

2021 Municipal Service Review and
Sphere of Influence Study:

Carmel Area Wastewater District



Adopted by the Commission on March 22, 2021

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Carmel Area Wastewater District



Carmel Area Wastewater District – At a Glance	
Formation Date	July 8, 1908
Legal Authority	Sanitary District Act of 1923 (<i>Health and Safety Code section 6400 et seq.</i>)
Board of Directors	Five-member Board of Directors, elected at-large to four-year terms
District Area	Existing: 9.75 square miles / 6,240 acres Proposed (Oct. 2020): 925-acre sphere amendment and annexation Total: 11.3 square miles / 7,215 acres
Sphere of Influence Area	95 acres (Odello site) outside existing and proposed District boundaries
Population	Approximately 11,000 within existing District boundaries; 4,500 Pebble Beach residents contractually served for wastewater treatment; 1,800 residents in proposed annexation area
Authorized Powers	Wastewater collection and treatment, recycled water distribution
Budget (FY 2020-21)	\$17.6 million
District Mission	Carmel Area Wastewater District is a special district dedicated to protecting the public health and the environment by cost-effective collection and treatment of wastewater and the return of clean water to the environment.
General Manager	Barbara Buikema
Contact Information	P.O. Box 221428 (3945 Rio Road), Carmel, CA 93922 831-624-1248
Website	www.cawd.org

Background and Purpose of this Review

The purpose of a municipal service review and sphere of influence study, or “MSR,” is to provide a comprehensive analysis for improving efficiency, cost-effectiveness, accountability, and reliability of public services provided by cities and special districts. An MSR evaluates the structure and operation of an agency and discusses possible areas for improvement and coordination. An MSR is used by LAFCO when updating a sphere of influence, and can also be used by the subject agencies when considering changes in their operations.

A sphere of influence is defined in State law as a plan for the probable physical boundaries and service area of a local agency, as determined by the LAFCO in the county where the agency is based. The sphere of influence is adopted and amended by LAFCO following a public hearing.

This study provides information about the services and boundaries of the **Carmel Area Wastewater District**. The study is for use by LAFCO in conducting a statutorily required review and update process. The Cortese-Knox-Hertzberg Act requires that the Commission conduct periodic reviews and updates of Spheres of Influence of all cities and districts in Monterey County (Government Code section 56425). The CKH Act also requires LAFCO to conduct a review of municipal services before adopting Sphere updates (Government Code section 56430). The last service review of the District was completed in June 2016.

Executive Summary

The main conclusions of this report are:

1. Carmel Area Wastewater District provides critical wastewater collection, treatment, and reclamation (recycled water) services to residents of Carmel-by-the-Sea and nearby unincorporated areas.
2. CAWD partners with the Pebble Beach Community Services District and the Monterey Peninsula Water Management District to distribute recycled water for landscape irrigation, thereby helping reduce annual water extractions from the Carmel River.
3. The District is currently proposing a **925-acre sphere of influence amendment and concurrent annexation** (population approximately 1,800) – *please see maps on the following pages.*
4. The District has adequate capacity to meet existing and projected future wastewater treatment needs in its existing and proposed boundaries.
5. A primary challenge facing the District is the potential for sea level rise to impact the wastewater treatment plant. Potential options for relocation of the plant are being studied, and reserve funds are being set aside.
6. District finances are stable and responsibly managed. The Board and staff adhere to requirements for accountability, transparency and ethics, and are committed to delivery of high-quality services in a cost-efficient manner.
7. Based on the above conclusions, LAFCO staff recommends approval of the District's proposed **sphere amendment and annexation.**

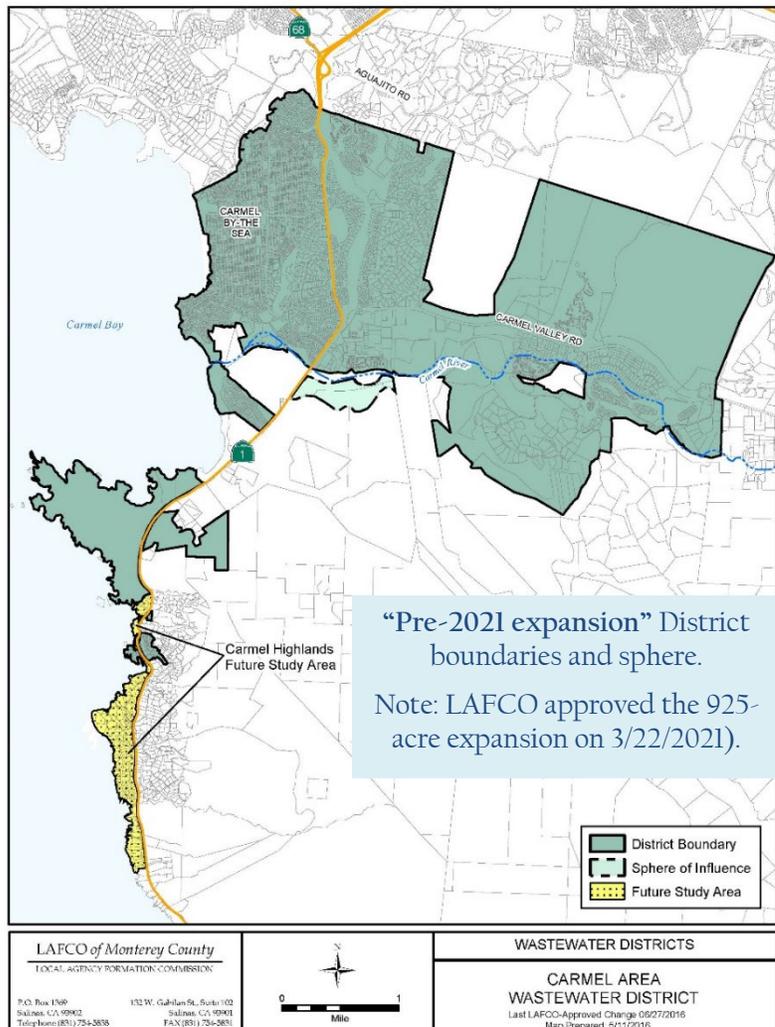
District Overview

Description of District

The Carmel Sanitary District was formed in 1908 to serve the community of Carmel-by-the-Sea, and is one of the oldest sanitary districts in the state. Formation preceded incorporation of the City of Carmel-by-the-Sea by ten years. In 1934, the District was reorganized under the Health and Safety Code District Act of 1923.

District boundaries include the City of Carmel-by-the-Sea and surrounding unincorporated areas of Carmel, Carmel Valley, Carmel Meadows, and Carmel Highlands. The District provides collection, treatment and disposal of wastewater for 11,000 people within district boundaries, and treatment and disposal services for an additional 4,500 people in Del Monte Forest under a contractual agreement with Pebble Beach Community Services District

The District is governed by a five-member board of directors who are elected at large for four-year terms. With a budget of \$17.6 million (Fiscal Year 2020-21), the District currently employs 25 full-time and two part-time employees.



District Services

The District collects wastewater from Carmel and surrounding areas, providing advanced treatment to near drinking water standards. Almost all treated wastewater is sent to Del Monte Forest where it is used to irrigate golf courses such as Pebble Beach, Poppy Hills, and Spanish Bay.

The basic components of the District's wastewater system include:

1. **Collection system:** Wastewater collection is the conveyance of wastewater from a business or residence to the wastewater treatment plant, using underground pipes and lift stations.
2. **Wastewater treatment plant:** CAWD's treatment plant has a permitted capacity of 3.0 million gallons per day (MGD) of dry-weather flow. Current average dry-weather flow is approximately 1.1 MGD, of which approximately two-thirds is from CAWD customers and the remaining one-third is from Pebble Beach connections. After primary, secondary, and disinfection/dechlorination treatment processes, the water is safe enough to discharge to the ocean. However, about 90% of the water is conveyed to the District's on-site reclamation facility for further ("tertiary") treatment to allow the water to be reused for irrigating golf courses in Pebble Beach.



3. **Reclamation treatment facility (recycled water):** The District's 2008 advanced treatment facility treats the water to an even higher level, using microfiltration and reverse-osmosis membranes to filter out dissolved ions (salts) from the water. The District-owned facility is a part of a larger project including storage and conveyance infrastructure that was created in partnership with the Pebble Beach Community Services District and the Monterey Peninsula Water Management District. The overall reclamation project offsets about 1,000 acre feet per year of potable water that would otherwise be drawn from the Carmel River adjudicated basin. This offset amount represents roughly 10% of the total annual water taken from the Carmel River.



Agency Structure

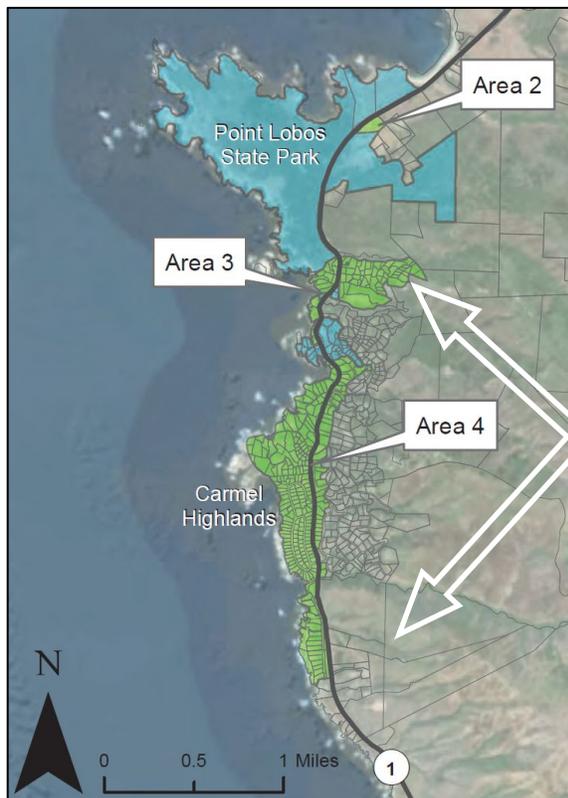
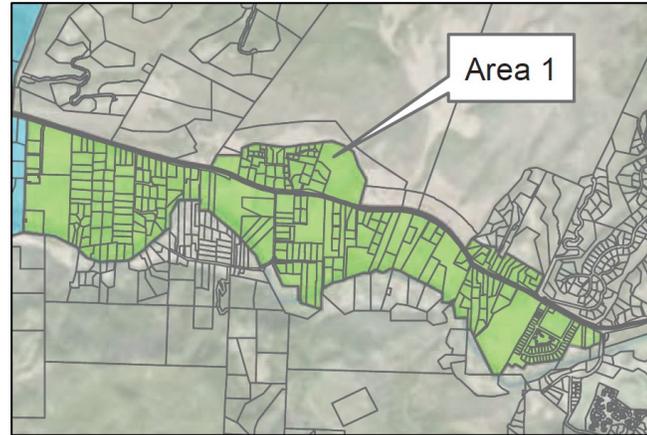
Largely mirroring the District's facilities and the steps in the wastewater collection and treatment process, CAWD's personnel are organized into the following departments:

- Engineering and projects
- Collections
- Treatment operations
- Reclamation
- Laboratory (sampling, collection, monitoring, analyzing, and reporting on the quality of the wastewater treatment process)
- Source control (permitting and enforcement of regulations that limit the type and amount of pollutants businesses can discharge to the sewer system)

Proposed Sphere of Influence Amendment and Annexation

In October 2020, the District submitted a LAFCO application for a 925-acre sphere amendment and annexation. The proposal area consists mostly of developed sites in the Carmel Valley and Carmel Highlands areas. The proposal's basic objective is to enable property owners within the proposal area to connect to the District's sanitary sewer system. Over time, an increase in the number of sewer connections will steadily reduce reliance on individual septic systems, thereby improving groundwater quality in the area. The proposed sphere amendment and annexation consists of four areas, as summarized below.

Mid-Carmel Valley (Area 1; 372 parcels): North and south of Carmel Valley Road, between Quail Meadows and the Mid-Valley Shopping Center. Includes Carmel Valley Manor, Valley Hills shopping center and surrounding parcels, Cypress lane, Prado del Sol, and Meadows Road parcels, and an area centered on Schulte Road.



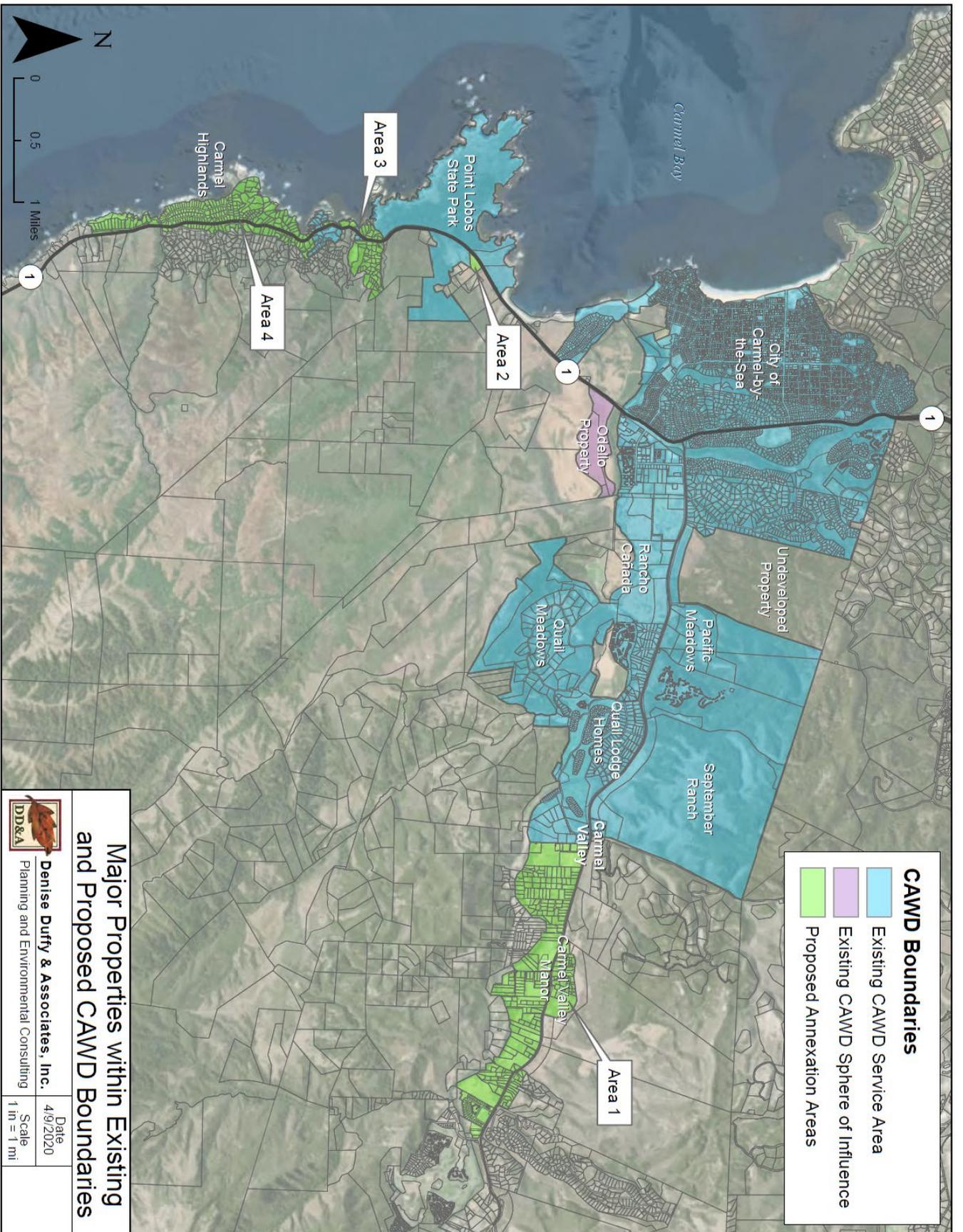
Larsen property (Area 2): One single-family parcel, across Highway 1 from Point Lobos State Natural Reserve

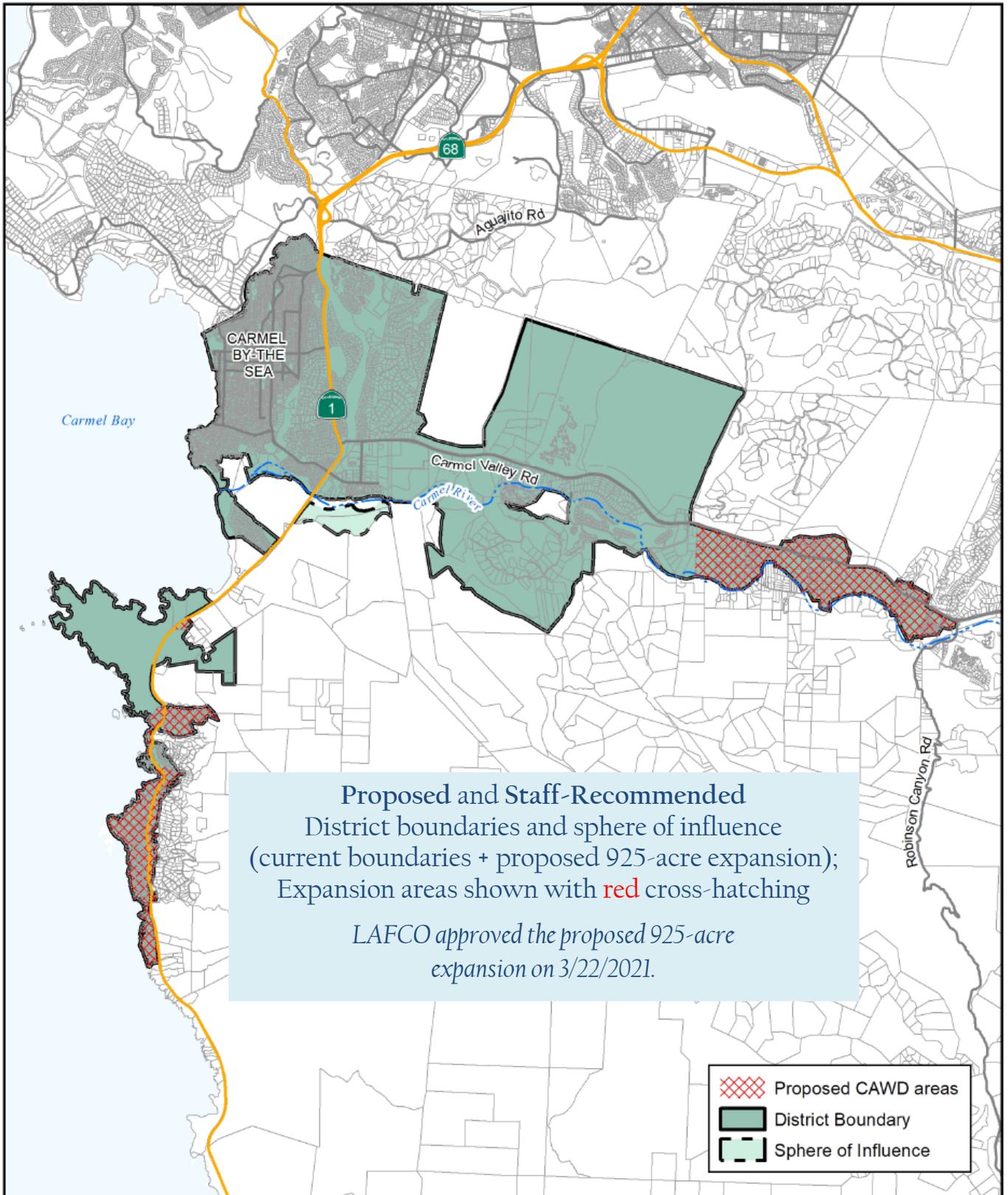
North Carmel Highlands (Area 3; 68 parcels): Includes 50 parcels in the Corona Road area east of Highway 1, plus 18 parcels on the west side of the highway.

South Carmel Highlands (Area 4, 268 parcels): Yankee Point and Otter Cove single-family residential neighborhoods

*Note: In 2016, LAFCO designated Areas 3 and 4 as a **Future Study Area** for the District. As defined by Monterey LAFCO's locally adopted Policies and Procedures, a Future Study Area is "territory outside of an adopted Sphere of Influence that may warrant inclusion in the sphere in future years. Further study would have to be completed prior to inclusion."*

No additional areas are currently proposed for inclusion in the District's sphere. In many cases, designating a sphere beyond the current annexation proposal can be beneficial as an indicator of the District's future expansion plans. For present purposes, the District has not identified any additional areas (beyond the current proposal) where District services have a reasonable certainty of being feasibly expanded in the foreseeable future. The current sphere amendment and annexation area focused on those areas reasonably close to areas that have planned collection line construction (near a major corridor or where the need for septic system replacement was greatest). Future additional expansion areas in the longer-term will require detailed technical and environmental review.

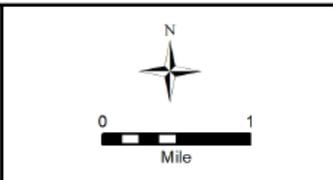




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WASTEWATER DISTRICTS

CARMEL AREA WASTEWATER DISTRICT

Last LAFCO-Approved Change 02/28/2014
Map Prepared: 3/5/2021

1. Population and growth:

Carmel Area Wastewater District serves the City of Carmel-by-the-Sea and nearby unincorporated areas. Current in-district population is approximately 11,000. The District’s wastewater treatment plant also contractually provides service to about 4,500 residents within the Pebble Beach Community Services District. County staff estimates that about 1,800 residents live in the proposed annexation area, representing about a 12% increase to the total population already served by the District..

Areas served by the District are generally stable or declining in population. For example, the most recent (2018) adopted regional growth forecast published by the Association of Monterey Bay Area Governments projects essentially no population change for the City of Carmel-by-the-Sea, with a 2020 population of about 3,830 projected to increase to 3,876 by the year 2040.

The popularity of Carmel and Pebble Beach residences as vacation homes has removed many dwellings from permanent occupancy. While this trend does not decrease the number of sewer connections, it reduces the full-time occupancy of homes and the corresponding volume of wastewater.

2. Disadvantaged unincorporated communities:

State law defines DUCs as communities with an annual median household income of less than 80 percent of the statewide annual median household income. No DUCs exist in the District’s existing or proposed boundaries or sphere.

3. Capacity of facilities; adequacy of public services and infrastructure needs:

The District has a strong record of successfully providing essential services to its residents, with no unmet needs identified. The District has sufficient capacity and authorization to serve the proposed expanded Sphere of Influence. The treatment plant’s current permitted capacity is 3.0 million gallons per day (MGD). District staff estimates that the average daily dry weather flow is currently about 1.1 MGD. Assuming roughly similar per-capita wastewater flows from the District’s proposed annexation area, with a 12% total served population increase, District staff estimates that the total daily flow would likely increase to about 2.0 MGD if all of the annexation area’s population were to connect to the District’s sewer system. As a result, the annexation’s buildout would not generate wastewater treatment demand beyond the treatment plant’s permitted or operational capacity.

Most of the proposed expansion area is developed, with limited undeveloped or undisturbed parcels. Future development of currently undeveloped parcels in the Carmel Valley and Carmel Highlands annexation areas would mostly be residential uses. Potential future wastewater service to these vacant parcels has been accounted for in the District’s estimation of future wastewater treatment demand.

A detailed capital improvement program has been adopted and funded to ensure that the District will continue to provide adequate service. Expanded wastewater lines would be funded by property owners before service is extended.

As stated in the District’s current budget message, “The District is facing significant challenges in its future and is attempting to position itself to manage the outcome... Sea Level Rise is likely to affect the treatment facility within the next 30-40 years. As such, the plant must make a decision about its future. Specifically, whether to move the facility into Carmel Valley or to connect with Monterey 1 Water or some other option. The estimate is well over \$100M for either option. We recognize that even with a combination of loans and grants the District will need to come up with the local match, or 20-25% of that financial requirement.”



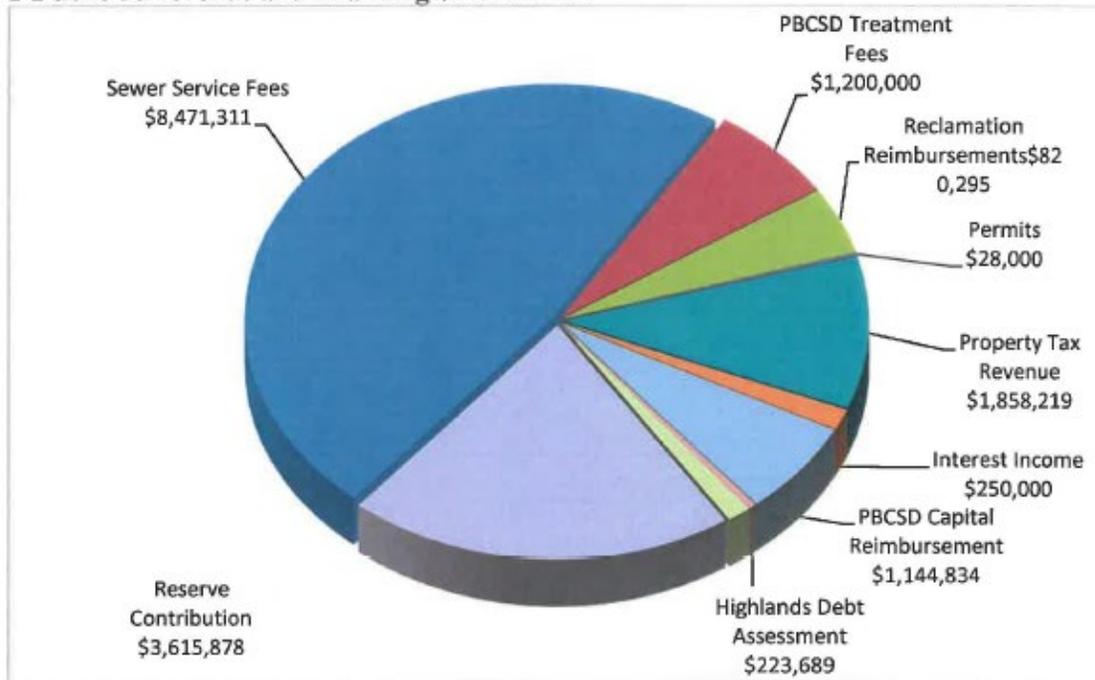
4. Financial ability:

The District has the financial ability to provide services within its existing and proposed boundaries. The District maintains a positive balance of revenues over expenses. CAWD staff budgets its revenues and expenses annually and has developed a detailed capital improvement plan. Financial status is reviewed annually by professionally prepared audits, and consistently receives a “clean” audit report.

The District receives funding from a variety of sources, including sewer service fees, treatment fees from Pebble Beach CSD, reimbursement from the reclamation project, property tax revenue, interest income, and funds from the participants in a Highlands-area bond issuance. Wastewater service fees – including fees from wastewater coming from Pebble Beach – account for approximately \$9.7 million, or about 55.4% of total budgeted revenues for Fiscal Year 2020-21.

How is the District Funded?

FY 2020-21 revenue and financing \$17.6 million



Projected Budget Revenues 2020-21

Financial reserve funds: The District maintains financial reserves to cover projects and unexpected events. CAWD has a strong commitment to funding operations and projects on a “pay-as-you-go” basis; prior to entering any capital project, District policy is to ensure that the project has all necessary funding available. There are three different categories of reserves:

1. Compensated Accruals Reserve: Funds set aside to fund accrued liability due employees for their vacation leave
2. Capital Reserve: Funds for capital rehabilitation and replacement of the treatment plant and the collection system
3. Defend or Managed Retreat Reserve: Established in 2017 to address the future needs of the District in response to potential sea level rise issues. To be reviewed annually by the Board of Directors with a funding goal of \$15 million over 15 years.

In Fiscal Year 20-21, \$3.6 million, or about 19% of District revenues are coming from reserves. The District is planning to reinvest over \$3.6 million in sewer line rehabilitation in the collection system, and over \$2.2 million at the wastewater treatment facility for electrical/mechanical rehabilitations.

Appendix 1 includes a summary of the District’s annual budget and District assets.

Pension-related matters: Like many public agencies, CAWD contracts with the California Public Employees’ Retirement System (CalPERS) for pension and health benefits. CalPERS has a chronic and ongoing unfunded liability; i.e., a gap between CalPERS’s estimated obligations to retirees and the current value of CalPERS assets and investment allocated to those obligations. The overall, CalPERS-

wide funding gap is currently approximately \$160 billion. This shortfall has, in turn, made it increasingly necessary for local agencies to divert additional funds annually to CalPERS to meet their local agency's proportionate share of current and future payment obligations.

CAWD currently has no unfunded CalPERS pension liability. As of the end of fiscal year 2019-2020 (June 30, 2020), the District reported an "overfunding" – i.e. a surplus of pension plan assets – of just over \$1 million.

The District is exploring funding an Internal Revenue Service Code Section 115 Trust, with an initial amount of \$500,000 from the capital reserve account. A 115 trust is a vehicle for segregating agency funds from general assets for the purpose of funding essential governmental functions. For example, a 115 trust can be used to set aside monies to meet future pension contributions or liabilities. Using a 115 investment trust will allow the District to achieve better investment returns than currently earned at the County of Monterey Treasury and the State Treasurer's Office Local Agency Investment Fund (LAIF).

The District offers a post-employment health plan to meet its employees' postemployment health care needs and expenses. Under the plan, Nationwide Retirement Solutions Company (NRS) provides administrative services in exchange for a fee as agreed upon by the District and NRS. The plan, which is funded by employee contributions during their employment with CAWD, does not establish a long-term liability of the District.

5. Shared facilities:

The District works closely with the Pebble Beach CSD, the City of Carmel-by-the-Sea, the Monterey Peninsula Water Management District, and private entities to achieve mutually beneficial provision of public services. In the longer term, as a potential means of addressing sea level rise impacts to the CAWD treatment plant next to the Carmel River lagoon, the District is studying the possibility of connecting to the Monterey One Water treatment facility, located inland near Marina. The District is exploring the possibility of its treatment plant bridge being included in a future recreation corridor, possibly working in partnership with the Monterey Peninsula Regional Parks District.

6. Accountability for community service needs:

A five-member Board of Directors, elected at-large by District voters, governs the District. Regular Board meetings occur once per month at the District's offices, and are publicly noticed in accordance with Brown Act requirements. Annual financial audits are on-time and up to date, as are Board members' compliance with periodic financial disclosure and ethics training requirements. The District maintains a very high level of openness and public accountability, including a robust and highly informative web site.

7. Matters required by local LAFCO policies:

No additional locally adopted LAFCO policies are specifically relevant to this Study.

Sphere of Influence Review and Update Determinations – per Govt. Code section 56425(e)

1. The present and planned land uses in the area, including agricultural and open-space lands

The District's boundaries include mostly residential land uses, as well as some commercial uses and significant open spaces. Most lands within the District's existing and proposed sphere are already developed. No planned development projects or other changes would significantly affect the context of this review.

2. The present and probable need for public facilities and services in the area

District facilities and services respond to an established need for wastewater treatment and recycled water. Expansion of the District's boundaries will incrementally reduce reliance on individual on-site septic systems in the area. No significant needs for new facilities or services are anticipated in the near term. Longer-term, sea level rise may threaten the District's treatment plant in its present location.

3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide

The District has consistently demonstrated capacity to serve its residents. District staff maintains and annually updates a detailed 15-year capital improvement program to proactively plan for, and fund, needed future infrastructure investments.

4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency

There are no District-relevant social or economic communities of interest in the areas served.

5. Present and probable need for those public facilities and services of any disadvantaged communities within the existing sphere of influence

No DUCs exist in the District's existing or proposed sphere.

Acknowledgements

LAFCO wishes to thank Carmel Area Wastewater District staff for the time and energy they have put into providing essential information in the preparation of the Service Review. In particular we would like to thank General Manager Barbara Buikema, Principal Engineer Rachél Lather, and the District's consultant team.

Photo credits: Sloane Dell'Orto, page 10; CAWD, all others.



Appendix: Carmel Area Wastewater District – Budget Summary and District Assets

Provided below are:

1. Adopted fiscal year 2020-21 budget summary (two pages)
2. Statements of Net Position as of June 30, 2020 and 2019 (two pages)
3. Statements of Revenue, Expenses, and Change in Net Position as of June 30, 2020 and 2019 (one page)

Sources

1. CAWD staff – District's web site; personal communications and written communications with LAFCO staff
2. District's adopted budget for fiscal year 2020-21;
3. Annual Financial Report ("audit") for Year Ended June 30, 2020, prepared by Marcello and Co., CPAs
4. Initial Study and Mitigated Negative Declaration prepared for CAWD by Denise Duffy and Associates – figures showing proposed SOI/annexation areas 1-4

Carmel Area Wastewater District
Budget Summary
2020-21

Description	2018-19		Estimated thru 01-31-20		Proposed 2020-21 Budget	% Chg. Prior Yr. Actual	Projected 2021-22 Budget	% Chg. Prior Yr. Budget
	Actual	Budget	Actual	Budget				
Beginning Fund Balance	26,326,207	26,326,207	32,398,289	32,398,289	34,527,275	106.57%	30,911,398	-10.47%
Operating Revenues	10,099,370	9,279,993	9,071,435	9,887,417	10,222,956	112.69%	10,665,290	4.33%
	10,099,370	9,279,993	9,071,435	9,887,417	10,222,956	112.69%	10,665,290	4.33%
Op Expend. (less deprec.)								
Treatment	2,447,451	2,768,559	3,008,006	2,855,757	3,182,836	105.81%	3,447,229	8.31%
Maintenance - Plant	1,158,545	1,691,895	1,334,827	1,876,166	1,861,996	139.49%	1,914,015	2.79%
Maintenance - Field	47,998	100,625	0	0	0	∞	0	∞
Administration	996,166	1,572,510	1,261,760	1,686,164	1,306,814	103.57%	1,463,995	12.03%
Collection	998,209	1,237,424	1,335,062	1,705,960	1,439,868	107.85%	1,729,543	20.12%
Reclamation Project	560,639	457,133	606,510	471,938	541,645	89.31%	560,413	3.47%
Waste to Energy	7,775	0	28,153	9,108	23,583	83.77%	25,290	7.24%
Brine Disposal	4,624	0	6,138	7,910	7,884	128.45%	7,385	-6.33%
Total Operating Exp	6,221,406	7,828,146	7,580,456	8,613,003	8,364,625	110.34%	9,147,870	9.36%
Operating Gain/(Loss) (exclusive of depreciation)	3,877,963	1,451,847	1,490,979	1,274,414	1,858,331	124.64%	1,517,420	-18.35%
Depreciation Expense	2,489,149	2,669,000	2,669,000	2,669,000	2,669,000	100.00%	2,669,000	0.00%
Amortization Expense	0	4,860	4,860	4,860	4,860	100.00%	4,860	0.00%
Operating Gain/(Loss)	1,388,814	(1,222,013)	(1,182,881)	(1,399,446)	(815,529)	68.94%	(1,156,440)	41.80%
Non Operating Revenues	3,989,136	3,701,631	2,627,330	3,341,282	3,846,892	146.42%	5,208,195	35.39%
Non Operating Expend.	212,310	213,762	211,000	215,625	223,689	106.01%	219,632	-1.81%
Net Income/(Loss)	5,165,640	2,265,856	1,233,450	1,726,211	2,807,674	227.63%	3,832,123	36.49%
Capital Budget								
Equipment Purchases								

Carmel Area Wastewater District
Budget Summary
2020-21

Description	2018-19		Estimated thru 01-31-20		Proposed 2020-21 Budget	% Chg. Prior Yr. Actual	Projected 2021-22 Budget	% Chg. Prior Yr. Budget	
	Actual	Budget	% of Budget	Actual					Budget
Administration	16,735	0	∞	0	14,000	0	∞	0	∞
Maintenance	0	200,000	0.00%	0	0	18,500	∞	0	-100.00%
Collections	12,554	0	∞	554,098	410,000	160,000	28.88%	120,000	-25.00%
Treatment	75,820	33,000	229.76%	40,561	17,800	116,466	287.14%	176,500	51.55%
Capital Improvement Projects									
Administration	0	0	∞	0	0	75,000	∞	0	∞
Maintenance	0	0	∞	0	0	0	∞	0	∞
Collections	147,626	2,210,000	6.68%	521,057	3,725,000	5,035,445	966.39%	2,340,000	-53.53%
Treatment	195,113	164,001	118.97%	4,370	305,396	25,000	572.08%	25,000	0.00%
Treatment Long Term Capita	1,153,763	4,265,331	27.05%	658,238	2,695,000	3,667,000	557.09%	7,424,000	102.45%
Total Capital Budget	1,601,611	6,872,332	23.31%	1,778,324	7,167,196	9,097,411	511.57%	10,085,500	10.86%
Ending Fund Balance	32,379,385	24,393,591	132.74%	34,527,275	29,631,164	30,911,398	89.53%	27,331,881	-11.58%

CARMEL AREA WASTEWATER DISTRICT
Statements of Net Position
June 30, 2020 and 2019

Page 1 of 2

*for comparative
purposes only*

Assets	2020	2019
Current Assets		
Cash and investments	\$ 38,005,103	\$ 32,398,290
Accounts receivable - trade	148,528	144,013
Accounts receivable - affiliates	816,571	1,209,093
Prepaid expenses	49,251	-
Total current assets	39,019,453	33,751,396
Noncurrent Assets		
Capital assets not being depreciated	2,389,044	2,223,211
Capital assets, net of depreciation	46,882,651	47,533,196
Total noncurrent assets	49,271,695	49,756,407
Total assets	88,291,148	83,507,803
Deferred Outflows of Resources		
Deferred pension plan inflows	628,060	615,708
Total assets and deferred outflows of resources	\$ 88,919,208	\$ 84,123,511

The accompanying notes are an integral part of these financial statements

CARMEL AREA WASTEWATER DISTRICT
Statements of Net Position
June 30, 2020 and 2019

Page 2 of 2

*for comparative
purposes only*

Liabilities and Net Position	2020	2019
Current Liabilities		
Accounts payable - trade	\$ 413,424	\$ 681,916
Accrued bond interest	12,206	14,306
Deferred revenue	4,210	159,187
Deposit	246,584	-
Revenue bonds - current	170,000	160,000
Compensated absences - current	61,369	52,304
Total current liabilities	907,793	1,067,713
Noncurrent Liabilities		
Amounts due in more than one year:		
Revenue bonds	760,000	930,000
Compensated absences	184,108	156,912
Net pension liability (overfunded)	(414,355)	(617,997)
Total noncurrent liabilities	529,753	468,915
Total liabilities	1,437,546	1,536,628
Deferred Inflows of Resources		
Deferred pension plan inflows	213,513	364,168
Total liabilities and deferred inflows of resources	1,651,059	1,900,796
Net Position		
Net investment in capital assets	48,341,695	48,666,407
Unrestricted	38,926,454	33,556,308
Total net position	87,268,149	82,222,715
Total liabilities, deferred inflows, and net position	\$ 88,919,208	\$ 84,123,511

The accompanying notes are an integral part of these financial statements

CARMEL AREA WASTEWATER DISTRICT
Statements of Revenue, Expenses, and Change in Net Position
Years Ended June 30, 2020 and 2019

	<u>2020</u>	<i>for comparative purposes only</i> <u>2019</u>
Operating Revenue		
Sewer service fees	\$ 8,557,816	\$ 8,024,240
Treatment fees, PBCSD	1,541,642	1,486,410
Reclamation Project operating reimbursements	642,238	647,245
Liquid Food Waste fees	9,884	3,750
Brine Disposal fees	104,714	121,642
Other operating revenue	100,346	122,263
Total operating revenue	<u>10,956,640</u>	<u>10,405,550</u>
Operating Expenses		
Maintenance	1,151,754	1,184,825
Collection	1,601,805	1,313,466
Treatment and disposal	5,054,282	4,454,898
Administration	1,117,264	1,012,399
Reclamation Project expenses	573,988	560,640
Waste to Energy costs	25,114	675
Brine Disposal costs	6,922	4,624
Total operating expenses	<u>9,531,129</u>	<u>8,531,527</u>
Operating income (loss)	<u>1,425,511</u>	<u>1,874,023</u>
Nonoperating Revenue (Expenses)		
Property tax revenue	2,140,553	2,050,675
Investment earnings (loss)	715,611	602,347
Highlands Sewer Project assessment	218,013	215,898
PBSCD capital cost reimbursements	254,606	497,084
Reclamation Project capital cost reimbursements	22,744	195,562
Other nonoperating revenue	323,622	114,464
Interest and fiscal expenses	(54,006)	(62,310)
Other nonoperating expenses	(1,220)	(9,326)
Total nonoperating revenue (expenses)	<u>3,619,923</u>	<u>3,604,394</u>
Change in Net Position	5,045,434	5,478,417
Net Position - beginning	<u>82,222,715</u>	<u>76,744,298</u>
Net Position - end of year	<u>\$ 87,268,149</u>	<u>\$ 82,222,715</u>

The accompanying notes are an integral part of these financial statements