Vice Chair Pat Lintell
AYES:	Ralph Rubio, David Pendergrass, Pat Lintell
NOES:	
ABSENT:	

A. APPROVAL OF MINUTES FROM THE OCTOBER 11, 2016 REGULAR MEETING.

Action: Approved

B. APPROVAL OF EXPENDITURES FOR THE MONTH OF OCTOBER AND NOVEMBER 2016 FOR SEASIDE COUNTY SANITATION DISTRICT

Action: Approved

C. SEASIDE COUNTY SANITATION DISTRICT OPERATIONS REPORT FOR OCTOBER AND NOVEMBER 2016

Action: Received

D. PARTICIPATION IN THE PUBLIC EDUCATION PROGRAM WITH MONTEREY REGIONAL WATER POLLUTION CONTROL AGENCY

Action: Authorized

E. MEMORANDUM OF AGREEMENT WITH THE MONTEREY REGIONAL WATER POLLUTION CONTROL AGENCY FOR GREASE INSPECTION SERVICES

Pulled by Second Vice Chair Lintell who has a couple of questions for Legal Counsel. Once questions answered by Legal Counsel Avila motion was made by Second Vice Chair Lintell and seconded by First Vice Chair Pendergrass to approve item.

Action: Approved
Authorized

5. NEW BUSINESS

A. SEWER USER FEES RATE STUDY

Item was presented by District Engineer Rick Riedl who introduced Andrea representing David Taussig & Associates, Inc. There was a presentation in regards to the sewer rate study made to the Seaside County Sanitation District. The presentation consisted of: Purpose, Financial Analysis, Capital Improvement Program, Capital Improvement Program (per master plan), Sewer Rate Alternatives, Proposed Sewer Rates Per EDU, Cumulative Projects Funded, Alternative 2: Projects not Funded/Delayed, Comparison of Monthly Wastewater Collection Rates, Next Steps and a Questions/Answer section. After the presentation First Vice Chair Pendergrass said that bonds are the best way to go and that he preferred alternative one. Second Vice Chair Lintell asked that if the District would go with alternative two will that cause further deterioration of the system? Mr. Riedl said that the problem with delaying projects is that it increases our liability for health and safety concerns and they should be completed as quickly as possible. Second Vice Chair Lintell agree with alternative one being a better option. Chair Rubio asked if the health and safety are associated with the infrastructure/age of the system? Mr. Riedl responded that they should be done within the first three years. Chair Rubio agrees with alternative one and District directed staff to go that route.

6. STAFF REPORTS

None

7. BOARD MEMBERS COMMENTS

Chair Rubio wished everyone a Merry Christmas to enjoy the holidays with families and the tamales if you have any.

8. ADJOURNMENT

On motion, the meeting was adjourned at 9:56 a.m.

Respectfully Submitted,

______________________________	______________________________
Lesley E. Milton-Rerig, District Clerk	**Ralph Rubio, Chair**

SEASIDE COUNTY SANITATION DISTRICT
STAFF REPORT

Item No.: 4.B.

TO:	Seaside County Sanitation District
FROM:	Craig Malin, District Manager
BY:	Daphne Hodgson, Deputy City Manager Administrative Services
DATE:	January 10, 2017
SUBJECT:	**APPROVAL OF EXPENDITURES FOR THE MONTH OF DECEMBER 2016 FOR SEASIDE COUNTY SANITATION DISTRICT**

PURPOSE

Approval of expenditures for December 2016 for an expenditure amount of $57,567.74.

RECOMMENDATION

Approve expenditures for December 2016. Total expenditures were $57,567.74.

BACKGROUND

Expenditure reports attached. Cash balance as of December 31, 2016, $6,183,543.92.

FISCAL IMPACT

No fiscal impact.

ATTACHMENTS

1. YTD EXPENDITURES-EFT
2. YTD EXPENDITURES DECEMBER 2016

Reviewed for Submission By:

____

Craig Malin, District Manager

COUNTY OF MONTEREY - AUTHORIZATION of ELECTRONIC FUNDS TRANSFER

DEBIT : COUNTY OF MONTEREY
Account Number : Wells Fargo Bank
Account Name : Monterey County Treasurer

CREDIT : **CITY OF SEASIDE PUBLIC INTEREST CHECKING**

Pay to Bank : **RABOBANK**
1658 FREMONT BLVD., SEASIDE, CA 93955

Account No. 9782713643
Routing No. 122238420 Amount : $ **57,567.74**
Customer Name: CITY OF SEASIDE

AUTHORIZED SIGNATURES: 1 ______
2 ______
3 ______

AUDITOR : ENTER AMOUNT AUTHORIZED FOR TRANSFER AND SIGN FORM

TREASURER : PROCESS TRANSFER, ENTER DATE OF TRANSFER, SIGN FORM AND RETURN TO AUDITOR

AUDITOR		**TREASURER**	
Hilda Castro			
Deputy Auditor	Date	Deputy Treasurer	Date of Transfer

For Auditor-Controller Office use only

Period ______ JV Number ______
Budget Yr. ______ Date ______
Total $ 57,567.74

DESCRIPTION	AT	FD	BU	ORG	ACCT	REP CI	DEBIT	CREDIT
Special District Exp.		603			2530			
Cash		603			1001			

Daphne Hodgson, Deputy City Manager / Administrative Services (831) 899-6718; SCSD
Expenses for DECEMBER, 2016.

Prepared By: Hilda Castro Date:

Approved By:______ Date:______ Keyed By:______ Date:______

YTD (16-17) Expenses for DECEMBER 2016

Authorized for Payment by the Board of Directors

ACCOUNT NUMBER	DESCRIPTION	TOTAL CHARGES YTD	TOTAL BILLED YTD	TOTAL DUE
951-0-8810-0001	Admin. Salary	22,690.75	19,530.15	3,160.60
951-0-8810-0002	Overtime	340.04	340.04	-
951-0-8810-0006	Workers Compensation	568.00	476.00	92.00
951-0-8810-0010	Management Leave Payoff	212.22	212.22	-
951-0-8810-0012	Vacation	5,641.61	5,641.61	-
951-0-8810-0016	Deferred Compensation	215.06	149.02	66.04
951-0-8810-0017	PARS-ARS 457	49.92	49.92	-
951-0-8810-0030	PERS Pension Ob Bond	564.00	471.00	93.00
951-0-8810-0031	PERS Pension	3,004.74	2,783.04	221.70
951-0-8810-0032	PARS Pension	2,277.92	2,277.92	-
951-0-8810-0033	LIUNA Pension	45.73	45.73	-
951-0-8810-0041	Medical Insurance	2,276.96	2,276.96	-
951-0-8810-0044	Retiree Medical Insurance	1,722.15	1,722.15	-
951-0-8810-0051	Dental Ins	112.79	112.79	-
951-0-8810-0061	Vision Ins-CPIC	9.30	9.30	-
951-0-8810-0071	LTD	54.25	39.68	14.57
951-0-8810-0081	Life Insurance	54.89	40.05	14.84
951-0-8810-0092	Medicare Tax	409.16	364.17	44.99
951-0-8810-1022	Legal Services	1,216.52	1,216.52	-
951-0-8810-1029	Training and Education	(325.00)	(325.00)	-
951-0-8810-1030	Consultant	-	-	-
951-0-8810-1033	Fitness Program	71.45	60.20	11.25
951-0-8810-3095	Department Consumables	90.48	90.48	-
951-0-8810-4121	Meetings/Travel	260.00	260.00	-
951-0-8810-4122	Dues and Memberships	-	-	-
951-0-8810-5132	Telephone	925.20	771.90	153.30
951-0-8810-9196	Impact Fees	198,187.25	198,187.25	-
951-0-8810-9395	Vehicle Maintenance	27,854.00	23,213.00	4,641.00
951-0-8810-9398	Central Service Charge	95,841.00	79,869.00	15,972.00
951-0-8820-0001	Salaries	45,258.61	35,356.39	9,902.22
951-0-8820-0002	Overtime	5,388.71	4,685.21	703.50
951-0-8820-0006	Workers Compensation	6,934.00	5,780.00	1,154.00
951-0-8820-0016	Deferred Compensation	253.44	144.14	109.30
951-0-8820-0030	PERS Pension Ob Bond	547.00	457.00	90.00
951-0-8820-0031	PERS Pension	6,640.21	6,005.97	634.24
951-0-8820-0033	LIUNA Pension	418.53	418.53	-
951-0-8820-0041	Medical Insurance	4,059.19	4,059.19	-
951-0-8820-0051	Dental In	209.69	209.69	-
951-0-8820-0061	Vision Ins	31.44	31.44	-
951-0-8820-0071	LTD	79.95	55.85	24.10

951-0-8820-0081	Life Insurance	60.16	41.33	18.83
951-0-8820-0092	Medicare Tax	697.74	553.12	144.62
951-0-8820-2049	Uniform Service/ Laundry	839.93	839.93	-
951-0-8820-2068	Refuse Disposal	839.80	565.30	274.50
951-0-8820-2073	Subcontracted Work	9,407.99	341.85	9,066.14
951-0-8820-3095	Department Consumables	781.99	781.99	-
951-0-8820-3097	Safety Equipment	438.38	438.38	-
951-0-8820-4121	Meetings/Travel	1,200.00	900.00	300.00
951-0-8820-4122	Dues and Memberships	83.00	83.00	-
951-0-8820-5131	Gas & Electric	3,618.90	2,995.40	623.50
951-0-8820-5133	Water	8,060.97	8,060.97	-
952-0-8820-9605	Interest Expense	9,215.14	9,215.14	-
952-0-8820-9608	Lease Payments	25,366.14	25,366.14	-
953-0-8820-9207	Fremont BL Sewr Main Upgr	-	-	-
953-0-8820-9212	LAFCO Application	241.50	241.50	-
953-0-8820-9216	Sewer Master Plan	19,790.00	9,752.50	10,037.50
954-0-8810-2090	Insurance	123,023.00	123,023.00	-
			951-1009	**47,530.24**
			952-1009	**-**
			953-1009	**10,037.50**
			954-1009	**-**
DECEMBER 2016 DRAW DOWN				**57,567.74**

SEASIDE COUNTY SANITATION DISTRICT
STAFF REPORT

Item No.: 4.C.

TO: Seaside County Sanitation District

FROM: Craig Malin, District Manager

BY: Daphne Hodgson, Deputy City Manager Administrative Services

DATE: January 10, 2017

SUBJECT: **ACCEPT AND FILE CASH AND INVESTMENT REPORT FOR QUARTER ENDING SEPTEMBER 30, 2016.**

PURPOSE

Accept and file the Seaside County Sanitation District September 30, 2016 Cash and Investment Report.

RECOMMENDATION

Accept and file report.

BACKGROUND

Section 53646 of the California State Government Code requires the fiscal officer to prepare a quarterly report detailing the District's cash and investments.

FISCAL IMPACT

None

ATTACHMENTS

1. September 30, 2016 Report
2. Monterey County Treasurer-Tax Collector September 30, 2016 Report

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Reviewed for Submission By:

____
Craig Malin, District Manager

Attachment 1

Seaside County Sanitation District
SUMMARY OF POOLED CASH AND INVESTMENTS
AS OF SEPTEMBER 30, 2016

DESCRIPTION	INSTITUTION	VALUATION	AMOUNT
General Checking	Rabobank	Market	$ 921,273.65
Investments held by Monterey County	Various - detail	Market	$ 5,333,601.60
	in Attachment 2	**Total**	**$ 6,254,875.25**

I hereby certify that sufficient investment liquidity and anitcipated revenues are available to meet the District's aniticipated expenditure requirements for the next six months. (California Code Section 53646)

Investments in this report meet the requirements of the Seaside County Sanitation District's Investment Policy.

Respectfully submitted,

Craig Malin
District Manager

File ID 16-1209 No. 21

Monterey County
Board of Supervisors

168 West Alisal Street,
1st Floor
Salinas, CA 93901
831.755.5066

Board Order

Upon motion of Supervisor Salinas, seconded by Supervisor Phillips and carried by those members present, the Board of Supervisors hereby:

Received and accepted the Treasurer's Report of Investments for the Quarter Ending September 30, 2016.

PASSED AND ADOPTED on this 1st day of November 2016, by the following vote, to wit:

AYES: Supervisors Armenta, Phillips, Salinas, Parker and Potter
NOES: None
ABSENT: None

I, Gail T. Borkowski, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book 79 for the meeting on November 1, 2016.

Dated: November 7, 2016
File ID: 16-1209

Gail T. Borkowski, Clerk of the Board of Supervisors
County of Monterey, State of California

By Denise Hancock
Deputy

Monterey County

168 West Alisal Street,
1st Floor
Salinas, CA 93901
831.755.5066

Board Report

Legistar File Number: 16-1209

November 01, 2016

Introduced: 10/18/2016 **Current Status:** Consent Agenda

Version: 1 **Matter Type:** General Agenda Item

Receive and Accept the Treasurer's Report of Investments for the Quarter Ending September 30, 2016.

RECOMMENDATION:
It is recommended that the Board of Supervisors:
Receive and Accept the Treasurer's Report of Investments for the Quarter Ending September 30, 2016.

SUMMARY:
Government Code Section 53646 (b) (1) states the Treasurer may submit a quarterly report of investments. The attached exhibits provide a narrative portfolio review of economic and market conditions that support the investment activity during the July - September period, the investment portfolio position by investment type, a listing of historical Monterey County Treasury Pool yields versus benchmarks, and the investment portfolio by maturity range.

DISCUSSION:
During the July - September quarter, U.S. Treasury rates rose on the shorter end of the yield curve as market expectations for a rate hike this year inched up based on speeches by Fed officials and the Federal Open Market Committee (FOMC). Longer-maturity U.S. Treasury yields have fallen substantially this year over concerns about global growth and global demand given the negative yields abroad.

On September 30, 2016, the Monterey County investment portfolio contained an amortized book value of $1,118,029,849.61 spread among 82 separate securities and funds. The par value of those funds was $1,116,939,220.11, with a market value of $1,120,520,653.12 or 100.22% of amortized book value. The portfolio's net earned income yield for the period was 1.54%. The portfolio produced an estimated quarterly income of $ $4,530,360.12 which will be distributed proportionally to all agencies participating in the investment pool. The investment portfolio had a weighted average maturity of 491 days. The County Treasury outperformed all of the portfolio benchmarks due to a consistent investment strategy that uses short term debt to provide liquidity, while also taking advantage of higher rates in the 1 to 3 year investment range.

The investment portfolio was in compliance with all applicable provisions of state law, the adopted Investment Policy, and contained sufficient liquidity to meet all projected outflows over the next six months. Market value pricings were obtained through resources such as Bloomberg LLP, Union Bank of California and live-bid pricing of corporate securities.

OTHER AGENCY INVOLVEMENT:
A copy of this report will be distributed to all agencies participating in the County investment pool and the Treasury Oversight Committee. In addition, the report will be published on the County Treasurer's web site. A monthly report of investment transactions is provided to the Board of Supervisors as required by Government Code 53607.

FINANCING:
The investment portfolio contains sufficient liquidity to meet all projected expenditures over the next six months. We estimate that the investment earnings in the General Fund will be consistent with budgeted revenue.

Prepared by: Susanne King, Treasury Manager, x5490

Approved by: Mary A. Zeeb, Treasurer-Tax Collector, x5015

All attachments are on file with the Clerk of the Board:
Exhibit A - Investment Portfolio Review 09.30.16
Exhibit B - Portfolio Management Report 09.30.16
Exhibit C - Monterey County Historical Yields vs. Benchmarks
Exhibit D - Aging Report 10.01.16

cc:
County Administrative Office
County Counsel
Auditor-Controller - Internal Audit Section
All depositors
Treasury Oversight Committee

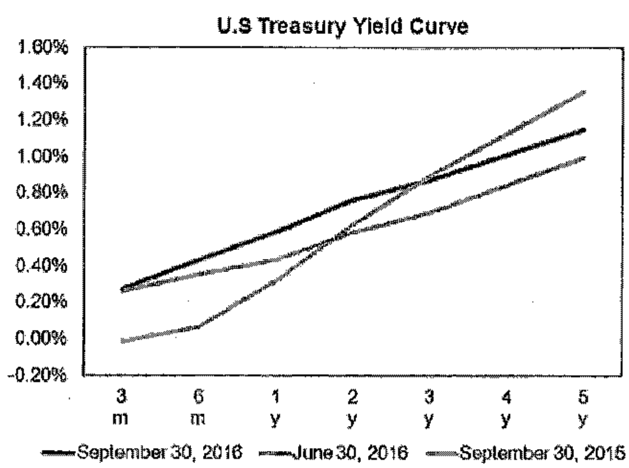
Exhibit A
Investment Portfolio Review
Quarter Ending September 30, 2016

OVERVIEW July 1, 2016 – September 30, 2016

During the July - September quarter yields on U.S. Treasuries increased modestly over the previous quarter, but still remain substantially lower than a year ago. The Federal Reserve's reluctance to raise rates this quarter put downward pressure on short and intermediate term yields, while the perception of a modest rise in labor costs and increase in commodity prices pressured long-term maturity yields upward. This movement heightened expectations for a possible hike in the Federal Rate for later this year. Inflation has continued to run below the Fed Committee's 2% objective, partly reflecting earlier declines in energy prices and decreasing prices of non-energy imports. In addition, the unemployment data shows that job gains have been solid on average.

U.S. TREASURY YIELD CURVE

- Longer-maturity U.S. Treasury yields have fallen substantially this year over concerns about global growth and global demand given negative yields abroad.
- On the shorter end of the curve, rates rose during the quarter, as market expectations for a rate hike this year inched up following speeches by Fed officials and the FOMC seeing a stronger case for increasing rates by year-end.



Yield Curve History

	9/30/15	6/30/16	9/30/16
3-Month	-0.02%	0.26%	0.28%
6-Month	0.07%	0.35%	0.43%
1-Year	0.31%	0.44%	0.59%
2-Year	0.63%	0.58%	0.76%
3-Year	0.90%	0.69%	0.88%
5-Year	1.36%	1.00%	1.15%
7-Year	1.74%	1.28%	1.42%
10-Year	2.04%	1.47%	1.60%
30-Year	2.85%	2.29%	2.32%

Source: Bloomberg

The County Treasury continues to outperform all of its portfolio benchmarks this quarter. Our investment strategy positions short term debt to provide liquidity and continues to take advantage of available higher yields on commercial paper, notes and negotiable CDs as well as maintaining federal agencies with attractive rates. The following indicators reflect key aspects of the County's investment portfolio in light of the above noted conditions:

1. Market Access – During the quarter, the majority of County investment purchases were in the area of Federal Agencies and highly rated corporate debt. The Treasurer continues to keep a high level of liquid assets reflecting the need to maintain levels of available cash to ensure the ability to meet all cash flow needs.

2. Diversification - The Monterey County Treasurer's portfolio consists of 82 separate fixed income investments, all of which are authorized by the State of California Government Code 53601.

   The portfolio asset spread is detailed in the table below:

Portfolio Asset Composition					
Corporate Notes	Negotiable CDs	Overnight Liquid Assets	US Treasuries	Federal Agencies	Commercial Paper
16%	9%	20%	10%	36%	11%

- Total may not equal 100% due to rounding

3. Credit Risk – Approximately 86% of the investment portfolio is comprised of U.S. Treasuries, Federal Agency securities, Negotiable CDs and other liquid funds. All assets have an investment grade rating. U.S. Treasuries are not specifically rated, but are considered the safest of all investments. All corporate debt (16%) is rated in the higher levels of investment grade and all federal agency securities have AA ratings, or are guaranteed by the U.S. Treasury. The credit quality of the County's portfolio continues to be high.

   The portfolio credit composition is detailed in the table below:

Portfolio Credit Composition										
AAA	AAAm	AA+	AA	AA-	A+	A	A-1+ (Short-Term)	A-1 (Short-Term)	Aaf/S1+ (CalTrust)	Not Rated (LAIF/MMF)
1%	6%	48%	2%	10%	1%	3%	2%	14%	10%	3%

4. Liquidity Risk – Liquidity risk, as measured by the ability of the County's Treasury to meet withdrawal demands on invested assets, was adequately managed during the July to September quarter. The portfolio's average weighted maturity was 491 days, and the County maintained $206M (18%) in overnight investments to provide immediate liquidity. In addition, the County maintained $191M (17%) in securities with maturities under a year to provide additional liquidity.

PORTFOLIO CHARACTERISTICS

	June 30, 2016	September 30, 2016
Total Assets	$1,299,086,359.71	$1,118,029,849.61
Market Value	$1,298,648,951.83	$1,120,520,653.12
Days to Maturity	491	491
Yield	1.03%	1.54%
Estimated Earnings	$3,429,732.19	$4,530,360.12

FUTURE STRATEGY

The Treasurer has 64% invested in the 1-3 year maturity range to take advantage of the higher yields offered in that part of the yield curve. We will continue to run the portfolio to manage safety and risk while maximizing the rate of return.

Exhibit B

Monterey County
Portfolio Management
Portfolio Details - Investments
September 30, 2016

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM	Maturity Date
Money Market Accts - GC 53601(k)(2)												
SYS11672	11672	BlackRock			0.00	0.00	0.00	0.337			0.337	
SYS11830	11830	Federated		07/01/2016	0.00	0.00	0.00	0.101	Aaa	AAA	0.101	
SYS11578	11578	Fidelity Investments			0.00	0.00	0.00	0.439	Aaa	AAA	0.439	
		Subtotal and Average	**12,147,162.22**		**0.00**	**0.00**	**0.00**				**0.000**	
State Pool - GC 16429.1												
SYS11361	11361	LAIF			30,000,000.00	30,000,000.00	30,000,000.00	0.546			0.546	
		Subtotal and Average	**46,304,347.83**		**30,000,000.00**	**30,000,000.00**	**30,000,000.00**				**0.546**	
CALTRUST/CAMP - GC 53601(p)												
SYS11801	11801	CalTrust			110,000,000.00	110,000,000.00	110,000,000.00	0.800	Aaa	AAA	0.800	
SYS10379	10379	Calif. Asset Mgmt			65,000,000.00	65,000,000.00	65,000,000.00	0.628		AAA	0.628	
SYS11961	11961	Calif. Asset Mgmt			465,959.07	465,959.07	465,959.07	0.634		AAA	0.634	
		Subtotal and Average	**166,101,828.64**		**175,465,959.07**	**175,465,959.07**	**175,465,959.07**				**0.736**	
SWEEP ACCOUNT-MORG STNLY												
SYS12041	12041	Morgan Stanley			428,261.04	428,261.04	428,261.04	0.289			0.289	
		Subtotal and Average	**1,571,171.82**		**428,261.04**	**428,261.04**	**428,261.04**				**0.289**	
Negotiable CDs - GC 53601 (i)												
13606AM70	12093	Canadian Imperial Bank NY		07/29/2016	20,000,000.00	20,014,000.00	20,000,000.00	1.100	P-1	A-1	1.100	02/23/2017
40428AR58	12047	HSBC Securites		11/18/2015	14,000,000.00	14,000,000.00	14,000,000.00	1.540	Aa2	AA-	1.540	11/17/2017
78009NZZ2	12072	Royal Bank of Canada		03/15/2016	18,000,000.00	18,000,000.00	18,000,000.00	1.700	Aa3	AA-	1.700	03/09/2018
83050FBG5	12046	Skandinaviska Enskilada Banken		11/17/2015	14,000,000.00	14,000,000.00	14,000,000.00	1.480	Aa3	A+	1.501	11/16/2017
86958DH54	12048	Svenska Handelsbanken NY		11/24/2015	14,000,000.00	14,007,000.00	14,000,000.00	1.275			1.160	08/24/2017
89113E5E2	12073	Toronto Dominion Bank		03/16/2016	18,000,000.00	18,000,000.00	18,000,000.00	1.720	Aa1	AA-	1.744	03/14/2018
		Subtotal and Average	**91,913,043.48**		**98,000,000.00**	**98,021,000.00**	**98,000,000.00**				**1.457**	
Medium Term Notes - GC 53601(k)												
0258M0DP1	12088	American Express Credit		06/27/2016	10,000,000.00	10,204,100.00	10,164,358.33	2.250	A2	A-	1.660	08/15/2019
037833BQ2	12066	Apple Inc Corp Notes		02/23/2016	6,000,000.00	6,067,980.00	5,999,186.08	1.700	Aa1	AA+	1.706	02/22/2019
084664BS9	12031	Berkshire Hathaway Finance		04/24/2015	10,000,000.00	10,034,100.00	10,053,989.74	1.600	Aa2	AA	0.724	05/15/2017
084670BX5	12098	Berkshire Hathaway Finance		08/15/2016	2,415,000.00	2,413,695.90	2,414,728.71	1.150	Aa2	AA	1.156	08/15/2018
166764AE0	12049	Chevron Corp. Global		11/25/2015	8,175,000.00	8,247,021.75	8,202,520.97	1.718	Aa1	AA	1.519	06/24/2018

Exhibit B

Monterey County
Portfolio Management
Portfolio Details - Investments
September 30, 2016

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM	Maturity Date
Medium Term Notes - GC 53601(k)												
17275RBG6	12104	Cisco Systems Inc Corp		09/20/2016	9,000,000.00	9,007,830.00	8,990,111.75	1.400	A1		1.438	09/20/2019
172967KS9	12085	Citibank		06/09/2016	3,840,000.00	3,869,222.40	3,838,210.66	2.050	Baa1	A-	2.068	06/07/2019
25468PDH6	12064	The Walt Disney Copr		01/08/2016	2,710,000.00	2,741,300.50	2,707,252.91	1.650	A2	A	1.696	01/08/2019
369604BC6	12010	General Electric		01/23/2015	10,000,000.00	10,482,000.00	10,474,699.90	5.250	Aa	AA	1.150	12/06/2017
38141GVT8	12074	Goldman Sachs		04/25/2016	1,415,000.00	1,424,423.90	1,411,634.50	2.000	A3	BBB+	2.096	04/25/2019
38141GVT8	12075	Goldman Sachs		04/26/2016	7,210,000.00	7,258,018.60	7,206,048.47	2.000	A3	BBB+	2.022	04/25/2019
02665WBA8	12068	American Honda Finance		02/23/2016	3,780,000.00	3,812,167.80	3,779,396.74	1.700	A1	A+	1.707	02/22/2019
02665WBE0	12091	American Honda Finance		07/12/2016	2,500,000.00	2,485,350.00	2,497,682.87	1.200	A1	A+	1.234	07/12/2019
459200JE2	12067	IBM Corp Notes		02/19/2016	20,000,000.00	20,288,000.00	19,993,358.56	1.800			1.812	05/17/2019
24422ETE9	12063	John Deere Captital Corp		01/08/2016	8,300,000.00	8,436,784.00	8,299,623.27	1.950	A2	A	1.952	01/08/2019
478160BF0	12000	Johnson & Johnson		12/23/2014	2,000,000.00	2,000,100.00	2,000,000.00	0.700	Aaa	AAA	0.700	11/28/2016
46625HQU7	12081	JP Morgan Chase		05/26/2016	10,000,000.00	10,056,300.00	10,014,469.98	1.850	A3	A	1.789	03/22/2019
594918BN3	12095	MICROSOFT CORP		08/08/2016	6,500,000.00	6,479,265.00	6,493,633.55	1.100	Aaa	AAA	1.135	08/08/2019
713448DE5	12070	Pepsico Inc Corp Note		02/24/2016	3,850,000.00	3,875,564.00	3,849,108.25	1.500	A1	A	1.510	02/22/2019
717081DU4	12083	PFIZER INC		06/03/2016	10,000,000.00	10,059,300.00	9,989,845.56	1.450	A1	AA	1.489	06/03/2019
89233P5S1	11839	Toyota Motor Corporation		02/29/2012	5,000,000.00	5,010,750.00	5,006,317.54	2.050	Aa	AA	1.580	01/12/2017
89236TCA1	12009	Toyota Motor Corporation		01/16/2015	10,000,000.00	10,037,500.00	10,021,250.56	1.450	Aa	AA	1.280	01/12/2018
89233P6S0	12018	Toyota Motor Corporation		03/30/2015	10,000,000.00	10,008,900.00	10,014,238.23	1.250	Aaa	AA	1.107	10/05/2017
94974BFG0	12021	Wells Fargo & Company		04/07/2015	10,000,000.00	10,012,700.00	10,042,543.54	1.500	Aaa	AA	1.164	01/16/2018
94974BFU9	12089	Wells Fargo & Company		06/27/2016	10,000,000.00	10,138,500.00	10,160,154.19	2.125	A2	A	1.483	04/22/2019
		Subtotal and Average	**177,454,709.88**		**182,695,000.00**	**184,450,873.85**	**183,624,364.86**				**1.485**	
Commercial Paper Disc.- GC 53601(h)												
06366GQH5	12086	Bank of Montreal Chicago		06/24/2016	20,000,000.00	19,891,800.00	19,905,160.67	1.022	P-1	A-1	1.044	03/17/2017
06538BKR3	12076	Bank of Tokyo-MITS		04/25/2016	20,000,000.00	19,992,400.00	19,988,133.33	0.890	P-1	A-1	0.909	10/25/2016
09659BLJ7	12079	BNP Paribas NY		05/24/2016	20,000,000.00	19,980,600.00	19,975,466.67	0.920	P-1	A-1	0.924	11/18/2016
22533TQ66	12102	Credit Agricole CIB NY		09/07/2016	20,000,000.00	19,899,000.00	19,894,266.67	1.220	P-1	A-1	1.227	03/06/2017
4497WONQ7	12092	ING		07/29/2016	20,000,000.00	19,931,638.86	19,931,638.86	1.070	P-1	A-1	1.076	01/24/2017
21687AMT7	12087	Rabobank Nederland		06/24/2016	20,000,000.00	19,959,000.00	19,958,433.33	0.860	P-1	A-1	0.878	12/27/2016
		Subtotal and Average	**111,837,396.55**		**120,000,000.00**	**119,654,438.86**	**119,653,099.53**				**1.010**	
Fed Agcy Coupon Sec - GC 53601(f)												
3133EEFE5	12008	Federal Farm Credit Bank		01/12/2015	10,000,000.00	10,043,400.00	10,017,877.27	1.125	Aaa	AA	0.975	12/18/2017
3133EEMA5	12011	Federal Farm Credit Bank		01/30/2015	10,000,000.00	10,136,700.00	10,006,208.25	1.500	Aaa	AA	1.480	12/30/2019
3133EELZ1	12012	Federal Farm Credit Bank		02/02/2015	10,000,000.00	10,021,400.00	10,016,182.59	1.000	Aaa	AA	0.890	03/29/2018

Exhibit B

Monterey County
Portfolio Management
Portfolio Details - Investments
September 30, 2016

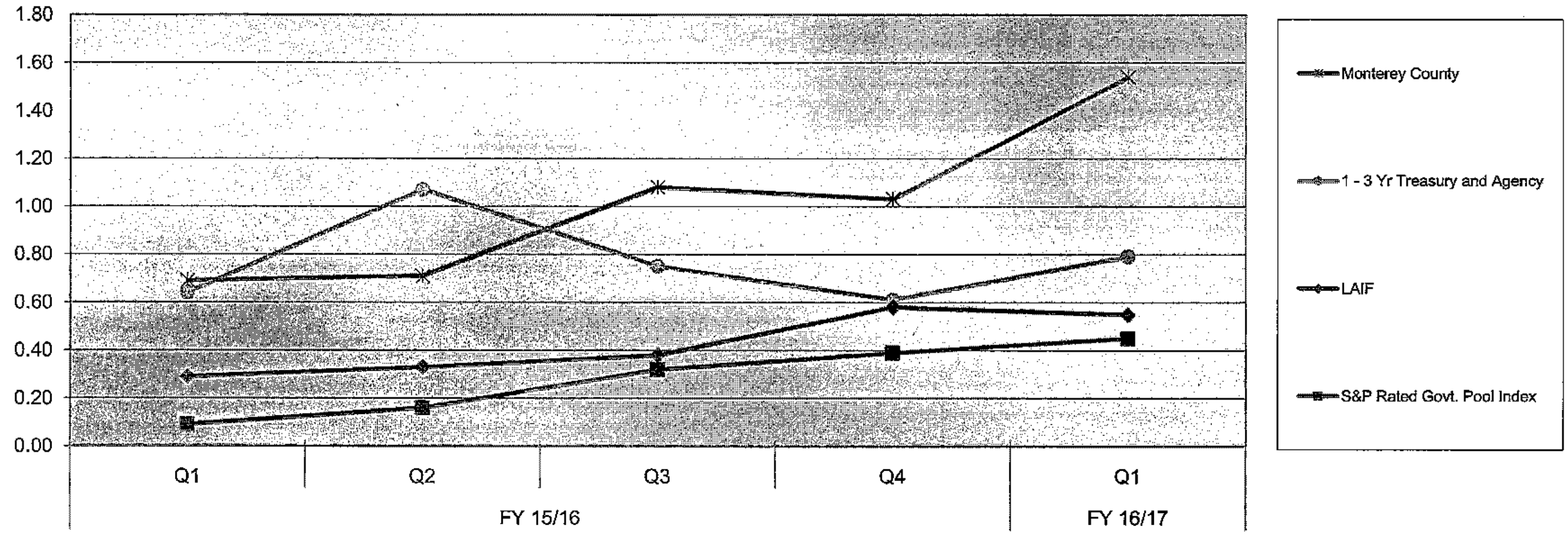
CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM	Maturity Date
Fed Agcy Coupon Sec - GC 53601(f)												
3133EETE0	12020	Federal Farm Credit Bank		04/01/2015	10,000,000.00	10,049,900.00	10,027,449.48	1.125	Aaa	AA	0.932	03/12/2018
313378A43	11925	Federal Home Loan Bank		05/02/2013	10,000,000.00	10,081,500.00	10,086,995.54	1.375	Aaa	AA	0.758	03/09/2018
313383A68	11928	Federal Home Loan Bank		06/13/2013	10,000,000.00	10,000,300.00	10,000,000.00	1.080	Aaa	AA	1.080	06/13/2018
313378QK0	11966	Federal Home Loan Bank		04/04/2014	10,000,000.00	10,220,800.00	10,013,198.75	1.875	Aaa	AA	1.818	03/08/2019
3130A4Q70	12032	Federal Home Loan Bank		04/23/2015	10,000,000.00	10,022,000.00	10,021,046.97	1.000	Aaa	AA+	0.811	11/17/2017
3130A8BD4	12082	Federal Home Loan Bank		05/27/2016	32,000,000.00	32,122,880.00	31,935,596.60	0.875	Aaa	AA+	0.992	06/29/2018
3130A8DB6	12084	Federal Home Loan Bank		06/03/2016	16,935,000.00	17,005,280.25	16,928,651.69	1.125	Aaa	AA+	1.139	06/21/2019
3130A8DB6	12090	Federal Home Loan Bank		07/12/2016	26,000,000.00	26,107,900.00	26,229,055.34	1.125	Aaa	AA+	0.797	06/21/2019
3130A8PK3	12097	Federal Home Loan Bank		08/15/2016	18,000,000.00	17,929,800.00	17,924,906.63	0.625	Aaa	AA+	0.853	08/07/2018
3130A8BD4	12099	Federal Home Loan Bank		08/15/2016	15,250,000.00	15,308,560.00	15,253,134.47	0.875	Aaa	AA+	0.863	06/29/2018
3130A9AE1	12101	Federal Home Loan Bank		08/29/2016	17,500,000.00	17,492,300.00	17,488,157.51	0.875	Aaa	AA+	0.909	10/01/2018
3134G3S50	11887	Federal Home Loan Mtg Corp		11/30/2012	10,000,000.00	10,002,400.00	10,000,534.79	0.625	Aaa	AA	0.560	11/01/2016
3134G42G2	11917	Federal Home Loan Mtg Corp		04/30/2013	10,000,000.00	10,000,100.00	10,000,000.00	1.050	Aaa	AA	1.050	04/30/2018
3134G43F3	11920	Federal Home Loan Mtg Corp		04/30/2013	10,000,000.00	10,000,800.00	10,000,000.00	1.020	Aaa	AA	1.020	04/30/2018
3134G43V8	11923	Federal Home Loan Mtg Corp		05/15/2013	10,000,000.00	10,000,800.00	9,999,675.56	1.050	Aaa	AA	1.052	05/15/2018
3137EADL0	11987	Federal Home Loan Mtg Corp		08/25/2014	10,000,000.00	10,031,200.00	9,990,146.97	1.000	Aaa	AA	1.101	09/29/2017
3137EADZ9	12100	Federal Home Loan Mtg Corp		08/29/2016	17,500,000.00	17,577,700.00	17,573,888.11	1.125	Aaa	AA+	0.956	04/15/2019
3137EAED7	12103	Federal Home Loan Mtg Corp		09/16/2016	10,150,000.00	10,145,331.00	10,145,723.26	0.875	Aaa	AA+	0.896	10/12/2018
3135G0XA6	11924	Federal National Mtg Assn		05/21/2013	10,000,000.00	10,000,900.00	10,000,000.00	1.030	Aaa	AA	1.030	05/21/2018
3135G0XK4	11927	Federal National Mtg Assn		05/30/2013	10,000,000.00	9,995,600.00	10,000,000.00	1.050	Aaa	AA	1.050	05/25/2018
3135G0WJ8	11929	Federal National Mtg Assn		05/28/2013	10,000,000.00	10,008,900.00	9,972,918.57	0.875	Aaa	AA	1.045	05/21/2018
3136FTS67	12013	Federal National Mtg Assn		02/03/2015	10,000,000.00	10,171,500.00	10,127,178.96	1.700	Aaa	AA	1.157	02/27/2019
3135G0YM9	12033	Federal National Mtg Assn		04/23/2015	10,000,000.00	10,204,000.00	10,156,769.31	1.875	Aaa	AA+	1.060	09/18/2018
3135G0RT2	12039	Federal National Mtg Assn		10/22/2015	10,000,000.00	10,014,900.00	10,018,677.25	0.875	Aaa	AA+	0.720	12/20/2017
3135G0TG8	12040	Federal National Mtg Assn		10/22/2015	10,000,000.00	10,013,400.00	10,016,685.35	0.875	Aaa	AA+	0.750	02/08/2018
3135G0J53	12069	Federal National Mtg Assn		02/23/2016	21,150,000.00	21,180,033.00	21,110,133.32	1.000	Aaa	AA+	1.080	02/26/2019
3135G0N33	12094	Federal National Mtg Assn		08/08/2016	18,675,000.00	18,602,354.25	18,633,634.53	0.875	Aaa	AA+	0.954	08/02/2019
3135G0J53	12096	Federal National Mtg Assn		08/09/2016	7,900,000.00	7,911,218.00	7,918,108.40	1.000	Aaa	AA+	0.903	02/26/2019
		Subtotal and Average	**372,997,727.85**		**401,060,000.00**	**402,403,856.50**	**401,612,535.47**				**0.980**	
US Treasury Note-GC 53601(b)												
912828A34	12042B	U.S. Treasury		11/10/2015	5,290,000.00	5,338,773.80	5,290,000.00	1.250	Aaa	AA	1.250	11/30/2018
912828A34	12044	U.S. Treasury		11/16/2015	17,000,000.00	17,156,740.00	17,015,123.87	1.250	Aaa	AA	1.208	11/30/2018
912828VE7	12045	U.S. Treasury		11/16/2015	17,000,000.00	17,067,150.00	16,981,737.21	1.000	Aaa	AA+	1.066	05/31/2018
912828A34	12052	U.S. Treasury		11/25/2015	10,000,000.00	10,092,200.00	10,001,681.71	1.250	Aaa	AA	1.242	11/30/2018

Exhibit B

Monterey County
Portfolio Management
Portfolio Details - Investments
September 30, 2016

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM	Maturity Date
US Treasury Note-GC 53601(b)												
912828WD8	12056	U.S. Treasury		12/22/2015	40,000,000.00	40,362,400.00	40,011,374.52	1.250	Aaa	AA+	1.236	10/31/2018
912828VE7	12062	U.S. Treasury		12/22/2015	20,000,000.00	20,079,000.00	19,945,712.33	1.000	Aaa	AA+	1.166	05/31/2018
		Subtotal and Average	**186,492,842.04**		**109,290,000.00**	**110,096,263.80**	**109,245,629.64**				**1.194**	
		Total and Average	**1,166,820,230.29**		**1,116,939,220.11**	**1,120,520,653.12**	**1,118,029,849.61**				**1.079**	

Exhibit C
Monterey County Historical Yields vs. Benchmarks

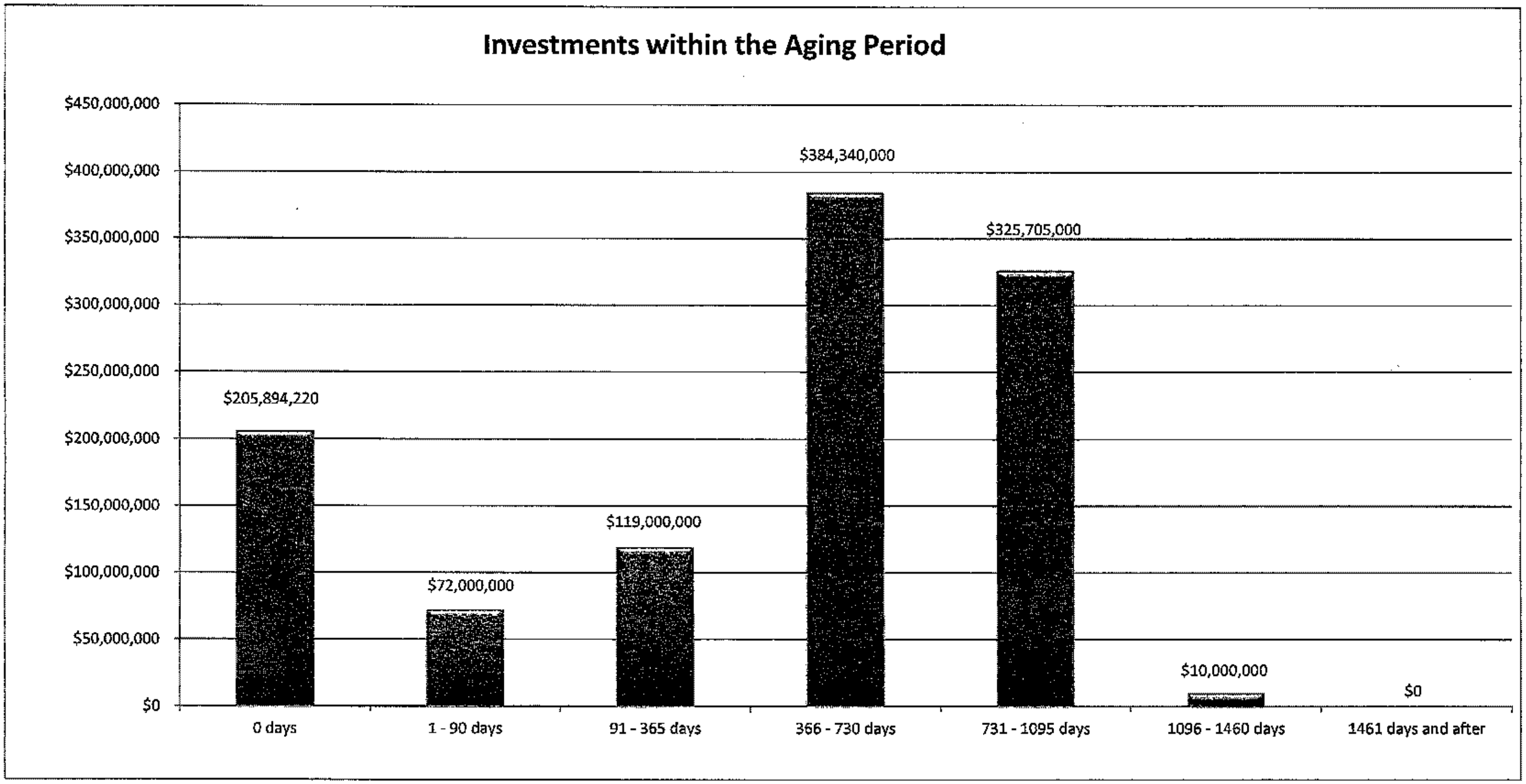


	FY 15/16				FY 16/17			
Quarterly Yield	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Monterey County	0.69	0.71	1.08	1.03	1.54			
1 - 3 Yr Treasury and Agency	0.64	1.07	0.75	0.61	0.79			
LAIF	0.29	0.33	0.38	0.58	0.55			
S&P Rated Govt. Pool Index	0.09	0.16	0.32	0.39	0.45			

The S&P Index yields are obtained from Bloomberg
The 1-3 Yr Treas and Agy yields are obtained from the B of A Merrill Lynch Global Bond Indices/Bloomberg

Exhibit D
Monterey County
Aging Report
By Maturity Date
As of October 1, 2016

				Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value
Aging Interval:	0 days	(10/01/2016 - 10/01/2016)	8 Maturities	205,894,220.11	18.43%	205,894,220.11	205,894,220.11
Aging Interval:	1 - 90 days	(10/02/2016 - 12/30/2016)	5 Maturities	72,000,000.00	6.45%	71,922,568.12	71,934,500.00
Aging Interval:	91 - 365 days	(12/31/2016 - 10/01/2017)	8 Maturities	119,000,000.00	10.65%	118,781,520.45	118,819,488.86
Aging Interval:	366 - 730 days	(10/02/2017 - 10/01/2018)	31 Maturities	384,340,000.00	34.41%	385,033,504.55	385,659,407.65
Aging Interval:	731 - 1095 days	(10/02/2018 - 10/01/2019)	29 Maturities	325,705,000.00	29.16%	326,391,828.13	328,076,336.50
	1096 - 1460 days	(10/02/2019 - 09/30/2020)	1 Maturities	10,000,000.00	0.90%	10,006,208.25	10,136,700.00
	1461 days and after	(10/01/2020 -)	0 Maturities	0.00	0.00%	0.00	0.00
		Total for	82 Investments	1,116,939,220.11	100.00	1,118,029,849.61	1,120,520,653.12



SEASIDE COUNTY SANITATION DISTRICT
STAFF REPORT

Item No.: 4.D.

TO:	Seaside County Sanitation District
FROM:	Craig Malin, District Manager
BY:	Rick Riedl, City Engineer Leslie Llantero, Assistant Engineer
DATE:	January 10, 2017
SUBJECT:	**SEASIDE COUNTY SANITATION DISTRICT OPERATIONS REPORT FOR DECEMBER 2016**

PURPOSE

Receive monthly report for sewer maintenance and stoppages for December 2016.

RECOMMENDATION

Accept report. This item is presented for information only.

BACKGROUND

Attached is the Seaside County Sanitation District Operations Report and Flush Map for December 2016.

FISCAL IMPACT

There is no fiscal impact associated with this item.

ATTACHMENTS

1. Monthly Sanitation Report - December 2016
2. December 2016 Flush Map

Reviewed for Submission By:

____
Craig Malin, District Manager

Seaside County Sanitation District
Operations Report

Fiscal Year 2016/2017 Month of December

	Del Rey Oaks (42,240)		Sand City (26,400)		Seaside (316,800)		District Totals (385,440 ft.)	
	Month	YTD	Month	YTD	Month	YTD	Month	YTD
Maintenance								
Mainline Rodded		0		0		0	0	0
Main Line Flushed		0		0	22,632	110,554	22,632	110,554
Main Line Video		0		0		0	0	0
Main Lines Treated for Grease Controll (Jet Power II)	339	1,387	190	950	7,516	20,529	8,045	22,866
Stoppages								
Main Line	2	3		0	2	4	4	7
Laterals		0		0	3	9	3	9

Sewer Repairs
None

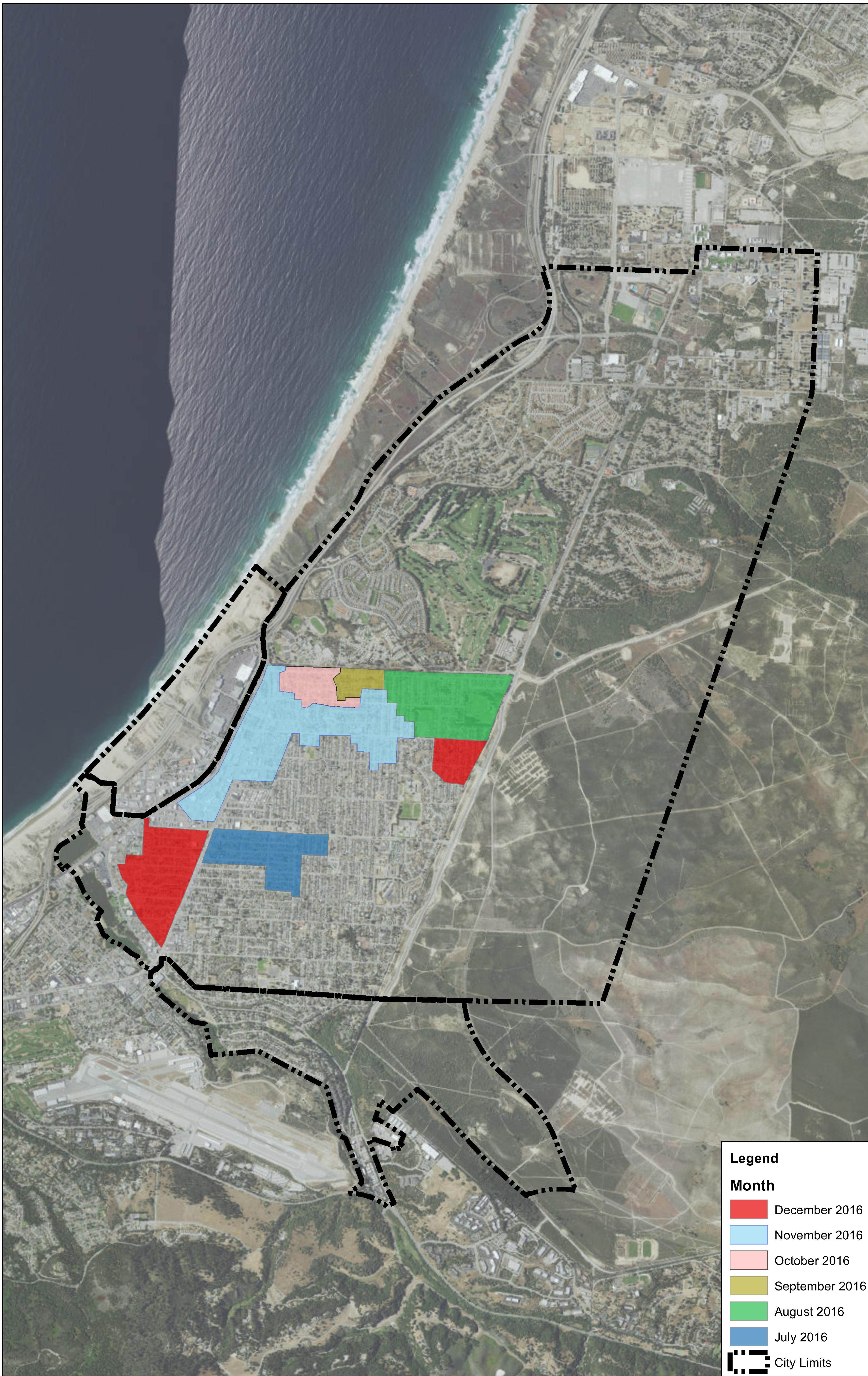
Sewers Video
None

Stoppage Locations

Del Rey Oaks
Saucito & Work Intersection (ML SSO-unkown)
Portola & Saucito (ML-roots & grease)

Sand City

Seaside
1261 Kimball Ave (ML SSO-towels)
1553 Kimball Ave (ML SSO-grease)
1536 Noche Buena St (L)
1289 Trinity Ave (L)
1364 Skyview (L)



0 1,250 2,500 Feet

Source: SCSD, AMBAG

SEASIDE COUNTY SANITATION DISTRICT

Flush Map

Exhibit

SEASIDE COUNTY SANITATION DISTRICT
STAFF REPORT

Item No.: 5.A.

TO:	Seaside County Sanitation District
FROM:	Craig Malin, District Manager
BY:	Rick Riedl, City Engineer
DATE:	January 10, 2017
SUBJECT:	**SEWER RATE STUDY AND PROPOSED ADJUSTMENTS TO SEWER USERS FEES**

PURPOSE

The purpose of this item is to have the District Board review and finalize the Sewer Rate Study and consider the proposed adjustments to the sewer users fees for implementation.

RECOMMENDATION

It is recommended that the District Board direct staff to finalize the rate study in accordance with the user fees outline in the attached table and direct staff to implement the required notification of ratepayers to affect the rate change.

BACKGROUND

Seaside County Sanitation District ("District") is a special district responsible for the maintenance and operation of the sanitary sewer collection system serving the cities of Del Rey Oaks, Seaside and Sand City. In February of 2016 District authorized David Taussig & Associates, Inc ("DTA") to provide a sewer rate study. The rate study serves as an update to a previous rate study provided by DTA to the District that was adopted by the District's Board in 2011.

This rate study is intended to provide a recommended five year rate program. In accordance with the California Constitution, this study is based upon the cost of providing services for a 15-year horizon. The 15-year horizon was selected in order to demonstrate the District's ability to fund key capital improvements identified in the District's Capital Improvement Program ("CIP.").

The recommended rate program in this study demonstrates that projected revenues can match the revenue requirements of the District over the 15 year study period. The method used in this analysis is an annual cash flow analysis, or "Cash-Needs" approach and borrowing, which match revenues to revenue requirements to fund ongoing operations and maintenance (O&M) and debt service requirements for the District's Capital improvement Program and Capital Outlay Program.

Revenue

The District currently has over 40 customer classes each of which is charged a sewer rate based upon the anticipated sewer flows. For the purposes of this study, an equivalent development unit ("EDU") method is used to summarize the total annual sewer flows from each customer class. An EDU for a customer class is the ratio of estimated sewer generation of each customer class as compared to the estimated sewer generation of a residential unit. The total of all EDUs within the District is then multiplied by the sewer rate per EDU to estimate the total annual revenue from sewer rates.

Property taxes are another source of revenue to the District. For the District, interest income from financial assets and income bearing real property are insignificant.

The recommended rate program in this study incorporates the District's current policies related to allocation and use of funds;

1. Resolution 215, Capital Outlay Fund - requires 5% of annual operational fund to be earmarked for purchase or replacement of equipment
2. Resolution 216, Capital Improvement Fund - requires 10% of annual operating fund to be earmarked for Capital Improvements
3. Resolution –17, Insurance Reserve Fund - requires that a fund balance of $15,000 be maintained through contributions from the operating fund, for resolution of potential claims.

Revenue Requirements

In order for the District to provide sewer collection services to its customers, all costs related to delivering such service must be funded by the various sources of revenue mentioned above. The cost components that place requirements on revenue sources include Operations and Maintenance, maintenance of reserve balances, capital outlay, capital improvements and debt service and insurance. These components must all be funded from annual revenues.

For the purposes of this study District staff provided a summary of components of the District's annual O&M budget for the beginning year, which includes labor, materials, energy costs, and ongoing program costs. Costs for subsequent years are adjusted for inflation.

It is anticipated that the District will maintain a $200,000 rate stabilization reserve fund, a $15,000 insurance reserve fund and a $500,000 operating fund reserve. These balances will be maintained through contributions from operating revenue, if needed.

District staff and staff from the Wallace Group (an engineering sub-consultant to DTA) provided the Capital Improvement Program for this study that provides project programing including time line and costs associated with capital improvements and capital outlay which will be funded through operating revenues and debt. Future capital costs are escalated by 3% per annum based upon the average increase in the historic Engineering News Record (ENR) construction cost index for San Francisco.

Financial Model

In order to analyze the above data and recommend a viable and reasonable rate and debt structure, a spread sheet analysis is used to model existing and projected revenues and revenue requirements ("Model"). Study Year 0 (2015-2016) contains actual cost data and was chosen as the base year from which projections of revenues and costs are computed. Projected revenues and costs are used to estimate annual net operating revenue before debt service. Where debt is used to help fund capital improvements, the net operating revenue is calculated after deducting debt service. The net revenue, calculated by deducting both debt service and O&M costs, is then contributed to the CIP fund. The annual CIP fund balance is calculated by subtracting from the beginning fund balance for each year the use of funds from the CIP timeline, and the fund balance is increased each year by contributions from the operating fund, interest on balances and debt (bond) issuance.

For purposes of this analysis, it is assumed that the District will issue sewer revenue bonds to fund improvements. Based on a review of actual recent sewer revenue bond issues, the study assumes that:

1. 5.00% interest rate and 30-year bond term applies to each bond issuance.
2. The Reserve Fund Requirement is equal to the maximum annual debt service, which is approximately 6.5% of the total bond issue.
3. The cost of issuance is 5.00% of the total bond issuance since the bond issue amounts are relatively small. As the bond amount increases, the percentage of the total bond attributable to costs of issuance typically goes down.
4. A minimum annual debt service coverage ratio of 125% is maintained, which is based on the net operating

The study assumes the following factors remain fixed throughout the 15-year model horizon: O&M inflation; property tax increase rate; CIP inflation; fund balance interest rate; bond coupon rate; bond term; bond reserve requirement; bond cost of issuance.

A rate model was generated in order to evaluate the use cash only from rates (pay-as-you-go) to fund all required costs. In order to implement the CIP in a timely manner, the rates would escalate more than 22% in early years and then decrease in later years. Considering that current ratepayers would be unfairly burdened with a rate increase for capital improvements that would last for many years into the future, the pay-as-you-go rate model was determined unacceptable. Therefore rate models considering the use of debt financing were created. Two alternative rate models were presented to the Board on December 13, 2016. The Board evaluated the alternatives and recommended the alternative rate model that funded all of the CIP projects using rate increases and debt financing. An annual rate increase of 5% and three bond issuances of approximately $4.6 Million each (or $13.8 Million total) in fiscal years ending 2019, 2022 and 2025 is sufficient to fund the projects identified in the CIP project timeline. This alternative uses the maximum total bond indebtedness as determined by the capacity of the rate revenue to meet debt service requirements.

STAFF ANALYSIS

The attached table labeled "Proposed SCSD Sewer Rates" shows the proposed rates for the 5-year horizon for all ratepayer classifications. The ratepayer classifications are established by the Monterey Regional Water Pollution Control Agency (MRWPCA), the entity that performs the billing of ratepayers for the District. The current user fee collected by the District for a single family residence (aka sewer rate) is $12.94 per month. The proposed rate would increase to $13.59 per month, or 5% increase, for a single family residence. The rate would increase five percent per year to $16.52 in five years. Sewer user fees for other rate payer classifications are based upon the anticipated sewage flow from each customer class. Apartment dwellings are expected to generate similar sewer flows for each dwelling unit as a single family residence and therefore would pay similar sewer user fees as a single family residence for each dwelling unit.

It is recommended that the District direct staff to finalize the rate study in accordance with the user fees outline in the attached table and direct staff to implement the required notification of ratepayers to affect the rate change.

Next Steps
Upon direction from the Board, staff will finalize the rate study and implement the following steps.

1. Noticing: Staff will mail a notice of the proposed rate increase to all affected property owners and/or ratepayers. The notice will specify the basis of the fee, the reason for the fee, and the date, time and location of a public rate hearing at which the proposed rate would be considered.
2. Public Hearing: The District must hold a public hearing prior to adopting the proposed rate increase. The public hearing must be held not less than 45 days after the required notices are mailed.
3. Majority Protest: At the public hearing, the proposed rate increase is subject to majority protest. If more than 50% of the affected property owners or ratepayers submit written protests

CEQA Requirements

In accordance with Title 14, California Code of Regulations, Chapter 3, Article 18 (Statutory Exemptions), this study is considered a planning study and therefore adoption of this document is exempt from the requirements to prepare environmental studies.

FISCAL IMPACT

There is no fiscal impact associated with this item.

ATTACHMENTS

1. Sewer Rate Study
2. Proposed Sewer Rates

Reviewed for Submission By:

____
Craig Malin, District Manager

DAVID
TAUSSIG
& ASSOCIATES, INC.

SEASIDE COUNTY SANITATION DISTRICT

SEWER RATE STUDY

January 4, 2017

Prepared for
Seaside County
Sanitation District
City of Seaside
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Public Finance
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Urban Economics

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TABLE OF CONTENTS

SECTION **PAGE**

I. INTRODUCTION

Seaside County Sanitation District ("SCSD" or the "District") is a special district responsible for the maintenance and operation of the sanitary sewer collection system serving the Cities of Del Rey Oaks, Sand City and Seaside, California. SCSD is located in Monterey County just north of the Monterey Peninsula and approximately 100 miles south of San Francisco. SCSD was formed on March 1, 1950. The District's sanitary sewer collection system serves an area of approximately 2,400 acres with a population of about 37,000. The sewer system consists of approximately 73 miles of pipeline with 740 manholes, 560 rod holes, and 4 lift stations. The wastewater is ultimately pumped to the Monterey Regional Water Pollution Control Agency ("MRWPCA") regional wastewater treatment plant.

The District's sewer collection system is an enterprise fund whose predominant source of revenue is user rates. A portion of the local property tax revenue is also allocated to SCSD, which, along with revenue from rates fully funds the District's cost of service on an annual basis.

SCSD has engaged David Taussig & Associates, Inc. ("DTA") to review and update the District's current sewer rate structure. The current rate structure is based on a previous report by DTA dated May 3, 2011. This study is an update to the previous study by DTA and provides the background, legal justification and cost of service analysis to support the recommended rate structure that will fully fund the District's cost of service over the next five years. This rate study also extends the study period to 15 years in order to demonstrate the District's ability to fund the Capital Improvement Projects Program ("CIP") identified in the District's Sewer Master Plan, May, 2011.

The recommended rate structure accomplishes the following objectives:

- ❖ Generate revenues to fund annual operating costs, capital replacement costs, debt service and reserve requirements;
- ❖ Determine sewer rates that are equitable to all users;
- ❖ Create sewer rates that are Proposition 218 compliant; and
- ❖ Determine the timing and level of debt required to meet annual financial obligations.

The scope of services necessary to accomplish the objectives above is outlined below:

- ❖ Review current rate structure and recommend any changes to the rate structure;
- ❖ Document the legal justification for imposing the recommended rate structure;
- ❖ Define an Equivalent Dwelling Unit ("EDU") Methodology;
- ❖ Perform a Revenue Requirement and Cost of Service Analysis using rate modeling techniques. The model will provide a 15 year horizon, however the rate structure will cover the first five years of the model;
- ❖ Calculate sewer rates needed to fund all costs including bonding indebtedness; and
- ❖ Design a recommended rate structure for the various user classes and describe a path for implementation.

The Study period will extend from FY 2016-2017 (Study year 1) to FY 2029-2030 (Study year 14). While data for Study Year 1 is in progress at the time of the adoption of this Study, data for

Study Years 2-14 are projections based on assumed rates of increase. Study year 0 includes actual data for FY 2015-2016, which serves as a base year upon which future costs and revenues are projected. The sewer rate escalates each year commencing in Year 2.

This study and its recommendations demonstrate that projected revenues can match the revenue requirements of the District over the study period. The method used in this analysis is an annual cash flow analysis, or "Cash-Needs" approach, which matches revenues to revenue requirements over the study period. This study also integrates the cash and debt service requirements to fund the District's CIP and Capital Outlay programs.

II. LEGAL JUSTIFICATION

Ongoing fees for sewer service are commonly called rates. These sewer rates must be supported by a cost of service study showing the revenue requirement will be met through the collection of sewer rates. This study will also provide a method of reasonably apportioning the costs of service to the various customer classes. Sewer rates for ongoing sewer service have a direct relationship to land ownership, hence are considered property-related fees subject to the limitations of Article XIII D, Section 6 of the California Constitution ("Proposition 218").

Proposition 218 was adopted in 1996, adding Article XIII C and D to the California Constitution dealing with the initiative process and procedures involving real property-related fees and charges. While some real property-related fees and charges require voter approval, it is clear that sewer rates are exempt from such requirement. However, sewer agencies that provide sewer services to landowners are still subject to certain limitations of Proposition 218, specifically Article XIII D, Section 6, including but not limited to:

1. Revenues derived from the fee or charge shall not exceed the funds required to provide the property-related service;
2. Revenues derived from the fee or charge shall not be used for any purpose other than that for which the fee or charge was imposed;
3. The amount of fee or charge imposed on any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to that parcel;
4. No fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question; and
5. The fee or charge is subject to a majority protest and individual notices regarding such fee or charge must be mailed to all affected utility customers/property owners.

The rate structure recommended in this study will meet all of the limitations of Proposition 218 in both revenue requirements and proportionality. In addition, the procedure for adopting the recommended rates shall meet the requirements for written notification, public hearing and written protest spelled out in Article XIII D, Section 6.

III. CURRENT RATE STRUCTURE

SCSD currently funds the majority of its operational and capital improvement costs through sewer rate revenue. SCSD's current sewer rates are charged as a rate add-on to the rates charged by MRWPCA and are included as a separate line item on MRWPCA's bi-monthly bills. The current SCSD sewer rate is equal to $12.94 per EDU and is added on to the current MRWPCA rate of $14.85 per EDU.

MRWPCA's cost of service includes operations, maintenance and capital improvement costs required to provide sewage transmission, treatment and disposal to its customers. MRWPCA's rates are based on three cost factors: i) contributing sewage flow, measured in gallons per day; ii) sewage strength measured in milligrams per liter ("mg/l") of biochemical oxygen demand; and iii) suspended solids, measured in parts per million ("ppm"). This makes sense for MRWPCA because they are a sewer treatment agency and their costs are related to these three factors. However, since SCSD is a sewer "collection" agency, it was determined that in order to meet the benefit requirements of Proposition 218, the sewer rate should be based solely on sewage flow.

IV. REVENUE REQUIREMENTS AND COST OF SERVICE

The District's sewer collection service enterprise is self-sufficient; operating as a special district its revenues and expenditures stand alone from other local government activities. Currently, the enterprise maintains an operations fund and capital replacement fund, out of which it pays for the annual costs of service.

Under District policy, the use of sewer enterprise funds is restricted to what is necessary to fund the annual costs of service. In addition, the annual revenue requirement must meet the requirements of Article XIII D, Section 6 of the California Constitution ("Proposition 218"), which include:

1. Revenues derived from the fee or charge shall not exceed the funds required to provide the property-related service;
2. Revenues derived from the fee or charge shall not be used for any purpose other than that for which the fee or charge was imposed.

Expected costs of service include (i) operating and maintenance of the sewer collection system, (ii) capital replacement, (iii) reserve requirements, and (iv) sewer revenue bond debt service.

The District's current rate policy incorporates the direction of three Board Resolutions currently in force. It is anticipated that these resolutions will be replaced by a comprehensive resolution that incorporates the recommendations of this Study. The three resolutions are described below:

1. Resolution SD-215 Capital Outlay Fund - requires 5% of annual operational fund to be allocated for purchase or replacement of equipment.
2. Resolution SD -216 Capital Improvement Fund - requires 10% of annual operating fund to be allocated for Capital Improvements.
3. Resolution 17 - Amends Resolution SD - 217 Insurance Reserve Fund. Resolution SD-217 requires that a fund balance of $105,000 be maintained through contributions from the operating fund, for resolution of potential claims. Resolution 17 amends the fund balance amount from $105,000 to $15,000.

The sewer revenue requirement analysis determines the level of revenues necessary to cover the cost of providing sewer collection services to its customers. Because Proposition 218 restricts the total revenue requirement to only that which is necessary to fund the cost of service, annual budgets need to be developed to identify and quantify operation and maintenance costs, to include a capital improvement and capital replacement program and to fund reserve programs such as rate stabilization, operating contingencies and capital replacement. DTA developed a Financial Model (see Exhibit B) that forecasts revenues, operational and maintenance costs, reserve balances and bond issuance over a 15 year period. The net revenue (revenue less operational expenses) is intended to fund the debt service, the reserve programs and the capital replacement program. A 15 year projected time period (FY 2015-16 through 2029–30) was chosen in order to match the timing of operational expenses and capital replacement projects as described in further detail below. To the extent that capital replacement costs are not met by annual rate revenues, a portion of the capital replacement costs are expected to be financed through sewer revenue bonds sold by SCSD whose annual debt service requirement is met through the District's rate revenue.

The District's principal sources of revenue to recover these costs include the sewer rates, the District's share of property taxes, and use of money and property charges. The new sewer rates are calculated to fund all costs on a pay-as-you-go basis, with the exception of capital replacement, which shall use bonded indebtedness when annual rate revenue is insufficient to cover the cost of such improvements. The bond terms will not exceed the useful life of the improvements financed.

For purposes of the Financial Model, we have assumed that the annual ad valorem property tax revenue will increase from the fiscal year 2015-2016 level of $390,000 to $400,000 in fiscal year 2016-2017. It is assumed that the annual ad valorem revenue will increase by 2% per annum every year thereafter throughout the study period. Revenue from use of money and property is based on the District's budget performance and current investment return rates. For the purposes of this model it is assumed that the low or no risk interest rate on operating balances is minor, and any returns on investment are negligible. Also, capacity fee calculations and fair share allocations to new development are not a part of this study.

A description of the operating and maintenance expenses, debt service, capital replacement costs and reserve requirements are discussed below:

Operating and Maintenance Expenses

As shown in the financial model in Exhibit B, the annual operating expenses are grouped into two categories: i) sewer operations and maintenance, and ii) capital outlay.

The operations and maintenance category includes direct labor costs and overhead, materials, and outside services directly related to operations and maintenance. The total actual costs for study year 0 (FY 2015-2016) of $1,166,000 was provided by the District. The total costs for study years 1 and 2 were projected by the District to be $1,195,000 and $1,326,000 respectively. For purposes of the Financial Model, we have assumed that the sewer operating expenses will increase each year thereafter by 3%. Operating expenses do not include the Fats, Oils and Grease ("FOG") program costs as shown in Table 9-5 of the Master Plan, which are expected to be funded through a separate fee on food service establishments.

The capital outlay component of the Operations and Management category includes costs associated with the replacement of equipment related to, and funded by Resolution SD-215 described in Section IV above. This component finances replacement and upgrades of equipment related to the maintenance operations of the District.

Capital Replacement Program

The District intends to use sewer rates to fund twenty-one projects identified in the Sewer Master Plan. The total amount to be funded through the sewer rates is approximately $21,800,000 (un-escalated). For purposes of the Financial Model, capital costs are assumed to increase by 3% each year to the year constructed.

A table of the capital improvement projects, costs and timing is found in Exhibit C, "C.I.P. Timeline". In addition, the sewer rate model shown as Exhibit B shows that the contribution to capital improvements from rate revenues meets or exceeds the requirements of Resolution SD-216 where at least 10% of annual revenue must be allocated to capital improvements.

Capital Outlay

Revenue for rates must also fund various projects and programs that are not associated with the replacement of capital assets. These projects include video inspection, maintenance trucks, studies, master plan updates, and other costs related to the overall management of the District not considered to be routine O&M related costs. Resolution SD-215 requires that 5% of revenues be set aside for such costs. The Sewer Rate Model shown in Exhibit B demonstrates that the 5% requirement is met on an average annual basis over the fifteen year study period.

Rate Stabilization Fund and Operating Contingency Fund

It is recommended that the District establish a Rate Stabilization Reserve fund in order to provide a funding source from which the District can draw during years of revenue shortfall resulting from higher than expected operations and maintenance costs or lower than expected revenues. In like manner, the District maintains an Operating Contingency Fund balance to cover any unforeseen expenses or liabilities not identified in this study.

For purposes of the Financial Model, contributions from net operating revenue to the rate stabilization fund are assumed to maintain $200,000 on an annual basis. In like manner, the District will maintain a balance of $500,000 in the Operating Contingency Fund. Both funds will start with the corresponding balances in the initial year. The Financial Model assumes that these balances will be maintained throughout the study period and no contributions will be needed through the 15 year study

Debt Service

To the extent that operating revenue cannot meet annual capital replacement requirements in a given year after all other fiscal obligations have been met, it is assumed that sewer revenue bonds will be issued. For the purposes of this Study the following assumptions are incorporated into the rate model found in Exhibit B, "Sewer Rate Model":

Debt service coverage ratio = 125%	Bond Cost of Issuance and Reserve Fund = 11.5%
Bond Term =30 years	Bond Coupon Rate = 5%

Bonds will be issued as necessary to ensure that adequate proceeds are available to fund the capital replacement program requirements of the District in any given year. In addition, the bond issuance amounts will be sufficient to provide an ending Capital Replacement Fund balance in fiscal year 2029-2030 of approximately $500,000. This is necessary to insure that there will be a reasonable level of funds in the account to carry forward into years beyond the study period, where model assumptions such as O&M cost inflation, construction cost indices and rate escalations become more speculative.

V. Cost Allocation

Annual operating revenues for the District consist of rate revenue, ad valorem property taxes, revenue from use of money and property, and estimated capacity fee revenues. The largest component of annual revenue is revenue from rates. The rate assigned to the various land uses is based on the relative contribution to total sewage flow from the corresponding land use into the collection system.

As described in Section I, the District provides sewer collection services and delivers sewage to MRWPCA for treatment. Therefore, the District's cost of service is related solely to quantity of flow. A cost allocation that is based on estimated sewage flow allocates costs equitably to users. Such a cost allocation would also meet a requirement of Proposition 218, which provides that: "The amount of fee or charge imposed on any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to that parcel."

The annual costs of services will be allocated by, and sewer rates will be based on, an Equivalent Dwelling Unit ("EDU") methodology, where sewer flow will serve as the unit of comparison. The estimated sewer flow for each land use is compared as a ratio of that value to the flow for a residential dwelling unit. This ratio is defined as the EDU factor. Average flow rates by land use were taken from the MRWPCA Codified Ordinance for Sewer Service User Fee Rates and Capacity Charges dated July 1, 2014. MRWPCA's flow rates are agency-wide averages and are not specific to the District; however, based on discussions with Wallace Group, DTA has used MRWPCA's average flow rates because they are a reasonable approximation of the District's flow rates.

The estimated flow rate for a residential dwelling unit (1.00 EDU), as provided by MRWPCA for the MRWPCA service area, is 189 gallons per day ("GPD"). The EDUs for each land use class represent the relative flow rate for such land use class, as compared to the flow rate for the residential dwelling unit. For example, a motel/hotel room with estimated flow of 82 GPD, as compared to a residential dwelling unit with 189 GPD, would be expressed as 0.43 EDUs (82 GPD divided by 189 GPD) as shown in Table 2 of Exhibit A. Consequently, the sewer rate charged per motel/hotel room would be 0.43 times the amount charged for a residential unit. Please note that certain customers considered "special users" which are not classified under MRWPCA's standard land use classes, are charged by MRWPCA annually based on actual water usage, which is considered a proxy for sewer flow rate.

Based on discussions with MRWPCA, MRWPCA reviews their parcel land uses once per year, but only updates the land use information for specific parcels if the District provides new information for said parcels.

The various land uses that are used in this analysis are consistent with the land use categories used by MRWPCA as shown in Tables 1, 2, and 3 of Exhibit A. MRWPCA provided data regarding existing customers along with the appropriate usage factors by various land use categories within the SCSD service area. These customer counts were then multiplied by their corresponding EDU factors, calculating an aggregate EDU count of 10,841, as shown in Table 2 of Exhibit A.

VI. Financial Model

Article XIII D of the California Constitution requires that revenue from rates match costs. DTA has developed a sewer financial model ("Rate Model") found in Appendix B, which demonstrates that annual revenues from rates and ad valorem property taxes match the Districts annual expenses, using constant annual rate increases and bond financing at strategic locations in time to match revenues to expenses.

An estimate of the annual revenue from rates is determined by multiplying the annual rate per EDU by the total EDU's in the given year. The initial rate is equal to the current rate for a single family unit (1 EDU) or $12.94 per EDU. The rate is then escalated every year thereafter by 5%. This escalation rate, in combination with bond financing, is necessary to meet annual operating expenses, capital replacement fund requirements and annual debt service. Based on the Rate Model, the net revenue before debt service (revenue less operational expenses) will fund the capital replacement program and maintain the various reserve levels over the fifteen year study period. The fifteen year time period was chosen to match the timing of needed capital replacement projects with the available cash flow and bonding capacity of the District.

Existing average sewage flow data and average flow by land use was provided by MRWPCA. Operation and maintenance expenses were provided by the District, as well as the timing and magnitude of capital replacement and capital outlay projects, and the level of existing fund balances.

The key Rate Model assumptions are as follows:

- The source of rate revenues consist only of users within the District.
- Beginning year operation and maintenance costs were provided by the District. In subsequent years the annual cost is escalated 3% each year.
- The magnitude and timing of annual Capital Outlay costs were provided by the District at current cost levels. The costs were then escalated at 3% per year. Capital Outlay costs will be paid out of rate revenue.
- The magnitude and timing of annual Capital Replacement costs were provided by the District at current cost levels. The costs were then escalated at 3% per year. Capital Replacement costs will be paid for from a combination of rate revenue and bond financing.
- Annual bond payments will be made from District revenue, including rate revenue and the contribution from ad valorem taxes.
- The Rate Stabilization Reserve Fund is capped at $200,000.
- The Operating Contingency Fund balance is capped at $500,000.
- Annual rate increases at 5% per year throughout the study period.
- Bond proceeds are based on coupon rate of 5% over 30 years, cost of issuance equal to 5% and bond reserve fund equal to 6.51% and maintaining a 125% debt service ratio.
- Bond amounts and timing requirements are as necessary to prevent any negative balances in the Capital Replacement Fund in any given year in the study period.

- Net growth in EDUs over the study period is negligible.

The key Rate Model objectives are as follows:

- Fully fund operation and maintenance, debt service and reserve balances from rate revenue and ad valorem contributions.
- Fully fund all 10 projects on the Capital Outlay list from rate revenue.
- Fully Fund all 21 projects on the Capital Replacement list from rate revenue and bonded indebtedness.
- Provide a Capital Replacement Fund balance of approximately $500,000 at the end of the study period available to carry forward into years beyond the study period.

Although there are many, if not infinite, combinations of pay-as-you-go and debt financing combinations that meet the objectives of the District's financial needs, the preferred alternative is one that assumes a modest increase in rates over the study period that is acceptable to the rate payer, while not exceeding the capacity of the District to repay debt, as defined by the bond holder's debt service ratio requirements and prudent financial management. The Rate Model demonstrates that revenues can match revenue requirements on an annual basis over the study period by:

1. Escalating rates at 5% per annum throughout the study period
2. Issuing $4,100,000 in sewer revenue bonds in FY 2018-2019
3. Issuing $4,100,000 in sewer revenue bonds in FY 2021-2022
4. Issuing $3,850,000 in sewer revenue bonds in FY 2024-2025

VII. PROPOSED RATE STRUCTURE

In order to meet revenue requirements as projected over the next five years, DTA recommends an annual increase in the sewer rate per EDU, as summarized in Table VII-1 below. The recommended rate structure by land use class for years one through five is shown in Exhibit A (Table 3) herein. Table IV-2 below details the annual percentage change in the monthly sewer rate per EDU for each fiscal year for the first five years.

TABLE VII-1
Monthly Sewer Rate Per EDU

	Current	**Effective July 1, 2017**	**Effective July 1, 2018**	**Effective July 1, 2019**	**Effective July 1, 2020**	**Effective July 1, 2021**
Rate per month per EDU	$12.94	$13.59	$14.27	$14.98	$15.73	$16.52

TABLE IV-2
Annual Change of Sewer Rate

	July 1, 2017	**July 1, 2018**	**July 1, 2019**	**July 1, 2020**	**July 1, 2021**
Annual Change in Rate	5%	5%	5%	5%	5%

VIII. Conclusion/ Next Steps

As shown in the Rate Model in Exhibit B, in order to meet the sewer collection system revenue requirements as projected over the next 15 years, the District must increase the sewer rate and sell revenue bonds within the study period. The District explored many different combinations of rate increases, bond issuance and timing of capital replacement projects. The recommendations included herein represent the direction provided by the District Board of Directors on December 13, 2016.

Once the District's Board of Directors approves this study, the District will need to take additional steps to implement the rate increases and authorize the issuance of bonds. Proposition 218 requires that certain noticing and hearing procedures be followed, as outlined below:

1. Noticing Requirement: The District must mail a notice of the proposed rate increase to all affected property owners or customers. The notice must specify the basis of the fee, the reason for the fee, and the date/time/location of a public rate hearing at which the proposed rate will be considered/adopted.

2. Public Hearing: The District must hold a public hearing prior to adopting the proposed rate increase. The public hearing must be held not less than 45 days after the required notices are mailed.

3. Majority Protest: At the public hearing, the proposed rate increase is subject to majority protest. If more than 50% of the affected property owners or tenant ratepayers submit written protests against the proposed rate increase, the increase cannot be adopted.

Please note that by approving this Study, the District's Board of Directors is not approving sewer revenue bonds at this time. The issuance of the sewer revenue bonds as proposed in the Study would require further analysis and Board approval in the future. The bonds would then be issued under the District's normal bond issuance process.

EXHIBIT A

TABLE 1
CURRENT SEWER RATES

Description	Category Code [1]	Units	Monthly SCSD Sewer Rate
Business/Govt	001-099 [2]	Location/Each Business	$9.99
Residential-Vacant	101	Each Living Unit	$0.00
Residential/Apartments	102	Each Living Unit	$12.94
Residential/Apartments	105	Each Living Unit	$12.94
Residential-Vacant	106	Each Living Unit	$0.00
Condo/Retirement	107	Each Living Unit	$12.94
Minimum/Vacancy	211	Location/Each Business	$0.00
Motel/Hotel	221	Each Room	$5.62
Bed & Breakfast Inn	222	Each Room	$3.70
Supermarkets	231	Location	$54.57
Medical Office	241	Each Licensed Physician	$13.35
Dental Office	242	Each Licensed Dentist	$18.41
Rest Home/Convalescent	243	Each Bed of Licensed Capacity	$3.70
General Hospital	244	Each Bed of Licensed Capacity	$21.91
Animal Hospital	245	Location/Each Licensed Business	$24.38
Restaurant 1 meal/day	261	Each Restaurant Seat	$0.48
Restaurant 2 meals/day	262	Each Restaurant Seat	$0.75
Restaurant 3 meals/day	263	Each Restaurant Seat	$1.44
Restaurant with Bar	264	Each Restaurant Seat	$1.44
Bar	265	Location/Each Business	$21.70
Nightclub	266	Location/Each Business	$65.04
Takeout Food - Small	267	1 Cash Register or Checkout Line	$24.24
Takeout Food - Medium	268	2 or 3 Cash Registers or Checkout Lines	$59.63
Takeout Food - Large	269	4 or More Cash Registers or Checkout Lines	$108.72
Bakery	270	Location/Each Business	$19.66
Theater	281	Per Screen @ Each Location	$32.25
Bowling Center	282	Location/Each Business	$98.11
Gym	283-289 [3]	Per 500 members	$9.99
Mortuary	290	Location/Each Business	$26.50
School (Minimum)	291	Location/Each Business	$9.99
School (Grades 0-6)	292	School Population	$0.14
School (7-College)	293	School Population	$0.27
Boarding School	294	School Population	$2.74
Instructional Facility	295	Location/Each Business	$9.99
Church	296-297 [4]	Per 100 members	$9.99
Photo / Laboratory / Printer	301-326 [2]	Per 10 employees	$9.99
Service Station/Garage	331-332	Location/Each Business	$9.59
Paint and Body Shops	341-346 [2]	Per 10 employees	$9.99
Commercial Laundry	352	Per 100 GPD of water usage	$6.85
Dry Cleaner	353	Location/Each Business	$33.07
Laundromat	354	Each Washing Machine	$8.70
Major Hotel	361	Per 100 GPD of water usage	$6.85
Car Wash	366	Per 100 GPD of water usage	$6.85
Special User	401	Per 100 GPD of water usage	$6.85
Rec Sports Facility	407	Per 100 GPD of water usage	$6.85
Ground Water	410	Per 100 GPD of water usage	$6.85

[1] Category established by Monterey Regional Water Pollution Control Agency.
[2] Sewer rate increases by $9.99 for every 10 employees.
[3] Sewer rate increases by $9.99 for every 500 members.
[4] Sewer rate increases by $9.99 for over 100 members.

TABLE 2
EDU FACTORS

Description	Category Code [1]	Units	Existing Units/Users [2] Del Rey Oaks	Seaside	Sand City	GPD Avg. Flow [2]	EDU Factor	Total EDUs
Business/Govt	001-099	Location/Each Business	33	349	159	146	0.77	418
Residential-Vacant	101	Each Living Unit	0	11	1	0	0.00	0
Residential/Apartments	102	Each Living Unit	546	5,257	56	189	1.00	5,859
Residential/Apartments	105	Each Living Unit	19	2,768	50	189	1.00	2,837
Residential-Vacant	106	Each Living Unit	0	3	0	0	0.00	0
Condo/Retirement	107	Each Living Unit	147	173	61	189	1.00	381
Minimum/Vacancy	211	Location/Each Business	1	64	20	0	0.00	0
Motel/Hotel	221	Each Room	0	478	0	82	0.43	207
Bed & Breakfast Inn	222	Each Room	0	0	0	54	0.29	0
Supermarkets	231	Location	1	6	2	797	4.22	38
Medical Office	241	Each Licensed Physician	1	17	1	195	1.03	20
Dental Office	242	Each Licensed Dentist	1	11	1	269	1.42	19
Rest Home/Convalescent	243	Each Bed of Licensed Capacity	0	108	0	54	0.29	31
General Hospital	244	Each Bed of Licensed Capacity	0	0	0	320	1.69	0
Animal Hospital	245	Location/Each Licensed Business	1	0	0	356	1.88	2
Restaurant 1 meal/day	261	Each Restaurant Seat	90	108	0	7	0.04	7
Restaurant 2 meals/day	262	Each Restaurant Seat	0	1,381	189	11	0.06	91
Restaurant 3 meals/day	263	Each Restaurant Seat	0	153	0	21	0.11	17
Restaurant with Bar	264	Each Restaurant Seat	174	763	0	21	0.11	104
Bar	265	Location/Each Business	1	6	0	317	1.68	12
Nightclub	266	Location/Each Business	0	0	0	950	5.03	0
Takeout Food - Small	267	1 Cash Register or Checkout Line	7	28	7	354	1.87	79
Takeout Food - Medium	268	2 or 3 Cash Registers or Checkout Lines	1	10	2	871	4.61	60
Takeout Food - Large	269	4 or More Cash Registers or Checkout Lines	1	2	2	1,588	8.40	42
Bakery	270	Location/Each Business	1	7	4	287	1.52	18
Theater	281	Per Screen @ Each Location	0	0	0	471	2.49	0
Bowling Center	282	Location/Each Business	0	0	0	1,433	7.58	0
Gym	283-289	Per 500 members	0	1	3	146	0.77	3
Mortuary	290	Location/Each Business	0	2	0	387	2.05	4
School (Minimum)	291	Location/Each Business	0	7	0	146	0.77	5
School (Grades 0-6)	292	School Population	0	1,497	0	2	0.01	16
School (7-College)	293	School Population	0	597	0	4	0.02	13
Boarding School	294	School Population	0	0	0	40	0.21	0
Instructional Facility	295	Location/Each Business	0	3	2	146	0.77	4
Church	296-297	Per 100 members	1	30	0	146	0.77	24
Photo / Laboratory / Printer	301-326	Per 10 employees	1	7	1	146	0.77	7
Service Station/Garage	331-332	Location/Each Business	2	45	12	140	0.74	44
Paint and Body Shops	341-346	Per 10 employees	2	13	6	146	0.77	16
Commercial Laundry	352 [3]	Per 100 GPD of water usage	0	0	1	100	0.53	NA
Dry Cleaner	353	Location/Each Business	0	2	0	483	2.56	5
Laundromat	354	Each Washing Machine	0	116	0	127	0.67	78
Major Hotel	361 [3]	Per 100 GPD of water usage	0	1	0	100	0.53	NA
Car Wash	366 [3]	Per 100 GPD of water usage	1	2	1	100	0.53	NA
Special User	401 [3]	Per 100 GPD of water usage	0	2	1	100	0.53	NA
Rec Sports Facility	407 [3]	Per 100 GPD of water usage	0	3	0	100	0.53	NA
Ground Water	410 [3]	Per 100 GPD of water usage	0	0	0	100	0.53	NA
Special User		Average Rate Shown [4]				71,918	380.52	381
							Total EDUs	**10,841**

[1] Category established by Monterey Regional Water Pollution Control Agency.
[2] Based on information provided by Monterey Regional Water Pollution Control Agency.
[3] The EDUs for this category are included in Special User Category.

TABLE 3
RECOMMENDED SEWER RATES FY 2017-2018 THROUGH FY 2021-2022

Description	Category Code [1]	Units	Sewer Rate per Month [2] FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22
Business/Govt	001-099 [3]	Location/Each Business	$10.50	$11.02	$11.57	$12.15	$12.76
Residential-Vacant	101	Each Living Unit	$0.00	$0.00	$0.00	$0.00	$0.00
Residential/Apartments	102	Each Living Unit	$13.59	$14.27	$14.98	$15.73	$16.52
Residential/Apartments	105	Each Living Unit	$13.59	$14.27	$14.98	$15.73	$16.52
Residential-Vacant	106	Each Living Unit	$0.00	$0.00	$0.00	$0.00	$0.00
Condo/Retirement	107	Each Living Unit	$13.59	$14.27	$14.98	$15.73	$16.52
Minimum/Vacancy	211	Location/Each Business	$0.00	$0.00	$0.00	$0.00	$0.00
Motel/Hotel	221	Each Room	$5.89	$6.19	$6.50	$6.82	$7.17
Bed & Breakfast Inn	222	Each Room	$3.88	$4.08	$4.28	$4.49	$4.72
Supermarkets	231	Location	$57.30	$60.16	$63.17	$66.33	$69.64
Medical Office	241	Each Licensed Physician	$14.02	$14.72	$15.46	$16.23	$17.04
Dental Office	242	Each Licensed Dentist	$19.34	$20.31	$21.32	$22.39	$23.51
Rest Home/Convalescent	243	Each Bed of Licensed Capacity	$3.88	$4.08	$4.28	$4.49	$4.72
General Hospital	244	Each Bed of Licensed Capacity	$23.00	$24.15	$25.36	$26.63	$27.96
Animal Hospital	245	Location/Each Licensed Business	$25.59	$26.87	$28.22	$29.63	$31.11
Restaurant 1 meal/day	261	Each Restaurant Seat	$0.50	$0.53	$0.55	$0.58	$0.61
Restaurant 2 meals/day	262	Each Restaurant Seat	$0.79	$0.83	$0.87	$0.92	$0.96
Restaurant 3 meals/day	263	Each Restaurant Seat	$1.51	$1.59	$1.66	$1.75	$1.84
Restaurant with Bar	264	Each Restaurant Seat	$1.51	$1.59	$1.66	$1.75	$1.84
Bar	265	Location/Each Business	$22.79	$23.93	$25.12	$26.38	$27.70
Nightclub	266	Location/Each Business	$68.29	$71.71	$75.29	$79.06	$83.01
Takeout Food - Small	267	1 Cash Register or Checkout Line	$25.45	$26.72	$28.06	$29.46	$30.93
Takeout Food - Medium	268	2 or 3 Cash Registers or Checkout Lines	$62.62	$65.75	$69.03	$72.48	$76.11
Takeout Food - Large	269	4 or More Cash Registers or Checkout Lines	$114.16	$119.87	$125.86	$132.15	$138.76
Bakery	270	Location/Each Business	$20.63	$21.66	$22.75	$23.88	$25.08
Theater	281	Per Screen @ Each Location	$33.86	$35.55	$37.33	$39.20	$41.16
Bowling Center	282	Location/Each Business	$103.02	$108.17	$113.58	$119.25	$125.22
Gym	283-289 [4]	Per 500 members	$10.50	$11.02	$11.57	$12.15	$12.76
Mortuary	290	Location/Each Business	$27.82	$29.21	$30.67	$32.21	$33.82
School (Minimum)	291	Location/Each Business	$10.50	$11.02	$11.57	$12.15	$12.76
School (Grades 0-6)	292	School Population	$0.14	$0.15	$0.16	$0.17	$0.17
School (7-College)	293	School Population	$0.29	$0.30	$0.32	$0.33	$0.35
Boarding School	294	School Population	$2.88	$3.02	$3.17	$3.33	$3.50
Instructional Facility	295	Location/Each Business	$10.50	$11.02	$11.57	$12.15	$12.76
Church	296-297 [5]	Per 100 members	$10.50	$11.02	$11.57	$12.15	$12.76
Photo / Laboratory / Printer	301-326 [3]	Per 10 employees	$10.50	$11.02	$11.57	$12.15	$12.76
Service Station/Garage	331-332	Location/Each Business	$10.06	$10.57	$11.10	$11.65	$12.23
Paint and Body Shops	341-346 [3]	Per 10 employees	$10.50	$11.02	$11.57	$12.15	$12.76
Commercial Laundry	352	Per 100 GPD of water usage	$7.19	$7.55	$7.93	$8.32	$8.74
Dry Cleaner	353	Location/Each Business	$34.72	$36.46	$38.28	$40.20	$42.21
Laundromat	354	Each Washing Machine	$9.13	$9.59	$10.07	$10.57	$11.10
Major Hotel	361	Per 100 GPD of water usage	$7.19	$7.55	$7.93	$8.32	$8.74
Car Wash	366	Per 100 GPD of water usage	$7.19	$7.55	$7.93	$8.32	$8.74
Special User	401	Per 100 GPD of water usage	$7.19	$7.55	$7.93	$8.32	$8.74
Rec Sports Facility	407	Per 100 GPD of water usage	$7.19	$7.55	$7.93	$8.32	$8.74
Ground Water	410	Per 100 GPD of water usage	$7.19	$7.55	$7.93	$8.32	$8.74
		Annual Percentage Increase	5.00%	5.00%	5.00%	5.00%	5.00%

[1] Category established by Monterey Regional Water Pollution Control Agency.
[2] If approved, sewer rates shown would be effective as of July 1 of each year.
[3] For FY 17-18, sewer rate increases by $10.50 for every 10 employees. Escalates by 5% thereafter.
[4] For FY 17-18, sewer rate increases by $10.50 for every 500 members. Escalates by 5% thereafter.
[5] For FY 17-18, sewer rate increases by $10.50 for over 100 members. Escalates by 5% thereafter.

EXHIBIT B

FINANCIAL MODEL

Fiscal Year	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030
Note			[6]												
Study Year Number	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14
$ Per EDU (Monthly)	$12.94	$12.94	$13.59	$14.27	$14.98	$15.73	$16.52	$17.34	$18.21	$19.12	$20.07	$21.08	$22.13	$23.24	$24.40
I. OPERATIONS															
OPERATING REVENUE															
SCSD Rate Revenue	$ 1,683,345	$ 1,683,345	$ 1,767,512	$ 1,855,887	$ 1,948,682	$ 2,046,116	$ 2,148,422	$ 2,255,843	$ 2,368,635	$ 2,487,067	$ 2,611,420	$ 2,741,991	$ 2,879,090	$ 3,023,045	$ 3,174,197
Property Taxes [1]	$ 390,000	$ 400,000	$ 408,000	$ 416,160	$ 424,483	$ 432,973	$ 441,632	$ 450,465	$ 459,474	$ 468,664	$ 478,037	$ 487,598	$ 497,350	$ 507,297	$ 517,443
Use of money and property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Estimated Capacity Fee Revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Revenue:	$ 2,073,345	$ 2,083,345	$ 2,175,512	$ 2,272,047	$ 2,373,165	$ 2,479,089	$ 2,590,054	$ 2,706,308	$ 2,828,109	$ 2,955,730	$ 3,089,457	$ 3,229,589	$ 3,376,440	$ 3,530,342	$ 3,691,640
OPERATIONAL EXPENSES:															
Sewer Operations and Maintenance [5]	$ 1,166,000	$ 1,195,000	$ 1,326,000	$ 1,365,780	$ 1,406,753	$ 1,448,956	$ 1,492,425	$ 1,537,197	$ 1,583,313	$ 1,630,813	$ 1,679,737	$ 1,730,129	$ 1,782,033	$ 1,835,494	$ 1,890,559
Capital Outlay [2]	$ 552,872	$ 691,716	$ 504,386	$ 88,591	$ 71,579	$ 93,986	$ 5,796	$ 27,463	$ 6,149	$ 29,136	$ 6,524	$ 30,910	$ 6,921	$ 32,793	$ 7,343
Total Operational Expenses:	$ 1,718,872	$ 1,886,716	$ 1,830,386	$ 1,454,371	$ 1,478,333	$ 1,542,942	$ 1,498,221	$ 1,564,661	$ 1,589,463	$ 1,659,948	$ 1,686,261	$ 1,761,039	$ 1,788,954	$ 1,868,287	$ 1,897,902
NET OPERATING REVENUE BEFORE DEBT SERVICE	$ 354,473	$ 196,629	$ 345,125	$ 817,677	$ 894,832	$ 936,147	$ 1,091,833	$ 1,141,647	$ 1,238,646	$ 1,295,782	$ 1,403,196	$ 1,468,549	$ 1,587,486	$ 1,662,055	$ 1,793,738
DEBT SERVICE:															
1st Bond Issue				$266,711	$266,711	$266,711	$266,711	$266,711	$266,711	$266,711	$266,711	$266,711	$266,711	$266,711	$266,711
2nd Bond Issue							$266,711	$266,711	$266,711	$266,711	$266,711	$266,711	$266,711	$266,711	$266,711
3rd Bond Issue										$250,448	$250,448	$250,448	$250,448	$250,448	$250,448
Total Debt Service	$ -	$ -	$ -	$ 266,711	$ 266,711	$ 266,711	$ 533,422	$ 533,422	$ 533,422	$ 783,870	$ 783,870	$ 783,870	$ 783,870	$ 783,870	$ 783,870
NET OPERATING REVENUE AFTER DEBT SERVICE	**$ 354,473**	**$ 196,629**	**$ 345,125**	**$ 550,966**	**$ 628,121**	**$ 669,436**	**$ 558,411**	**$ 608,225**	**$ 705,225**	**$ 511,912**	**$ 619,326**	**$ 684,679**	**$ 803,616**	**$ 878,185**	**$ 1,009,868**
Less:															
Contribution to Rate Stabilization Reserves			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contribution to Capital Replacement Reserves		$ 196,629	$ 345,125	$ 550,966	$ 628,121	$ 669,436	$ 558,411	$ 608,225	$ 705,225	$ 511,912	$ 619,326	$ 684,679	$ 803,616	$ 878,185	$ 1,009,868
BUDGET SURPLUS (DEFICIT)	**$ 354,473**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
II. FUND BALANCES															
Operating Contingency Fund Balances:		$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000
Rate Stabilization Reserve Fund Balances:															
Beginning of Fiscal Year		$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000
Budget Surplus (Deficit)		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contribution to Reserve Balance		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
End of Fiscal Year		$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000
Capital Replacement Fund Balance:															
Beginning Fund Balance [3] [7]		$5,586,000	$ 2,426,440	$ 1,376,362	$ 3,227,718	$ 1,521,216	$ 27,050	$ 1,699,867	$ 1,065,433	$ 39,311	$ 1,908,846	$ 949,481	$ 3,026	$ 377,544	$ 815,631
Contribution to Capital Replacement Reserves		$ 196,629	$ 345,125	$ 550,966	$ 628,121	$ 669,436	$ 558,411	$ 608,225	$ 705,225	$ 511,912	$ 619,326	$ 684,679	$ 803,616	$ 878,185	$ 1,009,868
Interest Earnings on Fund Balance		$ -	$ 12,132	$ 6,882	$ 16,139	$ 7,606	$ 135	$ 8,499	$ 5,327	$ 197	$ 9,544	$ 4,747	$ 15	$ 1,888	$ 4,078
Bond Issuance		$ -	$ -	$ 3,628,289	$ -	$ -	$ 3,628,289	$ -	$ -	$ 3,407,250	$ -	$ -	$ -	$ -	$ -
Less use of funds [4]		$ (3,356,189)	$ (1,407,335)	$ (2,334,781)	$ (2,350,762)	$ (2,171,208)	$ (2,514,019)	$ (1,251,158)	$ (1,736,674)	$ (2,049,824)	$ (1,588,235)	$ (1,635,882)	$ (429,112)	$ (441,986)	$ (1,289,887)
Ending Fund Balance		**$ 2,426,440**	**$ 1,376,362**	**$ 3,227,718**	**$ 1,521,216**	**$ 27,050**	**$ 1,699,867**	**$ 1,065,433**	**$ 39,311**	**$ 1,908,846**	**$ 949,481**	**$ 3,026**	**$ 377,544**	**$ 815,631**	**$ 539,691**
Fund Requirements															
Contribution to CIP Fund as a Percentage of Revenue [9]		9.44%	15.86%	24.25%	26.47%	27.00%	21.56%	22.47%	24.94%	17.32%	20.05%	21.20%	23.80%	24.88%	27.36%
Net Revenue (before debt service) to Debt Service Ratio (125% min)		N/A	N/A	306.58%	335.51%	351.00%	204.68%	214.02%	232.21%	165.31%	179.01%	187.35%	202.52%	212.03%	228.83%
Capital outlay as a percentage of revenue (5%min) [8]		26.67%	33.20%	23.18%	3.90%	3.02%	3.79%	0.22%	1.01%	0.22%	0.99%	0.21%	0.96%	0.20%	0.93%
15 year average - capital outlay v. revenue [8]	**5.20%**														

III. BOND AND RATE ESCALATION ASSUMPTIONS:

Base Annual rate increase (%) (thru Year 5) =	NA	0.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%

O&M Inflation=	3.00%	Total EDU's =	10,841
rate stabilization threshold=	$200,000	Year 1 $ per EDU (monthly) =	$12.94
Property Tax Increase starting in Year 3=	2.00%		
Annual Capital Costs increase (%)=	3.00%		
Annual Interest Earnings on Fund Balance (%)=	0.50%		
initial rate increase	5.00%		
Operating Contingency Fund Balance	$500,000		

First Issuance		Second Issuance		Third Issuance	
AVERAGE COUPON	5.00%	AVERAGE COUPON	5.00%	AVERAGE COUPON	5.00%
BOND TERM (YEARS)	30	BOND TERM (YEARS)	30	BOND TERM (YEARS)	30
COST OF ISSUANCE	5.00%	COST OF ISSUANCE	5.00%	COST OF ISSUANCE	5.00%
RESERVE FUND	6.51%	RESERVE FUND	6.51%	RESERVE FUND	6.50%
CAPITALIZED INTEREST (12 MONTHS)	0.00%	CAPITALIZED INTEREST (12 MONTHS)	0.00%	CAP'D INTEREST (12 MONTHS)	0.00%
Bond Amount	$4,100,000	Bond Amount	$4,100,000	Bond Amount	$3,850,000
Bond Proceeds	$3,628,289	Bond Proceeds	$3,628,289	Bond Proceeds	$3,407,250
Bond Issuance in Study year	3	Bond Issuance in Study year	6	Bond Issuance in Study year	9
Annual Payment	$266,711	Annual Payment	$266,711	Annual Payment	$250,448
Max Bond Amount	$10,055,755	Max Bond Amount	$9,327,317	Max Bond Amount	$7,735,474
				Total Project Bond Amount	$12,050,000
				Total Project Bond Proceeds	$10,663,828

Notes:

[1] Based on 2016 amounts from page 110 of 15-16 District Budget for study year 1. Escalated anually thereafter.

[2] Based on District provided time line list of Capital Outlay Projects

[3] Beginning fund balance for study year 1 based on District provided data. All subsequent beginning balances are carried over from respective previous year.

[4] Based on cost information provided by the District 11/3/16 and escalated for inflation. All projects through FY 2029-2030 are funded

[5] O&M costs for FY 2015-2016 through 2017-2018 based on budget information provided by the District 4/28/16. Costs are escalated each year thereafter

[6] Assumes a rate increase on July 1, 2017 and all subsequent increases on July 1 of each fiscal year thereafter.

[7] Pursuant to SCSD Resolution SD-217 as amended by Resolution on August 10, 2004, the District shall maintain reserve balance of $15,000 to be used fund the defense and administrative costs related to the resolution of claims against the District. The beginning CIP fund balance is the net after subtracting out the required insurance fund balance.

[8] SCSD Resolution SD-215 requires that 5% of the annual operating fund be earmarked for capital outlay projects. On an annual basis over the study period, the average annual rate is 5.34%.

[9] SCSD Resolution SD-216 requires that 10% of the annual operating fund be earmarked for captal improvement projects. This requirement is exceeded in each of the study years beyond FY 2017-2018

EXHIBIT C

CAPITAL IMPROVEMENT COSTS

CIP TIME LINE (unescalated)

Project Number		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	Project Costs Funded	Project Costs Not Funded	Total Project Costs
		2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030			
1	Del Monte Lift Station	$ 118,471	$ 1,311,029														$ 1,429,500	$ -	$ 1,429,500
2	Rosita Lift Station	$ 4,725	$ 115,090														$ 119,815	$ -	$ 119,815
3	942 Angeles Way Sewer	$ 28,528	$ 373,972														$ 402,500	$ -	$ 402,500
4	Del Rey Park Sewer Line		$ 120,120	$ 345,345													$ 465,465	$ -	$ 465,465
5	Del Monte Blvd. Sewer Line			$ 265,000	$ 1,582,755												$ 1,847,755	$ -	$ 1,847,755
6	Military Lift Station Replacement	$ 62,694	$ 810,421														$ 873,115	$ -	$ 873,115
7	Fremont Blvd. Sewer	$ 873	$ 615,557			$ 168,000	$ 1,166,090										$ 1,950,520	$ -	$ 1,950,520
8	Luzern Street Sewer Line				$ 75,000	$ 533,530											$ 608,530	$ -	$ 608,530
9	La Salle Avenue Sewer Line					$ 906,750											$ 906,750	$ -	$ 906,750
10	Tioga Lift Station Upgrade										$ 284,650					$ 284,650	$ 569,300	$ -	$ 569,300
11	Birch Avenue Sewer Line							$ 759,615									$ 759,615	$ -	$ 759,615
12	Root Intrusion Replacements	$ 14,750		$ 543,000	$ 543,000	$ 543,000	$ 543,000	$ 543,000	$ 543,000	$ 543,000	$ 543,000	$ 543,000	$ 543,000				$ 5,444,750	$ -	$ 5,444,750
13	Brick Manhole Inspection								$ 228,050	$ 228,050							$ 456,100	$ -	$ 456,100
14	Drop Manhole Inspection								$ 276,775	$ 276,775							$ 553,550	$ -	$ 553,550
15	Manhole Lid Replacements										116250					116250	$ 232,500	$ -	$ 232,500
16	Rod Hole Replacement									$ 364,250	$ 364,250	$ 364,250	$ 364,250				$ 1,457,000	$ -	$ 1,457,000
17	New Manhole Installation	$ 50,099									$ 310,000	$ 310,000	$ 310,000	$ 310,000	$ 310,000	$ 310,000	$ 1,910,099	$ 1,809,901	$ 3,720,000
18	Canyon Del Rey Sewer line						$ 160,000	$ 403,000								62450	$ 625,450	$ -	$ 625,450
19	Highway 1 Sewer Line Cleaning	$ 9,499	$ 10,000	213000													$ 232,499	$ -	$ 232,499
20	Sutter Street Sewer Main Replacement						$ 60,000	$ 300,000								$ 105,000	$ 465,000	$ -	$ 465,000
21	Master Plan Update	$ 327,056						$ 163,000									$ 490,056	$ -	$ 490,056
	total	$ 616,695	$ 3,356,189	$ 1,366,345	$ 2,200,755	$ 2,151,280	$ 1,929,090	$ 2,168,615	$ 1,047,825	$ 1,412,075	$ 1,618,150	$ 1,217,250	$ 1,217,250	$ 310,000	$ 310,000	$ 878,350	$ 21,799,869	$ 1,809,901	$ 23,609,770

CAPITAL OUTLAY TIME LINE PROVIDED BY DISTRICT (unescalated)

Project Number		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	Totals
		2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	
22	Video Inspection	$ 13,383	$ 375,000	$ 375,000													$ 750,000
23	Vehicle, Truck wiith CMS	$ 47,356															$ -
24	Vehicle, Pick Up Truck		$ 38,000														$ 38,000
25	Fee Studies Update	$ 43,542															$ -
26	Sewer System Management Plan	$ 109,335	$ 40,000		$ 18,000		$ 18,000		$ 18,000		$ 18,000		$ 18,000		$ 18,000		$ 148,000
27	Graphic Information System	$ 47,562	$ 25,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 90,000
28	LAFCO Application	$ 117,050	$ 100,000	$ 22,585													$ 122,585
31	Vactors, Lease Payments	$ 174,644	$ 113,716	$ 87,110	$ 60,505	$ 60,505	$ 60,505										$ 382,341
	subtotal	$ 552,872	$ 691,716	$ 489,695	$ 83,505	$ 65,505	$ 83,505	$ 5,000	$ 23,000	$ 5,000	$ 23,000	$ 5,000	$ 23,000	$ 5,000	$ 23,000	$ 5,000	$ 1,530,926

EXHIBIT D

Resolution SD-215 Capital Outlay Fund

Resolution SD-216 Capital Improvement Fund

Resolution SD-217 Insurance Reserve Fund

SEASIDE COUNTY SANITATION DISTRICT

Resolution No. SD-215
Establishing Policy on Capital Outlay Fund

WHEREAS, the Seaside County Sanitation District board is interested in establishing a policy for funding the purchase of major pieces of equipment out of the Capital Outlay Budget for the district; and

WHEREAS, the Seaside County Sanitation District board is interested in providing a continuing revenue source for the purchase of equipment from the Capital Outlay Fund.

NOW, THEREFORE, BE IT RESOLVED that the Seaside County Sanitation District hereby establishes a Capital Outlay Fund as a special revenue fund for all years beginning with fiscal year 1991-92; and

BE IT FURTHER RESOLVED that in order to provide a continuing revenue source for the Capital Outlay Fund, a portion of the revenues received each fiscal year in an amount equal to five percent [5%] of the operating fund revenue received each fiscal year will be placed in the Capital Outlay Fund for use on qualifying expenditures such as equipment purchases.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Seaside County Sanitation District duly held this 10th day of July, 1990, by the following vote:

AYES: Benson, Hubler

NOES: none

ABSENT: Lively

Chuck L. Benson
Chair, Board of Directors

Attest:

Ina J. Lively
Secretary, Board of Directors

952-8151

SEASIDE COUNTY SANITATION DISTRICT

Resolution No. SD-216
Establishing Policy on Capital Improvement Fund

WHEREAS, the Seaside County Sanitation District board is interested in establishing a policy for funding Capital Improvement Projects for the district; and

WHEREAS, the Seaside County Sanitation District board is interested in providing a continuing revenue source for the implementation of Capital Improvement Projects from the Capital Improvement Fund.

NOW, THEREFORE, BE IT RESOLVED that the Seaside County Sanitation District has established a Capital Improvement Fund as a special revenue fund.

BE IT FURTHER RESOLVED that in order to provide a continuing revenue source for the Capital Improvement Fund, a portion of the revenues received each fiscal year in an amount equal to ten percent (10%) of the operating fund revenue received each fiscal year will be placed in the Capital Improvement Fund for use on qualifying expenditures such as the design, construction, and inspection of capital projects, the preparation of district master plans and special studies, and the implementation of the Capital Improvement Program.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Seaside County Sanitation District duly held this 10th day of July, 1990, by the following vote:

AYES: Hubler, Benson

NOES: none

ABSENT: Lively

Chair, Board of Directors

Attest:

953-8451

SEASIDE COUNTY SANITATION DISTRICT

Resolution No. SD-217
Establishing Policy on Insurance Reserve Fund

WHEREAS, the Seaside County Sanitation District board is interested in establishing a policy for funding an Insurance Reserve Fund for the district; and

WHEREAS, the Seaside County Sanitation District board is interested in providing a continuing revenue source for the resolution of claims from the Insurance Reserve Fund.

NOW, THEREFORE, BE IT RESOLVED that the Seaside County Sanitation District hereby establishes an Insurance Reserve Fund as a special revenue fund for all years beginning with fiscal year 1991-92; and

BE IT FURTHER RESOLVED that in order to provide a continuing revenue source for the Insurance Reserve Fund, a portion of the revenues received each fiscal year in an amount of Thirty Five Thousand Dollars [$35,000] from the operating fund revenue received each fiscal year will be placed in the Insurance Reserve Fund for use on valid insurance claims against the district until that fund balance reaches One Hundred Five Thousand Dollars [$105,000].

Changed to FB = 15K w/ RESO, 8/10/04

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Seaside County Sanitation District duly held this 10th day of July, 1990, by the following vote:

AYES: Benson, Hubler

NOES: none

ABSENT: Lively

Chair, Board of Directors

Attest:

RESOLUTION No. 17

A RESOLUTION OF THE BOARD OF THE SEASIDE COUNTY SANITATION DISTRICT AMENDING RESOLUTION SD-217

WHEREAS, in July 1990, the Seaside County Sanitation District Board adopted Resolution SD-217 establishing an Insurance Fund with a reserve balance of $105,000; and

WHEREAS, the Seaside County Sanitation District Board joined the California Joint Powers Insurance Authority (CJPIA) in October 2003; and

WHEREAS, the CJPIA insurance program has reduced the need for significant insurance reserves.

NOW, THEREFORE BE IT RESOLVED that the Seaside County Sanitation District amends Resolution SD-217 to change the insurance reserve requirement to $15,000.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Seaside County Sanitation District duly held this ~~10th~~ 14th day of ~~August~~ September 2004 by the following vote:

AYES: Smith, Pendergrass, Buckley-Smith

NOES:

ABSENT:

Chair, Board of Directors

Attest:

Secretary, Board of Directors

PROPOSEDED SCSD SEWER RATES
FY 2017-2018 THROUGH FY 2021-2022

Description	Category Code [1]	Units	Sewer Rate per Month [2] FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22
Business/Govt	001-099 [3]	Location/Each Business	$10.50	$11.02	$11.57	$12.15	$12.76
Residential-Vacant	101	Each Living Unit	$0.00	$0.00	$0.00	$0.00	$0.00
Residential/Apartments	102	Each Living Unit	$13.59	$14.27	$14.98	$15.73	$16.52
Residential/Apartments	105	Each Living Unit	$13.59	$14.27	$14.98	$15.73	$16.52
Residential-Vacant	106	Each Living Unit	$0.00	$0.00	$0.00	$0.00	$0.00
Condo/Retirement	107	Each Living Unit	$13.59	$14.27	$14.98	$15.73	$16.52
Minimum/Vacancy	211	Location/Each Business	$0.00	$0.00	$0.00	$0.00	$0.00
Motel/Hotel	221	Each Room	$5.89	$6.19	$6.50	$6.82	$7.17
Bed & Breakfast Inn	222	Each Room	$3.88	$4.08	$4.28	$4.49	$4.72
Supermarkets	231	Location	$57.30	$60.16	$63.17	$66.33	$69.64
Medical Office	241	Each Licensed Physician	$14.02	$14.72	$15.46	$16.23	$17.04
Dental Office	242	Each Licensed Dentist	$19.34	$20.31	$21.32	$22.39	$23.51
Rest Home/Convalescent	243	Each Bed of Licensed Capacity	$3.88	$4.08	$4.28	$4.49	$4.72
General Hospital	244	Each Bed of Licensed Capacity	$23.00	$24.15	$25.36	$26.63	$27.96
Animal Hospital	245	Location/Each Licensed Business	$25.59	$26.87	$28.22	$29.63	$31.11
Restaurant 1 meal/day	261	Each Restaurant Seat	$0.50	$0.53	$0.55	$0.58	$0.61
Restaurant 2 meals/day	262	Each Restaurant Seat	$0.79	$0.83	$0.87	$0.92	$0.96
Restaurant 3 meals/day	263	Each Restaurant Seat	$1.51	$1.59	$1.66	$1.75	$1.84
Restaurant with Bar	264	Each Restaurant Seat	$1.51	$1.59	$1.66	$1.75	$1.84
Bar	265	Location/Each Business	$22.79	$23.93	$25.12	$26.38	$27.70
Nightclub	266	Location/Each Business	$68.29	$71.71	$75.29	$79.06	$83.01
Takeout Food - Small	267	1 Cash Register or Checkout Line	$25.45	$26.72	$28.06	$29.46	$30.93
Takeout Food - Medium	268	2 or 3 Cash Registers or Checkout Lines	$62.62	$65.75	$69.03	$72.48	$76.11
Takeout Food - Large	269	4 or More Cash Registers or Checkout Lines	$114.16	$119.87	$125.86	$132.15	$138.76
Bakery	270	Location/Each Business	$20.63	$21.66	$22.75	$23.88	$25.08
Theater	281	Per Screen @ Each Location	$33.86	$35.55	$37.33	$39.20	$41.16
Bowling Center	282	Location/Each Business	$103.02	$108.17	$113.58	$119.25	$125.22
Gym	283-289 [4]	Per 500 members	$10.50	$11.02	$11.57	$12.15	$12.76
Mortuary	290	Location/Each Business	$27.82	$29.21	$30.67	$32.21	$33.82
School (Minimum)	291	Location/Each Business	$10.50	$11.02	$11.57	$12.15	$12.76
School (Grades 0-6)	292	School Population	$0.14	$0.15	$0.16	$0.17	$0.17
School (7-College)	293	School Population	$0.29	$0.30	$0.32	$0.33	$0.35
Boarding School	294	School Population	$2.88	$3.02	$3.17	$3.33	$3.50
Instructional Facility	295	Location/Each Business	$10.50	$11.02	$11.57	$12.15	$12.76
Church	296-297 [5]	Per 100 members	$10.50	$11.02	$11.57	$12.15	$12.76
Photo / Laboratory / Printer	301-326 [3]	Per 10 employees	$10.50	$11.02	$11.57	$12.15	$12.76
Service Station/Garage	331-332	Location/Each Business	$10.06	$10.57	$11.10	$11.65	$12.23
Paint and Body Shops	341-346 [3]	Per 10 employees	$10.50	$11.02	$11.57	$12.15	$12.76
Commercial Laundry	352	Per 100 GPD of water usage	$7.19	$7.55	$7.93	$8.32	$8.74
Dry Cleaner	353	Location/Each Business	$34.72	$36.46	$38.28	$40.20	$42.21
Laundromat	354	Each Washing Machine	$9.13	$9.59	$10.07	$10.57	$11.10
Major Hotel	361	Per 100 GPD of water usage	$7.19	$7.55	$7.93	$8.32	$8.74
Car Wash	366	Per 100 GPD of water usage	$7.19	$7.55	$7.93	$8.32	$8.74
Special User	401	Per 100 GPD of water usage	$7.19	$7.55	$7.93	$8.32	$8.74
Rec Sports Facility	407	Per 100 GPD of water usage	$7.19	$7.55	$7.93	$8.32	$8.74
Ground Water	410	Per 100 GPD of water usage	$7.19	$7.55	$7.93	$8.32	$8.74
		Annual Percentage Increase	5.00%	5.00%	5.00%	5.00%	5.00%

[1] Category established by Monterey Regional Water Pollution Control Agency.

[2] If approved, sewer rates shown would be effective as of July 1 of each year.

[3] For FY 17-18, sewer rate increases by $10.50 for every 10 employees. Escalates by 5% thereafter.

[4] For FY 17-18, sewer rate increases by $10.50 for every 500 members. Escalates by 5% thereafter.

[5] For FY 17-18, sewer rate increases by $10.50 for over 100 members. Escalates by 5% thereafter.