

**Board of Directors**

Jorge Magana, President  
Myron Heavin, Vice President  
Matthew Starbuck, Director  
Steve Dietrich, Director  
Jim Keeling, Director



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

Brad Hagemann, General Manager

Mission Hills Community Services District Board of Directors

**Regular Meeting**

Wednesday, January 17<sup>th</sup>, 2023

4:30 PM

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

**1. Call to Order and Pledge of Allegiance**

**2. Roll Call**

**3. Public Comment** – Members of the public may address the Board on any item within the jurisdiction of the Board not included on this agenda for up to 3 minutes. **If you are unable to attend, you can submit comments in advance of the meeting to [admin@mhcsd.org](mailto:admin@mhcsd.org) before 1:00 PM, Tuesday, January 16<sup>th</sup>, 2024.**

**4. Consent Agenda** - Staff recommends Directors approve the Consent Agenda in one motion. Members of the public may comment on a consent item (3-minute maximum per speaker). Directors may pull a consent item for discussion or separate vote.

**A. Consideration of Approval of Minutes from:**

- i) December 13<sup>th</sup>, 2023

**B. Activity Reports for December**

- i) General Manager and Administration Reports
- ii) Water and Wastewater
- iii) Goals and Committee Updates

**C. Financial Reports**

- i) Revenue and Expenses Previous Year Comparison
- ii) Disbursements Journal
- iii) Variation from Projected Income
- iv) Bank Account Summary
- v) Budget to Actual

**5. Regular Business-**

- A.** Discuss and Consider Approval of the Summitt Hill Settlement Agreement
- B.** Discuss and Consider Reserve Policy
- C.** Discuss and Consider assigning Committee Assignments for 2024 Calendar Year

**6. Closed Session**

- A. PUBLIC EMPLOYMENT Pursuant to Government Code section 54957(b)  
Title: General Manager
- B. CONFERENCE WITH LABOR NEGOTIATORS Pursuant to Government Code section 54957.6  
Agency Designated Representative: District Counsel, Timothy Carmel  
Unrepresented Employee: General Manager

**RECONVENE**

**Report out of Closed Session**

**7. Communications** - The Board of Directors may ask a question for clarification, make an announcement, or report briefly on recent activities or conferences. Also, Directors may provide reference to staff or other resources for information, direct staff to place a topic or report on a future committee or regular meeting agenda.

- A. General Manager's Comments
- B. Directors' Comments
- C. Public Comments (up to 3 minutes for topics within the District's jurisdiction)

**Regular Board Meetings are held on the third Wednesday of each month beginning at 4:30 PM**

Copies of the staff reports, or written materials provided for Mission Hills CSD for Open Session agenda items may be obtained upon request and are also available at the Customer Service Counter of the District Office for public inspection and reproduction during regular business hours. Closed Session items are not available for public review.

**In compliance with the Americans with Disabilities Act** If you need special assistance to participate in this meeting or if you need the agenda or other documents in the agenda packet provided in an alternative format, contact Board Secretary at 805.733.4366 at least 48 hours before the meeting to ensure that reasonable arrangements can be made. (Agenda Prepared under Government Code Section 54954.2)

**Board of Directors**

Steve Dietrich, President  
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Jorge Magana, Director



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Brad Hagemann, General Manager

**Mission Hills Community Services District Board of Directors  
Special Meetings Minutes  
Wednesday, December 13, 2023  
1550 East Burton Mesa Blvd, Lompoc, CA - District Board Room**

The Special Meeting of the Board of Directors of the Mission Hills Community Services District was called to order at 4:32 pm on Wednesday, December 13<sup>th</sup>, 2023, at the District Meeting Room, 1550 East Burton Mesa Boulevard, Lompoc, California.

**DIRECTORS PRESENT:**

By roll call: Steve Dietrich, Myron Heavin, Jim Keeling, Jorge Magana, and Matthew Starbuck

**DIRECTORS ABSENT:**

**STAFF PRESENT:**

Brad Hagemann, Lupe Huitron, Angel Diosdado, Javier Rodriguez, and John D’Ornellas.

**OTHERS PRESENT:**

Dorn Mars

**1. Call to Order and Pledge of Allegiance**

**2. Roll Call**

**3. Public Comment-** No public comment received.

*Board Chair moved Agenda Item 4. A to be discussed after the Regular Business Items.*

**4. Closed Session**

- A.** Public Employment Pursuant to Government Code Section 54957(b)  
Position: General Manager

**Reconvene**

Reports out of closed session- No reportable action.

**5. Consent Agenda-**

**A. Approved Minutes in the December Special Board Meeting**

- i.) November 15, 2023, Regular Meeting

**B. Activity Reports for December**

- i.) General Manager and Administrative Reports
- ii.) Water and Wastewater
- iii.) Goals and Committee Meeting updates

**C. Financial Reports**

- i) Revenue and Expenses Previous Year Comparison
- ii) Disbursements Journal
- iii) Variation from Projected Income
- iv) Bank Account Summary
- v) Budget to Actual

**Approved Consent Items**

Motion made by Director Keeling and seconded by Director Starbuck, to approve the Consent Agenda as presented **Motion passed 5-0 vote.**

**6. Regular Business Items**

**A. Discuss and Consider Approval of the Summitt Hills Settlement Agreement**

Motion made by Director Dietrich to return the Agreement to legal Counsel with a request to narrow the scope of the release and waiver language. The motion was second by Director Magana. **Motion passed 5-0 vote.**

**B. Discuss and Consider Officer Elections and Committee Assignments**

Recommendation to nominate and elect President, Vice President, and Finance Officer for Calendar Year 2024.

**President:** Director James Keeling moved to nominate Director Jorge Magana for President, second by Director Steve Dietrich **Motion passed 5-0 vote.** Director Magana will serve as Board President in 2024.

**Vice President:** Director Steve Dietrich moved to nominate Director Myron Heavin for Vice President, second by Director Matthew Starbuck. **Motion passed 5-0 vote.** Director Myron Heavin will serve as Vice President in 2024.

**Finance Officer:** Director Myron Heavin moved to nominate Director James Keeling for Finance Officer, seconded by Director Matthew Starbuck. **Motion passed with a 5-0 vote.** Director James Keeling will serve as Finance Officer in 2024.

**C. Discuss and Consider Nominations for the one LAFCO Regular and Alternate Special District Member.**

The Board endorses Director Jorge Magana to be the Nominee for the (LAFCO) Local Agency Formation Commission.

**D. Discuss and Consider Approving Resolution Nos. 23-353 and 23-354 updating the Districts Signatories with Local Agency Investment Fund (LAIF), Coast Hills Credit Union and Five Star Banks.**

Motion made by Director Keeling to approve Resolution Nos. 23-353 and 23-354 updating the Districts Signatories with Local Agency Investment Fund (LAIF), Coast Hills credit Union and Five Stars Banks, second by Director Starbuck. **Motion passed 5-0 vote.**

**7. Communications** - The Board of Directors may ask a question for clarification, make an announcement, or report briefly on recent activities or conferences. Also, Directors may provide a reference to staff or other resources for information, direct staff to place a topic or report on a future committee or regular meeting agenda.

- A. General Manager's Comments-** None
- B. Directors' Comments-** None
- C. Public Comments-** None

With no further business to come before the Board, the meeting was adjourned at 6:45PM.

Respectfully submitted:

**Lupe Huitron**

X

Steve Dietrich, President

X

Lupe Huitron, Board Secretary



General Manager and Administrative Activity Reports for  
**January 2024**

**Board Secretary**

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Significant non-routine items addressed by the Board Secretary this past month included assisting the GM with receiving, reviewing, and issuing Can and Will Serve letters for several proposed Auxiliary Dwelling Unit (ADU) projects. ADU project proposals are on the increase as property owners are converting garage units and/or adding new units to existing lots.

The Board Secretary also corresponded with LAFCO staff regarding the Board's endorsement of President Magana to run for the upcoming CSD's representative on the LAFCO Board. President Magana will run for the primary as well as, the alternate position on the LAFCO Board. In addition, the Board Secretary responded to a couple routine Public Record Act Requests. The District typically only gets 3 -5 Public Record Act Requests per year.

**Customer Service/Account Receivables**

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Customer Service applied a 10% late for 147 accounts in December. Turned off: 9 accounts in December. Two District customer accounts remain shut off due to lack of payment. The District received \$9,973 in 2023 for customer assistance from the California Low Income Water Payment program.

**Administrative Services Manager**

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Significant non-routine items addressed by the Administrative Service Manager this past month included finalizing the employee benefits open enrollment process. Remarkably, the costs for medical benefits in 2024 remained about the same as 2023. Carol also initiated the Preliminary Work for FY 23/24 Financial Audit and assisted with providing the District's consultant with data to prepare the draft Capacity Fee Study. Both Director Keeling and Carol will be attending the CSDA Leadership Conference in February in San Luis Obispo. Carol was able to obtain CSDA Scholarships for both her and Director Keeling's registration fees for the Leadership Conference.



General Manager and Administrative Activity Reports for  
**January 2024**

**General Manager Report**

**Water Tank Repair Project**

Crosnos Construction has completed approximately 90% of the Tank Repair Project. The remaining scope includes some coating touch up and installation of the flexible coupler on the West Tank. The coupler cannot be installed until the District repairs a leaking underground valve on the West Tank. There are three valves in close proximity to the leaking valve, so staff is seeking quotes to replace all three valves since there are approximately 40 years old and near the end of their useful life. The approved Water CIP budget includes funding for valve replacement, so staff intends to use this funding (approximately \$25,000) to replace the valves.

**Burton Ranch Development Project**

Facilities Design – On November 8<sup>th</sup>, Stantec provided a draft Operational Analysis Technical Memo for staff review and comment. Staff met with Stantec in mid-November to discuss the draft Tech Memo and provide comments. On December 1, 2023, Stantec provided the Final Operational Analysis Tech Memo. Stantec is now moving into preparing the project plans and specifications.

On December 18<sup>th</sup>, 2023, the District and Stantec held a Water Tank and Well Bldg. Design meeting at the District offices. The Meeting Notes from the December 18<sup>th</sup> meeting is provided as an attachment to the Report.

**FY 2024/25 Budget Preparation**

Staff is in the process of gathering mid-year revenue and expenses data and full year projections in preparation for developing the Draft FY 24/25 Budget. Staff anticipate holding a Board Budget Workshop in early March to receive Board input on the Draft Budget. The schedule for the Budget preparation and approval process is provided as an attachment to this Staff Report



## Meeting Notes

### MHCSD – Raw Water Tank, Well Building, Final Design Kick-Off Meeting

Mission Hills Community Services District / 184031566

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Date/Time: December 18, 2023 / 10:00 AM  
Place: 1550 Burton Mesa Blvd, Lompoc, California 93436  
Attendees: Rick Hoffman, Javier Rodriguez, Brad Hagemann, Greg Van Sande, Gabrielle Kasman, and Carrie Poytress

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#### Well #7 Information:

- MHCSD hopes the well pump will be functioning for 10 more years because recently replaced some parts.
- Stantec asks how to improve on well 7's access issues:
  - Stantec asks if hatch is too small.
  - MHCSD says no. The hatch is just off centered.
  - Stantec will also need to make sure configuration allows a truck to get as close as possible.
- MHCSD confirms well has 450-550 gpm yield, so 500 gpm is a reasonable planning number.
  - Note: there's little data for well 4 and 5. Well 4 has been abandoned and filled with silt for ~10-20 years.

#### Well #8 Pump Information:

- MHCSD confirms nominal HP range is 50-60, so Stantec's 60 HP assumption works.

#### Booster Pump Information:

- MHCSD found that 500 gpm at 310' of head results in a net 60 HP. Rick requested that the HP assumption is checked.

#### Backup Generator:

- MHCSD requests permanent, enclosed, switch backup generator
- Stantec notes this is a significant cost and not a part of the initial budget planning.
- MHCSD concludes if work can be done for ~\$50,000, they will want to go for it. MHCSD notes past project it got done for ~\$80,000.

#### Flow Control Valve or VFD/Throttle:

- MHCSD was thinking about the FCV, but concerned about wasting power.
- Stantec notes that while VFD has more capacity/efficiency, it will be expensive.
- MHCSD wants to find out how much each option costs before making final decision.

#### Project Schedule:

- MHCSD explains how grading for Burton Ranch likely won't begin until December 2024
- Stantec notes this is much later than previously expected.
- Both agree that a meeting in January will be scheduled to discuss project schedule and possibility of extending project deadline past March.

#### Well Building:

- MHCSD notes project won't be using current building code because it's being updated this year.
- Javier from MHCD will forward the tank plans.



Mission Hills CSD Budget Calendar  
Fiscal Year 2024-2025

<p><b>January 17</b> <b>11:00 AM</b></p>	<p><b>Staff Budget Meeting</b> Staff to discuss revisions to Operating and Capital Improvement Budgets.</p>
<p><b>March 6</b> <b>10:00 AM</b></p>	<p><b>Board Workshop – Budget Discussions</b></p>
<p><b>March 20</b> <b>2:00 PM</b></p>	<p><b>Finance Committee – Review and Discuss</b> Operating and Capital Improvement Budgets</p>
<p><b>April 17</b> <b>4:30 PM</b></p>	<p><b>Board of Directors Regular Meeting</b> Board to Review Proposed Operating and Capital Improvement Budgets</p>
<p><b>May 1</b></p>	<p>Publish Budget Notice in Newspaper (One Notice, Two Weeks Prior to Meeting)</p>
<p><b>May 15</b> <b>4:30 PM</b></p>	<p><b>Board of Directors Regular Meeting</b> Public Reading and Adoption of Final Operating and Capital Improvement Budgets</p>

JANUARY 2024						
M	T	W	T	F	S	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				
FEBRUARY 2024						
M	T	W	T	F	S	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29			
MARCH 2024						
M	T	W	T	F	S	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31
APRIL 2024						
M	T	W	T	F	S	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					
MAY 2024						
M	T	W	T	F	S	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		
JUNE 2024						
M	T	W	T	F	S	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30



**Board of Directors:**

President; Jorge Magana  
 Vice President; Myron Heavin  
 Director; Jim Keeling  
 Director; Matthew Starbuck  
 Director; Steve Dietrich

General Manager, Brad Hagemann

**MISSION HILLS COMMUNITY SERVICES DISTRICT  
 Water and Wastewater Report – January 2024**

<u>Water</u>	<u>Wastewater</u>
Monthly Distributed: 11.4 MG	Total Monthly Influent Flow: 6.32 MG
Daily Average: 0.38 MGD	Daily Average: 0.20 MGD
Monthly Sold: 9.6 MG	Ratio of Daily returned Flow: 53%
Unaccounted Water: 1.8 MG (15%)	(0.20/ 0.38 = 52.6)

**Water**

**Compliance**

- Completed and submitted State Water Resource Control Board (SWRCB) monthly reports.

**Distribution System Maintenance/Repair**

- Replaced 16 Hersey meters to Kamstrup meters.
- Repaired 2 service line leaks and 1 main line repair.
- Preventative Maintenance Program: **December**
  - Dead end flushing: 29

**Wastewater**

**Compliance**

- Collected all weekly settleable solids samples.
- Completed SMR for the month of December.

**Collection System/Lift Station**

- Continued monitoring of Wet well Wizard. No further odor complaints.

**Wastewater Plant**

- Thorough cleaning of Headworks, Auger, and Muffin Monster. Removed all grit from grit chamber.

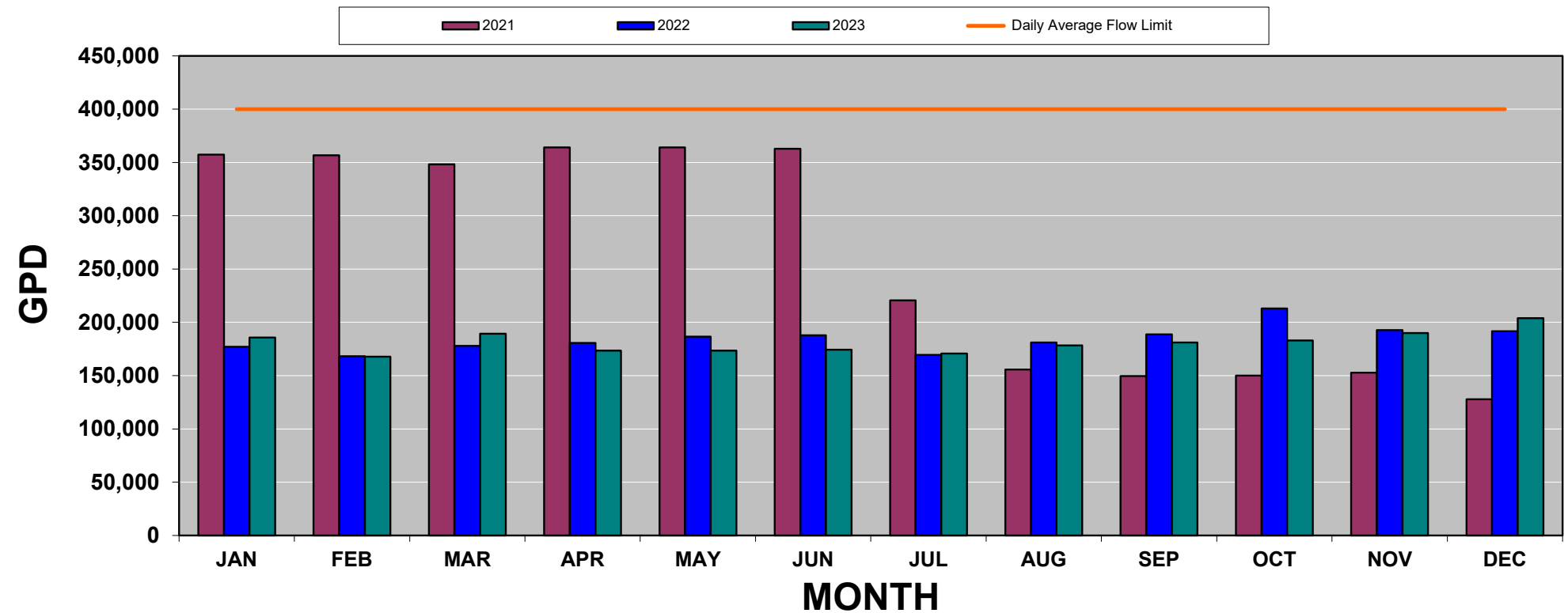
# MHCSD AVERAGE DAILY WASTEWATER FLOW (GPD)

MONTH	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Daily Average Flow Limit	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
2021	357,387	356,786	348,300	364,137	364,059	362,893	220,668	155,799	149,498	149,936	152,728	127,829
2022	177,041	168,115	177,989	180,559	186,491	187,850	169,490	181,125	188,697	212,966	192,728	191,717
2023	185,814	167,689	189,351	173,446	173,446	174,311	170,812	178,317	181,009	183,039	190,019	203,847

July 2021- Sept. 2022 Recycle flow was removed from total effluent flow.

Jan 2021- Jun 2021 inaccurate Flo-dar meter readings

## MISSION HILLS CSD AVERAGE DAILY FLOW

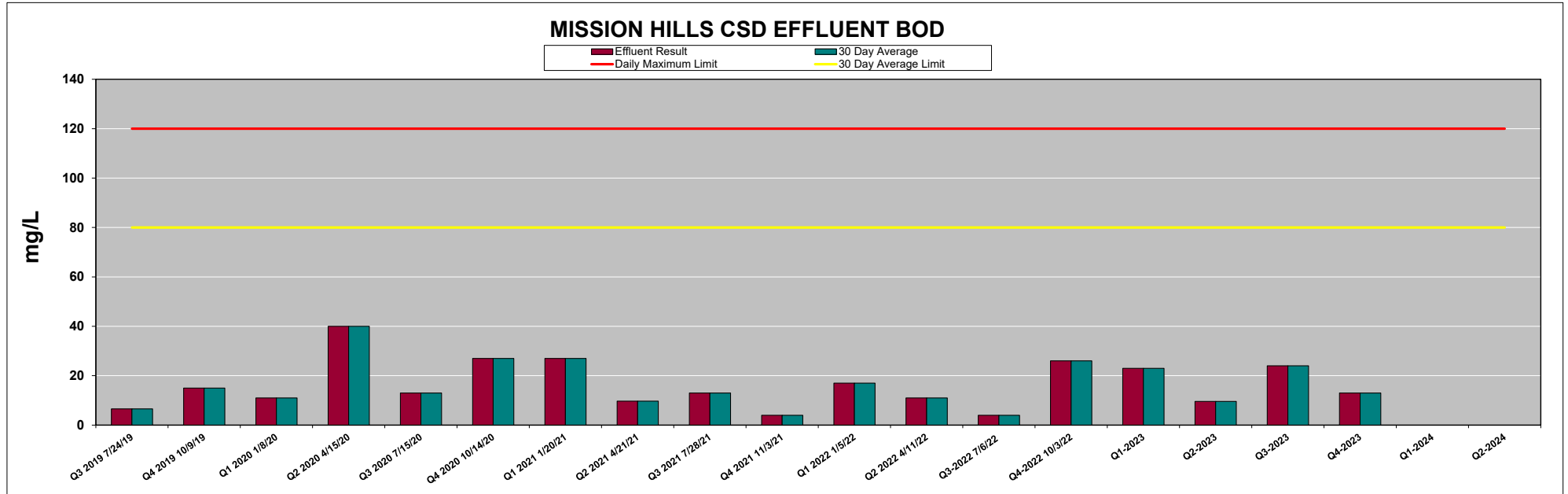


# MISSION HILLS CSD EFFLUENT BOD (mg/L)

Consent Item 4 B ii

MONTH	7/24/2019	10/9/2019	1/8/2020	4/15/2020	7/15/2020	10/14/2020	1/20/2021	4/21/2021	7/28/2021	11/3/2021	1/5/2022	4/11/2022	7/6/2022	10/3/2022	1/12/2023	4/12/2023	7/26/2023	10/19/2023	Q1-2024	Q2-2024
<b>Daily Maximum Permit Limit</b>	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120
<b>30 Day Average Permit Limit</b>	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80
<b>Effluent Result</b>	7	15	11	>40	13	27	27	10	13	<4.0	17	11	<4.0	26	23	10	24	13		
<b>30 Day Average</b>	7	15	11	>40	13	27	27	10	13	<4.0	17	11	<4.0	26	23	10	24	13		

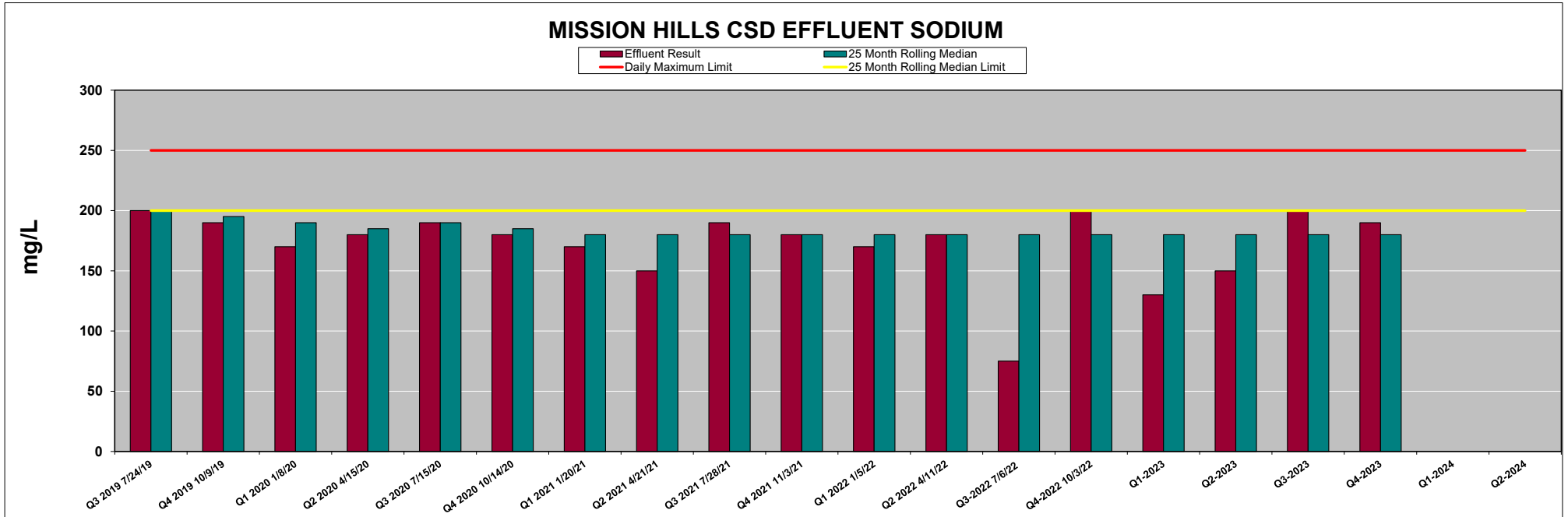
*Non-detect, estimated, and greater than (>) results are graphed at their reporting levels or as reported by lab.*



# MISSION HILLS CSD EFFLUENT SODIUM (mg/L)

Consent Item 4 B ii

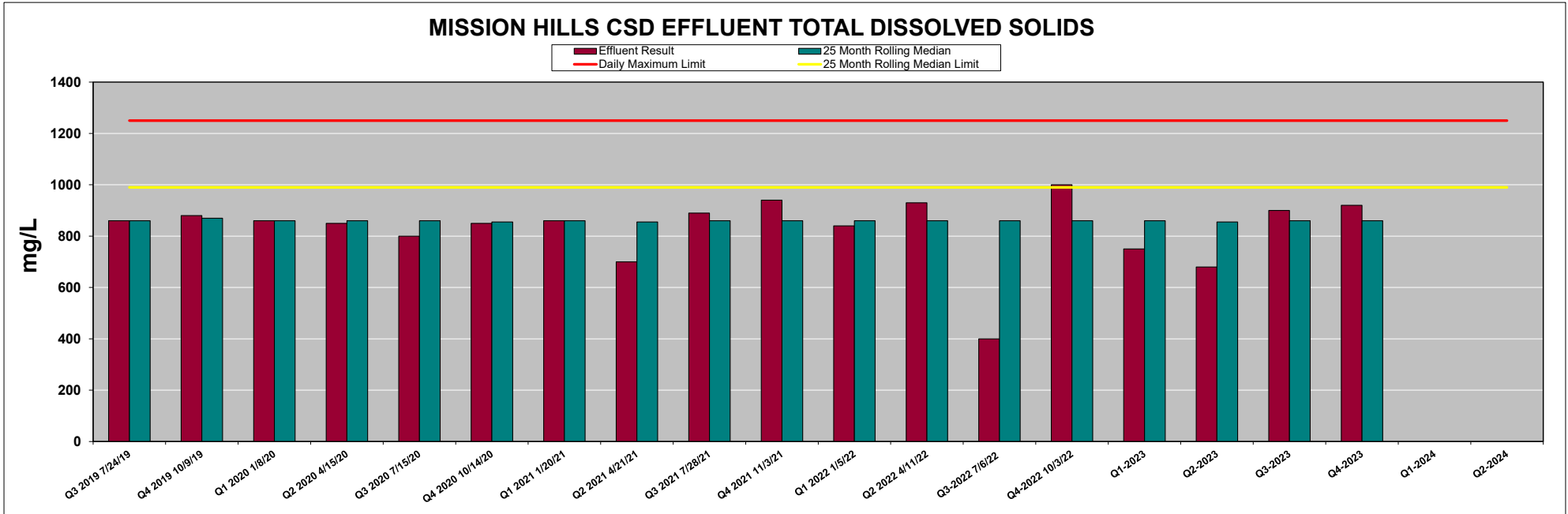
MONTH	7/24/2019	10/9/2019	1/8/2020	4/15/2020	7/15/2020	10/14/2020	1/20/2021	4/21/2021	7/28/2021	11/3/2021	1/5/2022	4/11/2022	7/6/2022	10/3/2022	1/12/2023	4/12/2023	7/26/2023	10/19/2023	Q1-2024	Q2-2024	
<b>Daily Maximum Permit Limit</b>	250	250	250	250	250	250	250	250	250	250	250	250	250	250	250	250	250	250	250	250	250
<b>25 Month Rolling Median Limit</b>	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200
<b>Effluent Result</b>	200	190	170	180	190	180	170	150	190	180	170	180	75	200	130	150	200	190			
<b>25 Month Rolling Median</b>	200	195	190	185	190	185	180	180	180	180	180	180	180	180	180	180	180	180			



# MISSION HILLS CSD EFFLUENT TOTAL DISSOLVED SOLIDS (mg/L)

Consent Item 4 B ii

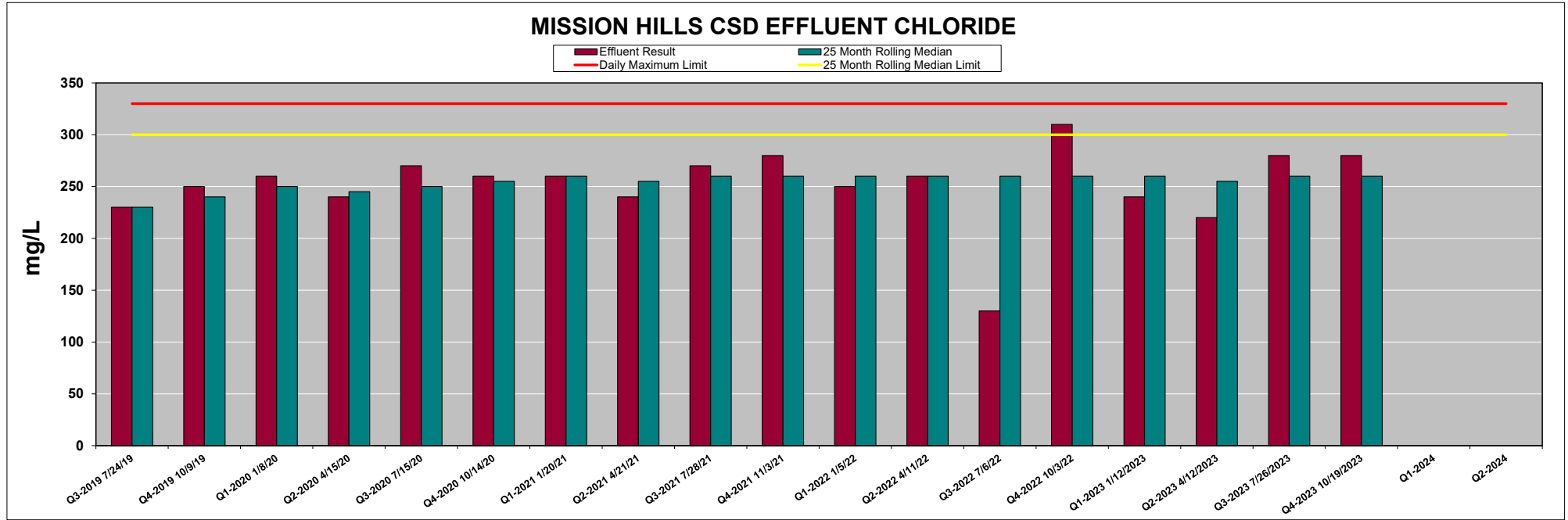
MONTH	7/24/2019	10/9/2019	1/8/2020	4/15/2020	7/15/2020	10/14/2020	1/20/2021	4/21/2021	7/28/2021	11/3/2021	1/5/2022	4/11/2022	7/6/2022	10/3/2022	1/12/2023	4/12/2023	7/26/2023	10/19/2023	Q1-2024	Q2-2024	
<b>Daily Maximum Permit Limit</b>	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
<b>25 Month Rolling Median Limit</b>	990	990	990	990	990	990	990	990	990	990	990	990	990	990	990	990	990	990	990	990	990
<b>Effluent Result</b>	860	880	860	850	800	850	860	700	890	940	840	930	400	1,000	750	680	900	920			
<b>25 Month Rolling Median</b>	860	870	860	860	860	855	860	855	860	860	860	860	860	860	860	855	860	860			



# MISSION HILLS CSD EFFLUENT CHLORIDE (mg/L)

Consent Item 4 B ii

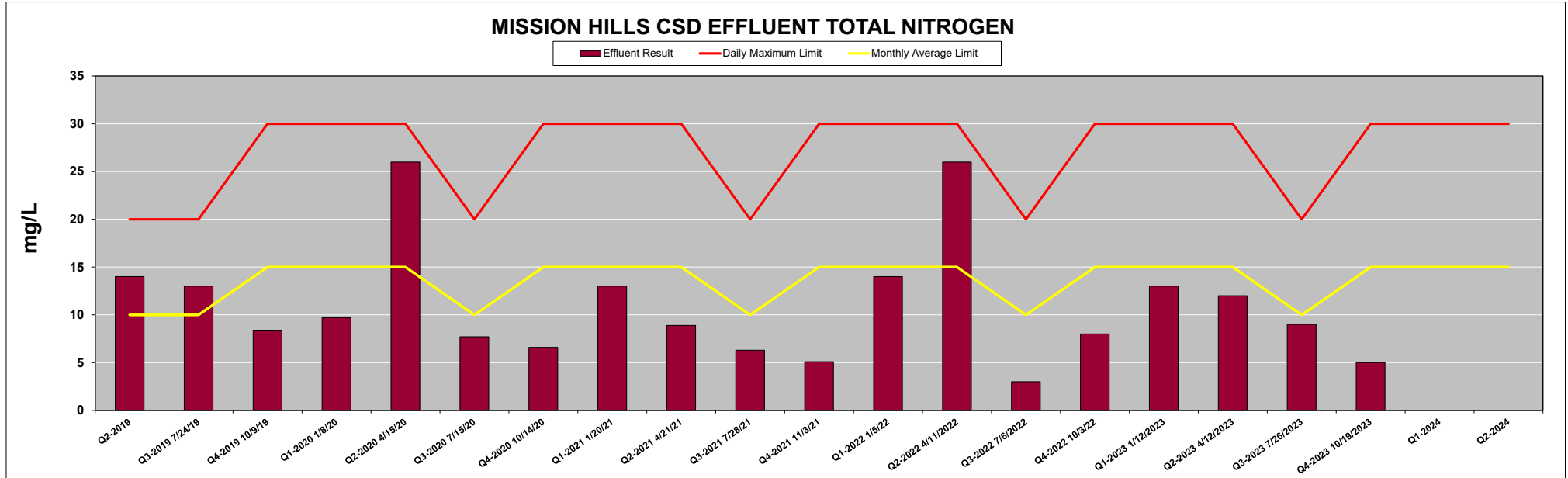
MONTH	7/24/2019	10/9/2019	1/8/2020	4/15/2020	7/15/2020	10/14/2020	1/20/2021	4/21/2021	7/28/2021	11/3/2021	1/5/2022	4/11/2022	7/6/2022	10/3/2022	1/12/2023	4/12/2023	7/26/2023	10/19/2023	Q1-2024	Q2-2024	
<b>Daily Maximum Permit Limit</b>	330	330	330	330	330	330	330	330	330	330	330	330	330	330	330	330	330	330	330	330	330
<b>25 Month Rolling Median Limit</b>	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300
<b>Effluent Result</b>	230	250	260	240	270	260	260	240	270	280	250	260	130	310	240	220	280	280			
<b>25 Month Rolling Median</b>	230	240	250	245	250	255	260	255	260	260	260	260	260	260	260	255	260	260			



# MISSION HILLS CSD EFFLUENT TOTAL NITROGEN (mg/L)

Consent Item 4 B ii

MONTH	7/24/2019	8/20/2019	10/9/2019	1/8/2020	4/15/2020	7/15/2020	10/14/2020	1/20/2021	4/21/2021	7/28/2021	11/3/2021	1/5/2022	4/11/2022	7/6/2022	10/3/2022	1/12/2023	4/12/2023	7/26/2023	10/19/2023	Q1-2024	Q2-2024
<b>Daily Maximum Permit Limit</b>	20	20	30	30	30	20	30	30	30	20	30	30	30	20	30	30	30	20	30	30	30
<b>Monthly Average Limit</b>	10	10	15	15	15	10	15	15	15	10	15	15	15	10	15	15	15	10	15	15	15
<b>Effluent Result</b>	14	13	8	10	26	8	7	13	9	6	5	14	26	3	8	13	12	9	5		





## Top Goals

### **Established by Board of Directors**

(Staff recommends the Board of Directors consider updating the Top Goals on an annual or by-annual basis)

**1. Wastewater TN (Total Nitrogen), Na (Sodium) & Chloride concentration reduction plan and compliance with RWQCB Time Schedule Order.**

Staff continues to carefully monitor the treatment system to keep the effluent total Nitrogen levels in compliance with the TSO and WDR standards. The most recent compliance monitoring results and process control monitoring results have remained below the permit limits. Staff continues to work on isolating the pond valves so we can perform maintenance and repair as needed and we are working on implementing chloride reduction measures by inspecting areas that have the highest level of chlorides in their wastewater. The Wastewater Committee met on November 1<sup>st</sup> to discuss potential compliance issues and salt reduction strategies. RWQCB conducted an inspection on July 19, 2023. [No changes]

**2. General Manager Recruitment**

The Board met in Closed Session at the December 13, 2023, Board meeting. The Personnel Committee met on January 5, 2024, to review the candidates and recommend the top candidates for an interview by the full Board. The full Board held a Special Meeting on January 11, 2024, to interview the candidates and provided direction to staff on their top candidate(s). The Board is scheduled to meet in Closed Session at the January 17, 2024, Regular meeting to discuss the candidates and employment contract terms.

**3. Cost Reduction – Energy usage and other applicable initiatives**

Please refer to the Energy Committee Update. [No Changes]

**4. Public Outreach – Implement regular on-line communications to the community.**

Staff continues to post content on the Districts Facebook page, Facebook Forums, District’s Bulletin Board, District’s website, and the Next-Door local Neighborhood website. A variety of Topics have been posted via social media. Staff has been posting a new item about every three weeks. Our recent post was to announce the new Officer Elections and their positions.

**5. Pursue Grant Funding Opportunities for Capital Projects**

Staff continue to review electronic notices regarding grant funding and low interest loan opportunities. Staff receive weekly notices on grant opportunities, but to date the grants are only available for certain types of projects or Agencies and they are not applicable to the District. We will continue to monitor grant opportunities.

## MHCS D COMMITTEE MEETING UPDATES

January 17, 2024, Board Meeting

(Updated January 12, 2024)

Committee	Summary Discussion	Completed Meeting Date
<p style="text-align: center;"><b>Water</b></p> <p>Starbuck &amp; Dietrich Alt-Heavin</p>	<p>Committee members met on November 29, 2023, to discuss the status of the design of the Burton Ranch projects. The Committee will schedule a Special Committee meeting as needed.</p>	<p>November 29, 2023</p>
<p style="text-align: center;"><b>Wastewater</b></p> <p>Starbuck &amp; Dietrich Alt-Heavin</p>	<p>The Committee met on November 1<sup>st</sup> and discussed potential WWTP compliance issues and next steps for the District's salts management program. Committee members and staff will provide an oral summary of their November 1st meeting at the November 15<sup>th</sup> Board meeting. The next meeting will be scheduled as needed.</p>	<p>November 1, 2023</p>
<p style="text-align: center;"><b>Finance</b></p> <p>Dietrich &amp; Keeling Alt-Starbuck</p>	<p>The Committee members met on January 8, 2024. The Committee discussed the proposed revisions to the Summit Hills Settlement Agreement and the draft Reserve Policy. Both of these items will be included on January 17, 2024 meeting agenda.</p>	<p>January 8, 2024</p>
<p style="text-align: center;"><b>Energy</b></p> <p>Heavin &amp; Starbuck Alt-Magana</p>	<p>On August 2<sup>nd</sup>, Director Heavin and GM Hagemann met with a representative from Rare Electric to discuss a battery option for the WWTP and the sewage lift station. Staff provided the Rare representative with the last since months of PG&amp;E data. Rare agreed to work up an estimate for installing batteries.</p> <p>On Sept 19<sup>th</sup>, Mr. Chris Wolf, Owner of Rare Electric provided an estimate to install a solar panel and battery system for the Mesa Oaks Lift Station. His email and budget estimate is attached to this staff report. I asked Mr. Wolf to prepare a "battery only" proposal for the WWTP. I have not yet received a "battery only" proposal from Mr. Wolf.</p>	<p>August 12, 2023</p>
<p style="text-align: center;"><b>Personnel</b></p> <p>Keeling &amp; Magana Alt-Dietrich</p>	<p>Committee Members met on January 5, 2024, to discuss the status of the GM recruitment process. The Committee recommended a short list of applicants for the full Board to interview at an upcoming Special Meeting. The next meeting will be scheduled as needed.</p>	<p>January 5, 2024</p>
<p style="text-align: center;"><b>GSA for WMA</b></p> <p>Heavin Alt-Jim Keeling</p>	<p>The WMA GSA last met on December 20, 2023. The meeting agenda notice is provided as an attachment to this report. The next WMA GSA meeting is scheduled for January 24<sup>th</sup>, 2024.</p>	<p>December 20, 2023</p>

<p><b>Community Engagement</b> Heavin &amp; Keeling Alt-Magana</p>	<p>Staff continues to post content on social media, the District's Bulletin Board, the District's website, and the Next-door Neighborhood website. Our recent post was to announce the new Officer Elections and the Committee Assignments for MHCSO.</p>	<p>December, 2023</p>
<p><b>Development</b> Dietrich &amp; Keeling Alt-Starbuck</p>	<p>Development Committee did not meet. Next meeting TBD.</p>	<p>TBD</p>

**NOTICE AND AGENDA OF REGULAR MEETING**

GROUNDWATER SUSTAINABILITY AGENCY FOR THE WESTERN MANAGEMENT AREA  
IN THE SANTA YNEZ RIVER GROUNDWATER BASIN

HELD AT

VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT, MEETING ROOM  
3745 CONSTELLATION RD, LOMPOC, CALIFORNIA

AT 10:00 A.M. WEDNESDAY, DECEMBER 20, 2023

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**Optional remote public participation is available via Telephone or ZOOM**

To access the meeting via telephone, please dial: 1-669-900-6833  
or via the Web at: <http://join.zoom.us>

“Join a Meeting” - **Meeting ID 831 2816 6415 Meeting Passcode: 656237**

\*\*\* Please Note \*\*\*

The above teleconference option for public participation is being offered as a convenience only and may limit or otherwise prevent your access to and participation in the meeting due to disruption or unavailability of the teleconference line. If any such disruption of unavailability occurs for any reason the meeting will not be suspended, terminated, or continued.

Therefore in-person attendance of the meeting is strongly encouraged.

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**AGENDA OF REGULAR MEETING**

1. Call to Order and Roll Call
2. Additions or Deletions to the Agenda
3. Public Comment (Any member of the public may address the Committee relating to any non-agenda matter within the Committee’s jurisdiction. The total time for all public comment shall not exceed fifteen minutes and the time allotted for each individual shall not exceed five minutes. No action will be taken by the Committee at this meeting on any public comment item.)
4. Review and consider approval of meeting minutes of November 15, 2023
5. Review and Consider Requests for WMA GSA Written Verifications under Executive Order N-7-22 revised under Executive Order N-5-23 in the WMA for the following parcels:
  - a. APN 083-070-016, Santa Rosa Road, Lompoc, CA (Campbell–Acin Family Trust)
  - b. APN 099-150-065, 4874 Hapgood Road, Lompoc, CA (Campbell-Ostini)
6. Update on WY 2022-2023 WMA Annual Report
7. Receive update on Proposition 68 Grant Award
  - a. Official Receipt of Grant Check - Ceremony (Place and Time TBD)
8. Next tentative WMA GSA Special Meeting, Wednesday, January 24, 2024, 10 a.m. at Village Community Services District, Meeting Room, 3745 Constellation Rd, Lompoc, California
9. Next WMA GSA Regular Meeting, Wednesday, February 28, 2024, 10 a.m. at Village Community Services District, Meeting Room, 3745 Constellation Rd, Lompoc, California
10. WMA GSA Committee reports and requests for future agenda items
11. Adjournment

[This agenda was posted 72 hours prior to the scheduled regular meeting at 3669 Sagunto Street, Suite 101, Santa Ynez, California, and SantaYnezWater.org in accordance with Government Code Section 54954. In compliance with the Americans with Disabilities Act, if you need special assistance to review agenda materials or participate in this meeting, please contact the Santa Ynez River Water Conservation District at (805) 693-1156. Advanced notification as far as practicable prior to the meeting will enable the GSA to make reasonable arrangements to ensure accessibility to this meeting.]

Mission Hills Community Services District  
Revenue and Expenses Prev Year Comparison  
December 2023

	Dec 23	Dec 22	\$ Change	Explanation
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
4005 · 48 hour notice fees	405.00	225.00	180.00	
4025 · Construction hydrant meter	0.00	50.00	-50.00	
4045 · Late fees	2,846.58	1,732.42	1,114.16	Increase 2023
4050 · Miscellaneous income	0.00	25.00	-25.00	
4060 · Reconnection fees	415.00	100.00	315.00	
4075 · Returned check fees	50.00	50.00	0.00	
4085 · Sewer basic charges	98,257.88	90,466.15	7,791.73	Rate Increase 2023
4095 · Street sweeping charges	1,502.16	1,506.12	-3.96	
4105 · Water basic charges	59,152.34	56,000.04	3,152.30	Rate Increase 2023
4115 · Water usage charges	44,478.71	42,209.58	2,269.13	Rate Increase 2023
<b>Total Income</b>	<b>207,107.67</b>	<b>192,364.31</b>	<b>14,743.36</b>	
<b>Gross Profit</b>	<b>207,107.67</b>	<b>192,364.31</b>	<b>14,743.36</b>	
<b>Expense</b>				
6000 · Salaries and wages				
6005 · Wage expense	58,303.87	55,168.12	3,135.75	Full Staffing/Promotions
6010 · Payroll tax expense	4,779.39	4,414.29	365.10	
<b>Total 6000 · Salaries and wages</b>	<b>63,083.26</b>	<b>59,582.41</b>	<b>3,500.85</b>	
6050 · Employee benefits				
6060 · Disability insurance	0.00	273.03	-273.03	
6065 · Health insurance	13,875.15	7,999.90	5,875.25	Additions to Plan 2023
6075 · Retirement expenses	1,525.22	1,427.89	97.33	
6090 · Vacation & Sick Leave	3,557.51	2,047.64	1,509.87	More Sick/Vac Taken 2023
6095 · Benefit Administration	0.00	89.82	-89.82	
<b>Total 6050 · Employee benefits</b>	<b>18,957.88</b>	<b>11,838.28</b>	<b>7,119.60</b>	
6100 · Director fees	875.00	500.00	375.00	
6110 · Depreciation expense	26,784.66	28,189.70	-1,405.04	Slight Reduction 2023
6140 · Vehicle expenses				
6145 · Tractor and equipment	0.00	0.00	0.00	
6150 · Vehicle fuel	0.00	1,232.56	-1,232.56	Timing of Payment 2023
6155 · Vehicle maintenance	0.00	1,601.24	-1,601.24	Timing of Payment 2023
<b>Total 6140 · Vehicle expenses</b>	<b>0.00</b>	<b>2,833.80</b>	<b>-2,833.80</b>	
6190 · Dues and memberships	0.00	190.00	-190.00	
6200 · Office expenses				
6210 · Cash (over) / short	0.15	0.00	0.15	
6220 · Licenses and fees	0.00	330.00	-330.00	
6230 · Office supplies	93.59	67.61	25.98	
6235 · Postage expense	0.00	708.33	-708.33	
6245 · Office Equipment	231.57	169.17	62.40	
<b>Total 6200 · Office expenses</b>	<b>325.31</b>	<b>1,275.11</b>	<b>-949.80</b>	
6300 · Operating supplies and expenses				
6310 · Miscellaneous supplies	226.15	1,005.47	-779.32	
6325 · Portable equipment	43.20	0.00	43.20	
6330 · Shop supplies	0.00	222.74	-222.74	
6335 · Small tools and appliances	0.00	1,302.43	-1,302.43	Less Purchases 2023
6340 · Chemicals				
6344 · Chlorine	0.00	1,079.16	-1,079.16	Less Purchases 2023
6345 · Corrosion inhibitor	0.00	3,048.11	-3,048.11	Less Purchases 2023
<b>Total 6340 · Chemicals</b>	<b>0.00</b>	<b>4,127.27</b>	<b>-4,127.27</b>	
<b>Total 6300 · Operating supplies and ex</b>	<b>269.35</b>	<b>6,657.91</b>	<b>-6,388.56</b>	
6410 · Contractual services				
6420 · Cleaning service	200.00	200.00	0.00	
6425 · Office equip maintenance	71.50	207.99	-136.49	

Mission Hills Community Services District  
Revenue and Expenses Prev Year Comparison  
December 2023

Consent Item 4 C. i

	Dec 23	Dec 22	\$ Change	Explanation
6430 · Internet access	171.58	163.35	8.23	
6435 · Landscaping services	308.43	210.00	98.43	
6445 · Security expense	112.50	112.50	0.00	
6450 · Software support	1,452.50	1,671.75	-219.25	
6452 · Credit Card Processing	227.73	355.51	-127.78	
6453 · Software Subscriptions	0.00	395.42	-395.42	
6455 · Street sweeping services	1,471.18	1,414.60	56.58	
6466 · Emissions Testing	0.00	803.40	-803.40	
6470 · Other contractual services	8.75	15.25	-6.50	
<b>Total 6410 · Contractual services</b>	<b>4,024.17</b>	<b>5,549.77</b>	<b>-1,525.60</b>	
6475 · Professional services				
6485 · Engineering services	6,642.50	225.25	6,417.25	Tuckfield & Associates - Capacity Charge Study 2023
6490 · Legal services	570.79	193.90	376.89	
6495 · Human Resources services	3,278.48	0.00	3,278.48	Hiring Assistance with GM Recruitment
<b>Total 6475 · Professional services</b>	<b>10,491.77</b>	<b>419.15</b>	<b>10,072.62</b>	
6500 · Printing and publication	0.00	43.50	-43.50	
6505 · Equipment lease and rentals	396.14	994.57	-598.43	
6525 · Research and monitoring				
6535 · Monitoring expense	0.00	553.00	-553.00	
<b>Total 6525 · Research and monitoring</b>	<b>0.00</b>	<b>553.00</b>	<b>-553.00</b>	
6600 · Travel and meetings				
6610 · Meals	60.00	424.00	-364.00	
6620 · Staff training	0.00	674.98	-674.98	
<b>Total 6600 · Travel and meetings</b>	<b>60.00</b>	<b>1,098.98</b>	<b>-1,038.98</b>	
6650 · Utilities				
6655 · Cell phones	206.98	198.68	8.30	
6665 · Electrical	15,526.05	11,294.46	4,231.59	Increase in Consumption - Gas Well Down 2023
6670 · Natural gas	62.86	2,455.01	-2,392.15	Gas Well Down 2023
6685 · Telephone	82.53	198.69	-116.16	
6691 · Trash & Recycling	336.89	292.02	44.87	
<b>Total 6650 · Utilities</b>	<b>16,215.31</b>	<b>14,438.86</b>	<b>1,776.45</b>	
6700 · Government fees and charges	0.00	23,372.28	-23,372.28	Permit Paying Timing 2022
6720 · Repairs and maintenance				
6750 · Collection expense	0.00	36.82	-36.82	
6760 · Shop and equip repairs	0.00	51.06	-51.06	
6765 · Supplies and small tools	4,839.82	0.00	4,839.82	Famcon Pipe 2023
6775 · Filtration Plant	0.00	646.60	-646.60	
6785 · Wells and pumping	0.00	440.00	-440.00	
6790 · Waste water plant	0.00	9,846.70	-9,846.70	Ponton Industries 2022 - Flo Dar Meter
6795 · Other repairs and mainten	36,153.28	1,131.98	35,021.30	Multiple Water Leaks 2023
<b>Total 6720 · Repairs and maintenance</b>	<b>40,993.10</b>	<b>12,153.16</b>	<b>28,839.94</b>	
<b>Total Expense</b>	<b>182,475.95</b>	<b>169,690.48</b>	<b>12,785.47</b>	
<b>Net Ordinary Income</b>	<b>24,631.72</b>	<b>22,673.83</b>	<b>1,957.89</b>	
<b>Other Income/Expense</b>				
<b>Other Income</b>				
7006 · Market Appreciation/(Depr)	4,003.11	1,416.38	2,586.73	Better Return 2023
7010 · Interest income	3,238.48	1,923.90	1,314.58	Better Return 2023
<b>Total Other Income</b>	<b>7,241.59</b>	<b>3,340.28</b>	<b>3,901.31</b>	
<b>Net Other Income</b>	<b>7,241.59</b>	<b>3,340.28</b>	<b>3,901.31</b>	
<b>Net Income</b>	<b>31,873.31</b>	<b>26,014.11</b>	<b>5,859.20</b>	



Mission Hills Community Services District  
Disbursements Journal  
December 2023

Consent Item 4 C. ii

	Date	Num	Name	Amount	Explanation
<b>1000 · FSB - Operating 1535412</b>					
	12/05/2023	EFT	Verizon	-206.98	
	12/07/2023	33673	ACWA/JPIA *Medical Insurance	-14,791.55	Monthly Ins Premium
	12/07/2023	33674	American Industrial Supply	-152.03	
	12/07/2023	33675	Brenntag Pacific, Inc	-4,630.35	Chemicals
	12/07/2023	33676	California Special Districts Assoc	-385.00	
	12/07/2023	33677	Comcast	-168.35	
	12/07/2023	33678	De Lage Landen Financial Servi	-231.57	
	12/07/2023	33679	Energy Link	-893.14	
	12/07/2023	33680	ERS Industrial Services	-6,820.00	Filter Surveillance
	12/07/2023	33681	Home Depot	-753.69	
	12/07/2023	33682	O'Connor Pest Control	-110.00	
	12/07/2023	33683	Pacific Petroleum California	-3,623.95	Sewer Leak
	12/07/2023	33684	Pro3 Automation Inc	-11,802.85	Various Work
	12/07/2023	33685	SP Maintenance Services, Inc.	-1,471.18	Street Cleaning
	12/07/2023	33686	Staples Business Credit	-168.69	
	12/07/2023	33687	Ultrex Inc	-71.50	
	12/07/2023	33688	Underground Service Alert of SC	-8.75	
	12/07/2023	33689	Waste Management	-336.89	
	12/13/2023	33690	Carmel & Naccasha LLP	-570.79	
	12/13/2023	33691	Clinical Labs of San Bernardino	-2,782.50	Monitoring
	12/13/2023	33692	County of Santa Barbara- Gen S	-4,094.92	Vehicle Fuel & Maintenance
	12/13/2023	33693	Crosno Construction Inc	-140,839.21	CIP - Water Tank Rehab
	12/13/2023	33694	Mission Paving Inc	-34,550.00	Via Dona Leak Repair
	12/13/2023	33695	Pitney Bowes	-87.48	
	12/13/2023	33696	SoCalGas	-36.48	
	12/13/2023	33697	Stantec	-4,280.00	Conceptual Water Study - Thru 11/17/23
	12/13/2023	33698	Verizon	-207.86	
	12/27/2023	33699	Compuvision	-1,452.50	IT Monthly Services
	12/27/2023	33700	Frontier Communications	-68.33	
	12/27/2023	33701	JOHN D'ORNELLAS	-3,278.48	GM Recruitment Assistance
	12/27/2023	33702	Jon's Lawn Mowing	-295.94	
	12/27/2023	33703	Juana Garcia Rodriguez	-200.00	Janitorial Service
	12/27/2023	33704	Linde Gas & Equipment Inc	-43.20	
	12/27/2023	33705	Mission Paving Inc	-800.00	
	12/27/2023	33706	Smith Alarms & Electronics, Inc.	-112.50	
Total 1000 · FSB - Operating 1535412				-240,326.66	
<b>1060 · CHCU - General 4163</b>					
	12/01/2023	EFT	Tierzero	-133.90	
	12/12/2023	EFT	PG&E	-3,626.89	Utility Bill - WWTP
	12/26/2023	EFT	PG&E	-43.77	Utility Bill - Well #6
	12/26/2023	EFT	PG&E	-1,879.11	Utility Bill - Lift Station
	12/26/2023	EFT	PG&E	-5,532.64	Utility Bill - Well #7
	12/26/2023	EFT	PG&E	-580.12	Utility Bill - Shop
	12/26/2023	EFT	PG&E	-4,034.47	Utility Bill - Well #5
	12/26/2023	EFT	PG&E	-244.52	Utility Bill - Office
Total 1060 · CHCU - General 4163				-16,075.42	
<b>1070 · CHCU - Payroll 4155</b>					
	12/06/2023		Payroll	-21,778.16	
	12/08/2023	E-pay	EDD	-1,641.08	
	12/08/2023	E-pay	IRS USATAXPYMT	-6,254.38	
	12/08/2023	EFT	CA State Disbursement Unit/Exp	-299.07	
	12/13/2023	1384	Matrix Trust Company	-4,412.04	401K/457
	12/20/2023		Payroll	-20,302.80	
	12/20/2023		BOD Payroll	-685.88	
	12/21/2023	1385	BOD Payroll	-114.31	
	12/22/2023	E-pay	EDD	-1,503.39	
	12/22/2023	E-pay	IRS USATAXPYMT	-5,823.42	
	12/22/2023	EFT	CA State Disbursement Unit/Exp	-299.07	
	12/27/2023	1386	Matrix Trust Company	-4,361.97	401K/457
	12/29/2023	EFT	AFLAC	-557.42	
Total 1070 · CHCU - Payroll 4155				-68,032.99	
<b>1075 · CHCU - ACH 4130</b>					
	12/16/2023	EFT	Springbrook (ACH Services)	-227.73	
Total 1075 · CHCU - ACH 4130				-227.73	
<b>TOTAL</b>				<b>-324,662.80</b>	

### Variation From Projected Income

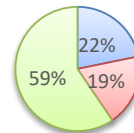
Fiscal Year Ending 6-30-2024

Billing Month	Water			Wastewater			Total (Loss) / Gain	Current Year Units Sold	Last Year Units Sold	Previous 5 Year Average Units Sold
	Budgeted Income*	Actual Income	Variation	Budgeted Income	Actual Income	Variation				
Jul-23	\$ 140,380	\$ 115,544	\$ (24,836)	\$ 97,799	\$ 97,994	\$ 195	\$ (24,641)	26,994	22,621	22,851
Aug-23	\$ 128,800	\$ 144,772	\$ 15,972	\$ 97,799	\$ 98,416	\$ 617	\$ 16,589	18,520	25,390	23,682
Sep-23	\$ 120,220	\$ 115,141	\$ (5,079)	\$ 97,799	\$ 98,232	\$ 433	\$ (4,646)	19,235	20,829	21,326
Oct-23	\$ 119,125	\$ 117,268	\$ (1,857)	\$ 97,799	\$ 97,928	\$ 129	\$ (1,728)	21,161	16,842	20,671
Nov-23	\$ 115,125	\$ 123,896	\$ 8,771	\$ 97,799	\$ 98,285	\$ 486	\$ 9,257	15,372	15,567	18,751
Dec-23	\$ 117,390	\$ 103,631	\$ (13,759)	\$ 97,799	\$ 98,258	\$ 459	\$ (13,300)	12,786	10,999	13,995
Jan-24	\$ 100,250			\$ 97,799			\$ -		9,757	11,259
Feb-24	\$ 101,640			\$ 97,799			\$ -		9,472	13,761
Mar-24	\$ 105,370			\$ 97,799			\$ -		9,024	12,444
Apr-24	\$ 90,060			\$ 97,799			\$ -		13,645	14,081
May-24	\$ 103,220			\$ 97,799			\$ -		19,652	19,099
Jun-24	\$ 116,454			\$ 97,801			\$ -		19,089	19,758
<b>Total</b>	<b>\$ 1,358,034</b>	<b>\$ 720,253</b>	<b>\$ (20,787)</b>	<b>\$ 1,173,590</b>	<b>\$ 589,112</b>	<b>\$ 2,318</b>	<b>\$ (18,469)</b>	<b>114,068</b>	<b>192,887</b>	<b>211,677</b>
								<b>Year to Date Monthly Averages</b>		
YTD avg	100%	<b>53%</b>		100%	<b>50%</b>			19,011	16,074	17,640
								<b>Yearly Average</b>	16,074	17,640
* Projected Income is calculated by using current year and previous 5 year average monthly units sold.										
<b>Units Sold by Calendar Year (1 Unit = 1 HCF = 748 Gallons)</b>										



Bank Account Summary	7/31/2023	8/31/2023	9/30/2023	10/31/2023	11/30/2023	12/31/2023
	<b>LAIF</b>	\$1,781,631	\$1,781,631	\$1,781,631	\$1,797,697	\$1,797,697
<b>California Class</b>	\$502,970	\$505,297	\$507,572	\$509,949	\$512,273	\$514,684
<b>TD Ameritrade/RNC Center</b>	\$682,155	\$687,771	\$688,798	\$690,069	\$695,482	\$699,625
<b>Coast Hills FCU</b>						
Checking	\$321,621	\$462,170	\$601,773	\$339,147	\$376,474	\$1,862,666
Development	\$0	\$0	\$0	\$0	\$0	\$0
Investment Checking	\$202	\$202	\$202	\$202	\$202	\$202
Savings	\$0	\$0	\$0	\$0	\$0	\$0
Payroll	\$44,515	\$30,715	\$13,210	\$9,860	\$12,703	\$53,773
ACH (Sweep Account)	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
<b>Total Coast Hill FCU</b>	\$367,338	\$494,087	\$616,185	\$350,209	\$390,379	\$1,917,642
<b>Five Star Bank</b>						
Operating	\$277,073	\$109,094	\$107,214	\$293,484	\$347,481	\$175,312
Development	\$111,671	\$111,680	\$111,689	\$111,699	\$111,708	\$111,718
Money Market	\$173,535	\$174,021	\$124,416	\$124,788	\$125,162	\$125,565
ACH (Sweep Account)	\$0	\$0	\$0	\$0	\$0	\$0
Payroll	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Five Star Bank</b>	\$562,279	\$394,795	\$343,319	\$529,971	\$584,351	\$412,594
<b>Combined Balance</b>	\$3,896,373	\$3,863,582	\$3,937,505	\$3,877,895	\$3,980,182	\$3,842,241
<b>Monthly Change</b>	-\$53,866	-\$32,791	\$73,923	-\$59,610	\$102,287	-\$137,940
<b>Fiscal Year Monthly Change To Date</b>						
<b>-\$107,997</b>						
<b>INVESTMENT STRATEGY</b>	<p>Along with resuming active management, the Finance Committee and Staff recommend a balanced distribution of monies as stated below between TD Ameritrade, LAIF and Coast Hills Credit Union/Five Star Bank. This distribution will allow the District to maximize yields on investments, while meeting operating and capital cash needs</p> <p><b>Recommended Investment Strategy:</b></p> <p>01. Coast Hills CU/Five Star Bank: \$300,000 <b>Goal of about 10%</b></p> <p>02. TD Ameritrade: 50% of balance of unrestricted cash <b>Goal of about 45%</b></p> <p>03. LAIF: 50% of the balance of unrestricted cash <b>Goal of about 45%</b></p>					

Current Percentage



- LAIF/CA Class
- TD Ameritrade/RNC Center
- Total CH FSB Less Development

Mission Hills Community Services District							6
Budget to Actual Comparison							0.50
Thru 12/31/2023							6
	Budgeted	Prorated Budget	Actual Thru		Remainder	% of Budget	Explanation
	Fiscal Year 23-24	Dec-23	Dec-23	Difference	Budgeted Amount	50%	
<b>Income</b>							
Late Fees/Charges	\$ 40,000	\$ 20,000	\$ 18,640	\$ (1,360)	\$ 21,360	47%	Slightly Lower Than Budgeted
Water Service	\$ 1,358,034	\$ 679,017	\$ 720,254	\$ 41,237	\$ 637,780	53%	Slightly Higher than Budgeted
Sewer Service	\$ 1,173,590	\$ 586,795	\$ 589,113	\$ 2,318	\$ 584,477	50%	On Track With Budget
Street Sweeping	\$ 18,000	\$ 9,000	\$ 9,017	\$ 17	\$ 8,983	50%	On Track With Budget
	\$ 2,589,624	\$ 1,294,812	\$ 1,337,023	\$ 42,211	\$ 1,252,601	52%	Revenue is 2% Above Budget
<b>Expense</b>							
Salaries & Wages	\$ 787,873	\$ 393,937	\$ 405,885	\$ (11,948)	\$ 381,988	52%	Slightly Higher Than Budgeted
Employee Benefits	\$ 285,000	\$ 142,500	\$ 125,283	\$ 17,217	\$ 159,717	44%	Slightly Lower Than Budgeted
Director Fees	\$ 15,000	\$ 7,500	\$ 8,000	\$ (500)	\$ 7,000	53%	Slightly Higher Than Budgeted - Committee & Special Meetings
Depreciation	\$ 372,648	\$ 186,324	\$ 160,708	\$ 25,616	\$ 211,940	43%	Slightly Lower Than Budgeted
Election Expense	\$ -	\$ -	\$ -	\$ -	\$ -	0%	No Election Expense
Vehicle Expense	\$ 30,000	\$ 15,000	\$ 17,458	\$ (2,458)	\$ 12,542	58%	Slightly Higher Than Budgeted - Addl Vehicles
Insurance	\$ 40,000	\$ 20,000	\$ 14,808	\$ 5,192	\$ 25,192	37%	Lower Than Budgeted
Memberships	\$ 40,000	\$ 20,000	\$ 21,842	\$ (1,842)	\$ 18,158	55%	Slightly Higher Than Budgeted
Office Expenses	\$ 25,000	\$ 12,500	\$ 8,173	\$ 4,327	\$ 16,827	33%	Lower Than Budgeted
Operating Supplies	\$ 20,000	\$ 10,000	\$ 11,342	\$ (1,342)	\$ 8,658	57%	Famcon, Uline, USA BlueBook Payment Timing
Chemicals	\$ 75,000	\$ 37,500	\$ 35,600	\$ 1,900	\$ 39,400	47%	Slightly Lower Than Budgeted
Safety	\$ 5,000	\$ 2,500	\$ 2,127	\$ 373	\$ 2,873	43%	Lower Than Budgeted
Contractual Services	\$ 125,000	\$ 62,500	\$ 50,667	\$ 11,833	\$ 74,333	41%	Lower Than Budgeted
Professional Services	\$ 70,000	\$ 35,000	\$ 45,056	\$ (10,056)	\$ 24,944	64%	Higher Than Budgeted - Legal, CPA, GM Recruitment
Printing & Publication	\$ 5,000	\$ 2,500	\$ 131	\$ 2,369	\$ 4,869	3%	Lower Than Budgeted
Equipment Lease	\$ 7,500	\$ 3,750	\$ 1,740	\$ 2,010	\$ 5,760	23%	Lower Than Budgeted
Monitoring	\$ 25,000	\$ 12,500	\$ 7,837	\$ 4,663	\$ 17,163	31%	Lower Than Budgeted
Travel/Meetings/Meals	\$ 20,000	\$ 10,000	\$ 1,542	\$ 8,458	\$ 18,458	8%	Lower Than Budgeted
Utilities	\$ 225,000	\$ 112,500	\$ 106,470	\$ 6,030	\$ 118,530	47%	Slightly Lower Than Budgeted
Government Fees	\$ 100,000	\$ 50,000	\$ 15,561	\$ 34,439	\$ 84,439	16%	Lower Than Budgeted
Repairs & Maintenance	\$ 80,000	\$ 40,000	\$ 149,003	\$ (109,003)	\$ (69,003)	186%	Several Leaks
Ratepayer Write Offs	\$ 25,000	\$ 12,500	\$ 50	\$ 12,450	\$ 24,950	0%	Minimal Write Offs
	\$ 2,378,021	\$ 1,189,011	\$ 1,189,282	\$ (272)	\$ 1,188,739	50%	Expenses Are On Track With Budget
Resolution 15-229 - Budget Preparation and Approval Process							
C.3. - Whenever a budgeted expense line item has circumstances where a projected expense exceeds a 5% variance of the total budget, the GM will be required to seek a super majority approval from the BoD before the expense is finalized, when possible.							
				5% =	\$ 118,901.05		



**MISSION HILLS COMMUNITY SERVICES DISTRICT**

**MEMORANDUM**

**TO:** Board of Directors  
**FROM:** Brad Hagemann, General Manager  
**DATE:** January 17, 2024  
**SUBJECT:** **Discuss and Consider Approval of the Settlement Agreement between MC Summit 44 LLC and Mission Hills Community Services District**

**Recommendation / Proposed Motion**

- Recommendation: Consider Approval of the attached Settlement Agreement
- Proposed Motion: Approve Settlement Agreement between MC Summit 44, LLC and Mission Hills Community Services District

**Background/Discussion**

In April 2019 the MC Summit 44, LLC (Developer) and Mission Hills Community Services District (District) entered into a Development Agreement for a proposed residential development consisting of 44 single family homes, a retention basin and an open space lot as described in the approved Summit View Estates Vesting Tract Map, LOM 594.

Disputes have arisen between the Developer and the District related to past due fees owed by the Developer to the District pursuant to the terms and conditions of the Development Agreement. In accordance with the District Board of Director's instructions, the District's legal counsel worked with the Developer's legal counsel to craft terms and conditions for settlement of the dispute. The parties now wish to settle the dispute in accordance with the terms of the attached Settlement Agreement.

The Board considered the Draft Settlement Agreement at their December 13, 2023, Special Meeting and requested some revisions to the Agreement. District legal counsel revised the Draft Agreement in accordance with the Board's direction. The Finance Committee reviewed the revised Draft Agreement at their January 8, 2024, meeting and recommends the full Board adopt the revised Draft Agreement.

Attachment:

Revised Draft Settlement Agreement and Mutual Release between MC Summit 44, LLC, and Mission Hills Community Services District

## **SETTLEMENT AGREEMENT AND MUTUAL RELEASE**

This Settlement Agreement and Mutual Release (hereinafter “Agreement”) is entered into by and between:

1. MC Summit 44, LLC, a California limited liability company hereinafter referred to as “MC” and Mission Hills Community Services District hereinafter referred to as “Mission”.
2. MC and Mission will be referred to collectively herein as the “Parties.”
3. This Agreement shall be effective as of the last date set forth below on which the Agreement is executed.

### **RECITALS**

This Agreement is entered into with reference to the following facts:

1. MC and Mission entered into that certain Mission Hills Community Services District Water and Wastewater Facility Development Agreement (“WWDA”) in or about April of 2019 for the purpose of providing water and wastewater utility services to the Summit View Homes Residential Project in Lompoc, California.
2. Certain disputes have arisen between MC and Mission related to certain fees Mission claims it is owed by MC, pursuant to the terms and conditions of the WWDA; specifically, Mission asserts that MC owes Mission \$81,000 in Planned Asset Fees (“Planned Asset Fees”), as set forth in Article II, Section P and Exhibit A of the WWDA. MC denies that it owes Mission any Planned Asset Fees.
3. As set forth below, the Parties now wish to settle, dismiss, release, discharge and terminate any and all claims, demands, controversies, causes of action, damages, rights, liabilities and obligations between them, or any of them, directly related to the Planned Asset Fees.
4. The Parties hereby agree as follows:

### **AGREEMENT**

#### **1. CONSIDERATION**

In exchange for payment of Fifty-five Thousand Dollars (\$55,000) from MC to Mission, the receipt and adequacy of which is hereby acknowledged, the Parties agree that all obligations of MC and of Mission directly related to the Planned Asset Fees have been met and any and all disputes resolved. Further, MC and Mission waive any claims directly related to the Planned Asset Fees.

**2. RELEASE**

A. Mission Release.

Mission, on behalf of itself and its respective heirs, executors, administrators, predecessors, successors, agents, representatives, hereby irrevocably and unconditionally releases and forever discharges MC Summit 44, LLC and its respective heirs, executors, administrators, predecessors, successors, agents, representatives, (collectively “MC Releasees”), of and from any and all claims, demands, causes of action, obligations, liens, taxes, damages, losses, costs, attorneys’ fees and expenses of every kind and nature whatsoever, at law or in equity, direct or derivative, known or unknown, fixed, liquidated or contingent, tort, contract, statutory or mixed, which it ever had, may now have or may hereafter have against releasees by reason of any act or omission, matter, cause or thing directly related to the Planned Asset Fees.

B. MC Release.

MC Summit 44, LLC, on behalf of itself and its respective heirs, executors, administrators, predecessors, successors, agents, representatives, hereby irrevocably and unconditionally releases and forever discharges Mission Hills Community Services District and its respective heirs, executors, administrators, predecessors, successors, agents, representatives, (collectively “Mission Releasees”), of and from any and all claims, demands, causes of action, obligations, liens, taxes, damages, losses, costs, attorneys’ fees and expenses of every kind and nature whatsoever, at law or in equity, direct or derivative, known or unknown, fixed, liquidated or contingent, tort, contract, statutory or mixed, which it ever had, may now have or may hereafter have against releasees by reason of any act or omission, matter, cause or thing directly related to the Planned Asset Fees.

Notwithstanding any provision to the contrary, the Parties, and each of them, recognize and acknowledge that this Agreement is not intended to, and shall not, release any of the Parties from liability or damages, if any, caused by, or arising out of the failure or refusal to perform any or all of the acts required by this Agreement.

**3. WARRANTY AND INDEMNIFICATION REGARDING ASSIGNMENTS**

Each of the Parties hereto represents and warrants to each other that he, she or it is the sole and rightful owner of all rights, title and interest in every claim and other matter which that party releases herein and has not heretofore sold, conveyed or otherwise transferred all or a portion of any interest or any claim which he or it may have against the other Parties or each of the other respective parents, affiliates, subsidiaries, predecessors, and each other person, firm,

insurer, or other entity released or discharged pursuant to this Agreement. Each Party agrees to indemnify, defend and hold each other and each of the others' parents, affiliates, subsidiaries, predecessors, and each other person, firm, or other entity released pursuant to this Agreement harmless from any liabilities, claims, demands, damages, costs, expenses and attorneys' fees as a result of any person or entity asserting any claim or cause of action based upon assignment or transfer or purported assignment or transfer of the indemnifying Parties claim.

**4. WAIVER OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE**

It is the intention of the Parties hereto that the foregoing general releases shall be effective as a bar to all actions, causes of action, suits, claims or demands of every kind, nature or character whatsoever, known or unknown, suspected or unsuspected, fixed or contingent, referred to above, except those reserved in this Agreement.

THE PARTIES ACKNOWLEDGE THAT THEY HAVE BEEN ADVISED BY LEGAL COUNSEL AND ARE FAMILIAR WITH THE PROVISION OF CALIFORNIA CIVIL CODE § 1542, WHICH PROVIDES AS FOLLOWS:

**“A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor or released party.”**

THE PARTIES EXPRESSLY WAIVE AND RELINQUISH ANY AND ALL RIGHTS OR BENEFITS THEY MAY HAVE UNDER, OR WHICH MAY BE CONFERRED UPON THEM, BY THE PROVISIONS OF § 1542 OF THE CALIFORNIA CIVIL CODE TO THE FULLEST EXTENT THAT THEY MAY LAWFULLY WAIVE SUCH RIGHTS OR BENEFITS PERTAINING TO THE SUBJECT MATTER OF THIS RELEASE.

In conjunction with such waiver and relinquishment, the Parties hereby acknowledge that they are aware that they or their attorneys may hereafter discover claims and facts in addition to or different from those which they now or believe to exist with respect to the subject matter of or any part to this release, but that it is nonetheless the intention of the Parties to hereby fully, finally, and forever settle and release any and all disputes and differences, known or unknown, suspected or unsuspected, as to the released matters.

**5. COVENANT NOT TO SUE**

The Parties covenant and agree that they have not, and that they shall not, bring any other claim, action, suit or proceeding against the other regarding the matters settled, released and dismissed hereby. The Parties further covenant and agree that this Agreement is a bar to any such claim, action, suit or proceeding.

**6. REPRESENTATION BY COUNSEL**

The Parties hereto acknowledge that they have been represented by and have relied upon counsel of their own choosing in the negotiations for the preparation of this Agreement, that they have read this Agreement, have had the opportunity to have its contents fully explained to them by such counsel, and are fully aware of and understand all of its terms and the legal consequences thereof. It is acknowledged that the Parties hereto have, through their respective counsel, mutually participated in the preparation of this Agreement, and it is agreed that no provision hereof shall be construed against any party hereto by virtue of the activities of that party or that party's attorneys.

**7. DISPUTED CLAIMS**

This Agreement represents the settlement of disputed claims and does not constitute any admission of liability by any party to any other party; each Party to this Agreement hereby expressly denies any liability to the other Party.

**8. NO REPRESENTATIONS OR WARRANTIES OTHER THAN THOSE IN THIS AGREEMENT**

Each of the Parties to this Agreement acknowledges that no other party to this Agreement, nor any agent or attorney of any such party, has made any promise, representation or warranty whatsoever, express or implied, not contained hereby concerning the subject matter hereof to induce them to execute this Agreement, and acknowledges that he, she or it has not executed this instrument in reliance on any such promise, representation, or warranty not contained herein, and further acknowledges that there have been and are no other agreements or understandings between the Parties relating to this settled litigation except as stated in this Agreement.

**9. BENEFIT AND BURDEN**

This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, representatives, successors and assigns.

**10. WAIVER AND AMENDMENT**

No breach of any provision hereof can be waived unless in writing signed by the Parties. Waiver of any one breach of any provision hereof shall not be deemed to be a waiver of any other breach of the same or any other provision hereof. This Agreement may be amended only by a written agreement executed by the Parties in interest at the time of the modification.

**11. CAPTIONS AND INTERPRETATIONS**

Titles or captions contained herein are inserted as a matter of convenience and for reference, and no way define, limit, extend or describe the scope of this Agreement or any provision thereof. Whenever the context hereof shall so require, the singular shall include the plural, and male gender shall include the female gender and the neuter, and vice-versa. Furthermore, no provision in this Agreement is to be interpreted for or against any party because that party or his legal representative drafted such provision.

**12. AUTHORITY TO EXECUTE**

Each of the Parties represents and warrants that it is competent to enter into this Agreement and has the full right, power and authority to enter into and perform the obligations under this Agreement.

**13. INTEGRATION**

This Agreement constitutes the entire, final and integrated agreement between the Parties hereto pertaining to the subject matter hereof and fully supersedes all prior understandings, representations, warranties and agreements between the Parties hereto, or any of them, pertaining to the subject matter hereof and may be modified only by written agreement signed by all of the Parties hereto.

**14. SEVERANCE**

If any provision of this Agreement is determined by a court of competent jurisdiction to be illegal, invalid or unenforceable, such provision will be deemed to be severed and deleted from the Agreement as a whole, and neither such provision nor its severance and deletion shall in any way affect the validity of the remaining provisions of the Agreement.

**15. NO RELIANCE**

The Parties hereto and each of them represent and declare that in executing this Agreement, they rely solely upon their own judgment, belief and knowledge, and that they have not been influenced to any extent whatsoever in executing the same by any of the Parties hereto or by any person representing them, or any of them.



**16. VOLUNTARY AGREEMENT**

The Parties hereto, and each of them, further represent and declare that they have carefully read this Agreement and know the contents thereof, and that they signed the same freely and voluntarily.

**17. GOVERNING LAW**

This Agreement has been negotiated and entered into in the State of California, and shall be governed by, construed and enforced in accordance with the internal laws of the State of California, without regard to provisions concerning choice or conflict of law.

**18. COUNTERPARTS**

This Agreement may be executed in two or more counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument and may be executed and delivered by facsimile.

**19. ATTORNEYS' FEES**

Each Party to this Agreement shall bear his, her or its own attorneys' fees and costs incurred in connection with the resolution of the dispute.

**(REMAINDER OF PAGE INTENTIONALLY LEFT BLANK)**

IN WITNESS WHEREOF, the undersigned have executed this Agreement on the date affixed by their signature.

DATED: \_\_\_\_\_

MC SUMMIT 44, LLC,  
a California limited liability company

By: \_\_\_\_\_

Tony Koeijmans, CEO

DATED: \_\_\_\_\_

MISSION HILLS COMMUNITY SERVICES  
DISTRICT

By: \_\_\_\_\_



**MISSION HILLS COMMUNITY SERVICES DISTRICT**

**MEMORANDUM**

**TO:** Board of Directors

**FROM:** Brad Hagemann, General Manager  
John D'Ornellas

**DATE:** January 17, 2024

**SUBJECT:** **Discuss and Consider Updating the District's Reserve Policy**

**Recommendation / Proposed Motion**

- Discuss and consider updating the District's Financial Reserve Policy.
- Adopt Resolution No. 24-356 updating the District's Reserve Policy.

**Background, Policy and Fiscal Implications**

The District adopted Resolution No. 16-306 on July 20, 2016, amending the District's Reserve Policy. The purpose of this new proposed Reserve Policy is to further define the Policy, set goals for cash reserves, clearly describe use of the reserve funds, and outline requirements for reporting and monitoring the reserves.

**Alternatives Considered**

Do nothing and continue with the current Reserve Policy.

**Background**

The importance of maintaining adequate financial reserves is the foundation of the delivery of the District's water and wastewater services. The District's FY 2021/22 audited operating expenses were approximately \$2.4 million with \$4.2 million in cash or investments. Based on this data, the District appears to have adequate reserves. However, in this era of uncertain economic conditions and expanding capital infrastructure needs and costs, it is appropriate to update the District's Reserve Policy to designate the purpose of reserves and establish minimum balance goals for the reserve accounts.

**RESOLUTION No. 24-356 OF THE BOARD OF DIRECTORS  
OF THE MISSION HILLS COMMUNITY SERVICES DISTRICT  
AMENDING THE DISTRICT FINANCIAL RESERVE POLICY**

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

**WHEREAS**, it is appropriate and necessary for the District to set goals for its reserve balances for long range financial and strategic planning and to maintain the financial health and stability of all the District’s systems; and

**WHEREAS**, it is the intention of the District Board of Directors to amend the Mission Hills Community Services District’s Reserve Policy to establish various reserve categories, define the purpose and use of these funds, and identify target levels and funding of the reserves.

**NOW, THEREFORE**, the Board of Directors, Mission Hills Community Services District **HEREBY RESOLVES** as follows that.

1. The Reserve Policy shall include the following funds as listed below and attached hereto as Exhibit “A”
  - a. Capital Replacement Reserve Fund
  - b. Capital Improvement Reserve Fund
  - c. Emergency Reserve Fund
  - d. Operating Reserve Fund
  - e. Rate Stabilization Reserve Fund
2. On an annual basis, the Board of Directors shall review the funding options and target levels of the Reserve Policy.
3. Reserves will be held, invested and reported in accordance with the District’s Investment Policy.
4. This Resolution rescinds and replaces Resolution No. 16-306.
5. Adoption of this Resolution requires a four-fifths vote of the Board of Directors.

**PASSED, APPROVED, and ADOPTED** this 17<sup>th</sup> day of January, 2024, by the following roll call vote:

AYES:  
NOES:  
ABSENT:

ATTEST:

\_\_\_\_\_  
\_\_\_\_\_, President

\_\_\_\_\_, Secretary

**EXHIBIT A**  
**MISSION HILLS COMMUNITY SERVICES DISTRICT RESERVE POLICY**

**PURPOSE**

Prudent financial planning and fiscal responsibility includes anticipating and preparing for future funding requirements as well as unforeseen and unexpected emergencies, disasters, and other events. The Mission Hills Community District has established reserve funds for its long term organizational and operational stability and the reserve funds enable the District to minimize significant rate fluctuations due to unforeseen and expected cash flow requirements. This Financial Reserve Policy is to ensure that the District accumulates, manages, maintains, and uses certain financial resources for specific purposes.

**TYPES OF RESERVE FUNDS**

The District maintains two types of funds:

1. **Restricted Reserves.** Restricted reserves are reserves that are restricted by an outside source, such as by statute, court, or contract.
2. **Designated Reserves.** Designated reserves are reserves that are established and set aside to be used only for a specific purpose as designated by the Board of Directors.

**SPECIFIC RESERVE FUNDS**

The District maintains the following reserve funds:

1. ***Capital Replacement Reserve Fund*** - The Capital Replacement Reserve Fund is a designated reserve to be used to fund the capital improvement program and for unforeseen capital projects that are necessary to meet regulatory requirements, system reliability, repair and replacement of District assets. The fund provides for timely repair and replacement of system capital facilities. It is the goal of the District to maintain a Capital Replacement Reserve fund balance that is equal to the average annual 5-year Capital Improvement Program Budget for the water and wastewater funds.
2. ***Capital Improvement or Capacity Reserve Fund*** - The Capital Improvement Reserve Fund is a designated reserve to be used to fund the capital improvements that are required due to growth and new users in the system. It is funded by capacity connection charges, developer fees, and special developer agreements. The funds will be accounted for in a separate, interest-bearing account and be used to expand infrastructure and facilities to serve new development. Funds will be administered and maintained in accordance with Government Code § 66013. There is no specific target reserve amount established for this fund.

3. **Emergency Reserve Fund** - The Emergency Reserve Fund is to be used only to cover cash flow shortages caused by an unexpected event, such as a natural disaster or other unforeseen expense and allow for timely repair of capital infrastructure. It is the goal of the District to maintain the Emergency Reserve at ten (10) percent of the annual Operations & Maintenance budget of the water and wastewater fund.
4. **Operating Reserve Fund** - The Operating Reserve Fund is a designated reserve to be used only to cover cash flow shortages caused by a short-term, unexpected disruption of anticipated revenue or when expenses become due before the anticipated revenue to pay those expenses is received. This reserve ensures that operations can continue should there be significant events that impact cash flows. It is the goal of the District to maintain the Operating Reserve of no less than fifty (50) percent, or six months, of the annual water and wastewater Operations & Maintenance budget.
5. **Rate Stabilization Fund - The Rate Stabilization Fund** will serve as a buffer and to smooth water and wastewater rate increases during any period when there are unexpected increases in operating costs or decreases in revenues. In a severe drought or extremely wet conditions, it is reasonable to expect variable water revenue to fluctuate significantly. The purpose of this fund will absorb these types of fluctuations in water and wastewater operations and aid in the stabilization of rates and this fund shall not be used to artificially suppress rates. It is the goal of the District to maintain the Rate Stabilization Reserve at ten (10) percent of the annual water and wastewater user fee income.

## **MANAGEMENT OF RESERVE FUNDS**

The Board of Directors, in consultation with the General Manager, will be responsible for managing the reserve funds. The Board of Directors must authorize the expenditure of money from the District's reserve funds. The Board annually will review the balance of the reserve funds, work collaboratively with the General Manager to ensure the accuracy of the annual report, and evaluate the goals and purpose of each reserve fund and recommend adjustments as may be necessary or desirable.

In accordance with the District's Investment Policy, financial reserves may be invested or otherwise held in District financial accounts, as deemed appropriate by the Board of Directors, in carrying out their fiduciary responsibilities.

Staff reviewed and incorporated language from the CSDA report on Special District Reserve Guidelines to assist in the development of this staff report and draft Policy. On January 8, 2024, the Finance Committee reviewed the proposed updates to the Reserve Policy and supports the recommended revisions.

**Discussion**

Before we start to develop or update the District’s Reserve Policy it is important that we understand a few key terms and definitions. We commonly refer to our cash in the bank or investments as “reserves”. Accountants and auditors refer to our reserves as either restricted or designated. These two terms more precisely reflect the actual status of the funds that have been set aside. “Restricted” reserves are funds that are restricted by an outside source, such as by statute, court, or contract. Currently the District’s only restricted reserves are funds collected through new connections or as outlined in the Burton Ranch Development Agreement. Designated reserves are reserves that are established and set aside to be used only for a specific, designated purpose as established by the District Board of Directors.

Updating the District’s Reserve Policy will outline a plan for accumulating reserves, designating use of the reserves, establishing reserve minimum balances. The general purpose of a Reserve Policy is to provide the minimum fund levels necessary to provide for:

1. ***Capital Replacement Reserve Fund*** - The Capital Replacement Reserve Fund is a designated reserve to be used to fund the capital improvement program and for unforeseen capital projects that are necessary to meet regulatory requirements, system reliability, repair, and replacement of District assets. The fund provides for timely repair and replacement of system capital facilities. It is the goal of the District to maintain a Capital Replacement Reserve of the average annual 5-year Capital Improvement Program Budget for the water and wastewater funds.
2. ***Capital Improvement or Capacity Reserve Fund*** - The Capital Improvement Reserve Fund is a designated reserve to be used to fund the capital improvements that are required due to growth and new users in the system. It is funded by capacity connection charges, developer fees, and special developer agreements. They will be accounted for separately, in an interest-bearing account and be used to expand infrastructure and facilities to serve new development. Funds will be administered and maintained in accordance with Government Code § 66013. There is no specific target reserve amount established for this fund.
3. ***Emergency Reserve Fund*** - The Emergency Reserve Fund is to be used only to cover cash flow shortages caused by an unexpected event, such as a natural disaster or other unforeseen expense and allow for timely repair of capital infrastructure. It is the goal of the District to maintain the Emergency Reserve at ten (10) percent of the annual Operations & Maintenance budget of the water and wastewater fund.

4. **Operating Reserve Fund** - The Operating Reserve Fund is a designated reserve to be used only to cover cash flow shortages caused by a short-term, unexpected disruption of anticipated revenue or when expenses become due before the anticipated revenue to pay those expenses is received. This reserve ensures that operations can continue should there be significant events that impact cash flow. It is the goal of the District to maintain the Operating Reserve at no less than fifty (50) percent, or six months, of the annual water and wastewater Operations & Maintenance budget.
5. **Rate Stabilization Fund - The Rate Stabilization Fund** will serve as a buffer and to smooth water and wastewater rate increases during any period when there are unexpected increases in operating costs or decreases in revenues. In a severe drought or extremely wet conditions, it is reasonable to expect water revenue to fluctuate significantly. The purpose of this fund is to absorb these types of fluctuations in water and wastewater operations and aid in the stabilization of rates. This fund shall not be used to artificially suppress rates. It is the goal of the District to maintain the Rate Stabilization Reserve at ten (10) percent of the annual water and wastewater user fee income.

There are other common reserve funds that were not included above. These include debt service reserves but, since the District has no debt at this time, this reserve fund is not needed. Most often, a debt service reserve fund is established as a legal covenant of a debt issuance and is used in whole or in part to pay debt service in the event of a revenue shortfall. An equipment reserve fund for replacement of rolling stock is also not included above since the District has traditionally funded replacement of rolling stock during the annual budget. Both reserve funds could be added to the District's Reserve Policy as circumstances dictate.

Reserves will be segregated from operating funds and invested in accordance with the District's Investment Policy. Funding of the reserve categories will be accomplished by accounting for the reserve funds in the District's existing reserve accounts including LAIF and CLASS accounts. Reserve fund balances and target reserve funding levels will be reviewed and adjusted (if necessary) as part of the annual budget adoption process.

Staff recommends the Board adopt Resolution No. 24-356 (attached) that will formally update the District's Reserve Policy.

Attachment: Resolution No. 24-356





**MISSION HILLS COMMUNITY SERVICES DISTRICT**

**MEMORANDUM**

**TO:** Mission Hills Community Services District Board of Directors

**FROM:** Brad Hagemann, General Manager

**DATE:** January 17, 2024

**SUBJECT:** Committee Assignments for 2024

**Recommendation:**

Receive Staff Report and Consider making the 2024 Committee Assignments or Provide Other Direction to Staff

**Fiscal Impact:**

None

**Discussion:**

In accordance with the District By-Laws, the newly elected Board President is responsible for reviewing and making Committee assignments for the coming calendar year. Newly elected Board President Magana has consulted with Board members and reached the consensus that the 2023 Committee assignments will stay in place for 2014.

The 2024 proposed Committee Assignments are shown on the Attachment to this Staff Report.

# BOARD OFFICERS AND COMMITTEE ASSIGNMENTS FOR 2024

President: Jorge Magana  
 Vice President: Myron Heavin  
 Finance Officer: James Keeling  
 Director: Matthew Starbuck  
 Director: Myron Heavin

<b>Standing Committees</b>	<b>Committee Members</b>	<b>Alternate</b>
<b>Operations</b>		
1) Water	Starbuck, Dietrich	Keeling
2) Wastewater	Starbuck, Dietrich	Heavin
3) Energy	Heavin, Starbuck	Magana
4) Personnel	Keeling, Magana	Dietrich
5) Finance	Dietrich, Keeling	Starbuck
6) Community Engagement	Heavin, Keeling	Magana
7) Development	Dietrich, Keeling	Starbuck
<b>Representatives / Point of Contact</b>	<b>Committee Members</b>	<b>Alternate</b>
8 ) VAFB IR Programs	Heavin	Starbuck
9) ACWA/JPIA	Board President	General Manager
10) Santa Ynez River Water Conservation District - Western Management Area Committee for Groundwater Sustainability	Heavin	General Manager



## MISSION HILLS COMMUNITY SERVICES DISTRICT

**7. COMMUNICATIONS-** The Board of Directors may ask a question for clarification, make an announcement, or report briefly on recent activities or conferences. Also, Directors may provide a reference to staff or other resources for information, request the Board President consider placing an item on a future committee meeting or regular meeting.

- A. General Manager Comments
- B. Director's Comments
- C. Public Comments

**LAST PAGE OF BOARD PACKET**