



# **Costa Mesa Sanitary District**

## **COSTA MESA, CALIFORNIA**

### **POPULAR ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**





# Costa Mesa Sanitary District

## Popular Annual Financial Report

### The Year Ending June 30, 2017

The purpose of the Popular Annual Financial Report (PAFR) is to provide a summary of the financial position of the Costa Mesa Sanitary District (District), as reported in the Comprehensive Annual Financial Report (CAFR), along with other information of interest. The CAFR outlines the financial position and operating activities each year, presented in conformity with Generally Accepted Accounting Principles (GAAP) and includes financial statements audited by Rogers, Anderson, Malody & Scott, LLP, Certified Public Accountants. The District received an unmodified (clean) audit opinion that the financial statements present fairly, in all material respects, the financial position of the District.

While the numbers in the PAFR come from an audited source, they are presented in a summarized, unaudited, non-GAAP format. Unlike the CAFR, the PAFR does not include detailed information by individual fund or other disclosures required by GAAP. Additionally, some of the information in the PAFR is from other sources such as the budget. Citizens who wish to review the audited, GAAP-based, full disclosure financial statements can refer to the District's CAFR available online at [www.cmsdca.gov](http://www.cmsdca.gov) or by contacting the Finance Manager at (949) 645-8400 ext. 224.

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**Mission:** "Protecting our community's health and the environment by providing solid waste and sewer collection services."

**Vision:** Promoting a sustainable environment that is free from sewer and solid waste pollution.

#### **Core Values We believe in:**

**Transparency:** We believe in an open government where information and documents are easily accessible to the public.

**Teamwork:** We will strive to support each other's efforts to achieve the District's objectives.

**Integrity:** We act with honesty and integrity, not compromising the truth.

**Respect:** We treat customers, employees and the general public with mutual respect and sensitivity.

**Balance:** We are flexible, helping employees strike a healthy work and life balance.

**Dedication:** Striving to ensure sewer infrastructure is maintained and rehabilitated for the long term.

**Technology:** Striving to utilize advanced technology in meeting our goals.

**Fiduciary Responsibility:** Providing the highest quality service at fair, equitable and adequate rates.

# **Board of Directors**



**President**  
**Michael Scheafer**  
**Term 2014-2018**



**Vice President**  
**James Ferryman**  
**Term 2016-2020**



**Secretary**  
**Arlene Schafer**  
**Term 2014-2018**



**Assistant Secretary**  
**Robert Ooten**  
**Term 2014-2018**



**Director**  
**Arthur Perry**  
**Term 2016-2020**

## **Appointed Officials**

Scott Carroll, General Manager  
Alan Burns, District Counsel  
Marc Davis, District Treasurer  
Robin B. Hamers, District Engineer



## Letter from the General Manager

Thank you for your interest in reading the Costa Mesa Sanitary District's (District) Popular Annual Financial Report (PAFR). The District takes pride in producing a report which concisely and transparently explains our financial position. In this report, we share with you a summary of the financial activities of District, including sources of revenues, expenditures, assets, liabilities and reserves for the fiscal year ending June 30, 2017.

The District has demonstrated strong leadership towards protecting the environment by implementing new maintenance programs and capital improvement projects that will prevent sanitary sewer overflows (SSOs). For instance, we are completing the second and final year of the District-wide Close Circuit Televising (CCTV) Program, which consists of video recording the entire 219.4 miles of gravity wastewater pipes to determine current condition, which ensures service reliability to the public, assists with determining life-cycle projections, and identifies any improvements needed. As a result of the CCTV, we took immediate action to design and repair 271 Grade 5 condition (imminent failure) pipe segments before they could fail at a cost of approximately \$428,000 through June 30, 2017. The CCTV recordings have been integrated into the District's GIS system to document current condition.

For capital improvement projects, Project #101 Westside Pump Station Abandonment has been on the books accumulating funds for over 25 years. The abandonment of six District pump stations on the west side in conjunction with the Orange County Sanitation District (OCSD) companion project to construct a new sewer gravity trunk pipeline, would reduce the risks associated with pump station failures as well as operational, maintenance and replacement costs of the pump stations. In July 2016, OCSD analyzed the construction costs for the project proposed to start in fiscal year 2018-2019 and determined that the costs were underestimated by as much as 50% and decided to scrap the project. The District's budgeted funds were re-appropriated to begin the rehab of the six pump stations and force mains over the next four years. The President Pump Station Force Main Project #317, had a budget of \$1,400,000, the design stage started in the fall of 2016, with a projected completion of the fall of 2017. The President Pump Station Rehab Project #318 with a \$1,000,000 budget will begin design in fiscal year 2017-18, as well as the \$620,000 Canyon Force Main Replacement Project #319 and the \$225,000 Canyon Pump Station Rehab Project #320. The remaining four pump stations will be rehabilitated in the next three years.

On June 22, 2017, the Board of Directors adopted Resolution 2017-901 to purchase the property located at 2252 Fairview Road for \$1,690,000. This property, with the original structure built in 1961 as a gas station, is located adjacent to the existing District Yard. The District Yard has insufficient parking for the large sewer trucks, as well as lacks space to store emergency equipment and generators that are currently stored at various sites including the City's Public Works Yard, Orange Coast Community College and at the Orange County Fair Grounds. The purchase of this property will allow all emergency equipment and generators to be stored in one secure location which will improve response time in case of an emergency. Additionally, this property will provide a secondary entrance and exit from the Yard to avoid the congestion on Wilson Street. The sale of 2252 Fairview Road closed on September 29, 2017. The District Engineer has begun plans to remove the existing wall separating the properties and to build a new wall around the perimeter of the property. Plans are currently in plan check with the City of Costa Mesa.

During the fiscal year, the District completed the first year of a four-year upgrade program to improve processing and security of the District's software and hardware. In November 2016, the improvements to the new headquarters building located at 290 Paularino Ave. were completed and the District relocated. In June 2017, the Board of Directors approved the payoff of its unfunded pension liability in the amount of \$335,647. The District is also in the process of renegotiating its trash contract.

The District's financial management policies and fiscally conservative leadership by the Board of Directors have enabled us to provide efficient and effective solid waste and wastewater services while at the same time provide many specialized programs to our residents. I hope that you will find that our Popular Annual Financial Report for the year ended June 30, 2017 is meeting its purpose of easiness, understandable and informative reading and that District is committed to protecting our community's health and the environment.

Respectfully,



Scott Carroll, SDA, ICMA-CM  
General Manager

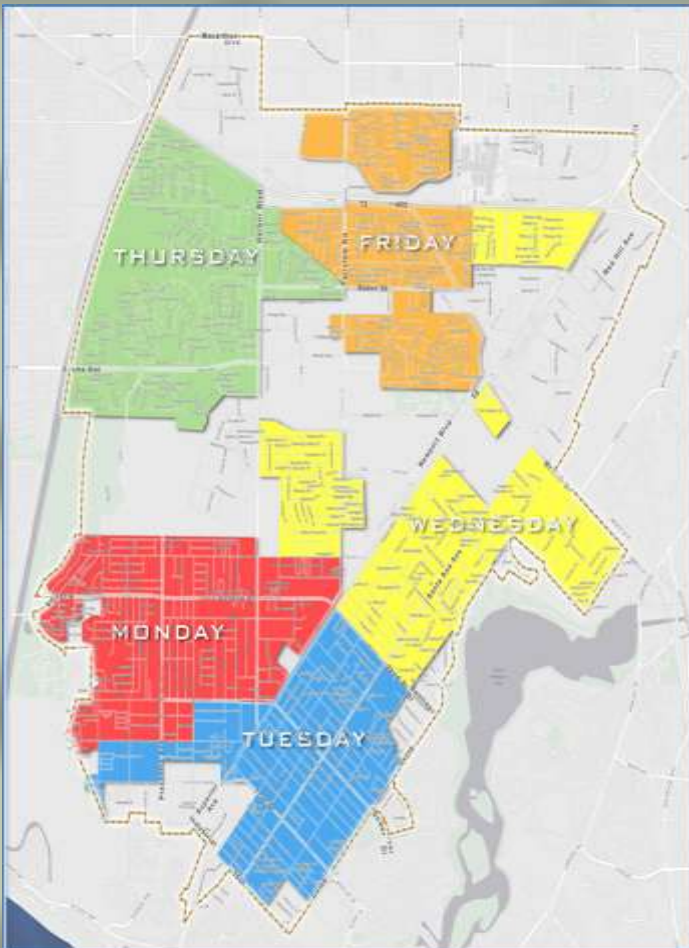
## **About the Costa Mesa Sanitary District**

The Costa Mesa Sanitary District is a California Special District established and incorporated in February 1944 pursuant to Division VI, Part 1 of the Health and Safety Code of the State of California (sometimes referred to as the Sanitary District Act of 1923). The District is located in the City of Costa Mesa, in the County of Orange and provides solid waste and wastewater services to the City of Costa Mesa, sections of Newport Beach and some unincorporated Orange County areas. The District serves approximately 116,700 residents.

The District throughout its history has used the combination of public and private services. The private services include a trash hauler, recycler, legal counsel, treasury, engineering and inspection services. The solid waste and wastewater charges are collected on the property tax bill as special assessments by the County of Orange Treasurer-Tax Collector.

The affairs of the Costa Mesa Sanitary District are directed by a five-member Board of Directors elected at large by the registered voters residing in the District. The Directors are residents and have the same concerns as their constituents. The Board members, who serve four-year staggered terms, are responsible for establishing policy and ordinances, adopting the budget, appointing the District's General Manager, District Counsel and District Treasurer. The General Manager is responsible for carrying out the policies and ordinances of the Board and for overseeing the day-to-day operations. The District Counsel provides legal advice to the Board of Directors while the District Treasurer is responsible for ensuring the safety of District funds by making prudent investments. The District Engineer provides engineering design, plan check and inspection services for the wastewater system and the Capital Improvement Program (CIP).

### **Solid Waste Service Area Map**



### **Wastewater Service Area Map**



## **Local Economy**

The Costa Mesa Sanitary District continues to benefit from its unique geographic location, which is in the City of Costa Mesa. The local economy is primarily based on retail commercial business and light manufacturing of electronics, plastics and pharmaceuticals. The District's service area includes several major regional facilities: John Wayne Airport, Orange Coast College, Whittier Law School, Vanguard University, State of California Fairview Development Center, Orange County Fairgrounds, Segerstrom Performing Arts Center, South Coast Repertory Theater, and South Coast Plaza shopping complex. The volume of sales generated by South Coast Plaza, on the strength of over 250 stores, secures its place as the second highest sales volume shopping center in the California.

Changes in the economy do not have an impact on the District's revenues as it does on other government agencies whose major source of revenues are from sales, property and other taxes. As an independent special district having the ability to adjust service rates as required, the District's operating revenues are not impacted by the local economy. The District has a secure revenue stream collected from user fees by the County of Orange through the property tax bills.

The District's Board of Directors is aware of the need to ensure the District's financial stability. Through a coordinated strategic process, the Board has established a series of policies and plans to effectively meet the District's anticipated future needs. The cornerstone of these policies is the District's Strategic Plan for Fiscal Years 2015-20 that serves as a framework for planning and decision making over the next five years. The District utilizes this information to anticipate future expense obligations and to develop and estimate service rates to ensure these expense obligations are fully funded.

## **Strategic Goals**

The District's Board of Directors is aware of the need to ensure the District's financial stability. Through a coordinated strategic process, the Board has established a series of policies and plans to effectively meet the District's anticipated future needs. The cornerstone of these policies is the District's Strategic Plan for Fiscal Years 2015-20 that serves as a framework for planning and decision making over the next five years (See below). The District utilizes this information to anticipate future expense obligations and to develop and estimate service rates to ensure these expense obligations are fully funded.

### **Solid Waste Goals**

- Annual Contract Audits
- Comprehensive Education Program
- Develop Strategies for 75% Waste Diversion
- Monitor Advancements & Technology in Industry
- Apply for Waste Diversion Grants
- Continue Code Enforcement Presence

### **Wastewater Goals**

- Manhole Cover Maintenance Program
- Inflow Reduction Program
- Reduce Hot Spot Locations to less than 30
- System Wide Sewer Replacement/Repair Program
- Sewer Line Cleaning & CCTV Program
- Evaluate Force Main Conditions Regularly
- Pump Station Maint & Standardization Program
- Fats, Oils & Grease (FOG) Program
- Closed Circuit Television (CCTV) Program



## Financial Highlights

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of the year's activities?" The Condensed Statement of Net Position report contains information about the District in a way that helps answer this question. This statement includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The net position may serve over time as a useful indicator of a government's financial health. As of June 30, 2017, unrestricted net position increased to \$61,317,324 from \$60,493,035 in the prior fiscal year, a \$824,289 increase.

One of the largest portions of the District's net position reflects the District's investment in capital assets (net of accumulated depreciation). Investments in capital assets represent \$43,096,960, or 70%, of the total \$61,317,324 net position. The District uses the capital assets to provide services to customers within the District's area; consequently, these are physical assets that cannot be spent.

Unrestricted net position represents 30% of the District's net position, which comprises assets that may be used to meet the District's ongoing obligations to citizens and creditors in accordance with the District's fiscal policies. As of June 30, 2017, unrestricted net position increased to \$18,220,364 from \$18,144,094 in the prior fiscal year, or a \$76,270 increase. The increase in net position is primarily attributable to the completion of capital improvement projects during the fiscal year.

### Statement of Net Position

	Condensed Statement of Net Position		
	2017	2016	Change
<b>Assets</b>			
Current assets and other	\$ 19,571,713	\$ 19,812,444	\$ (240,731)
Capital assets	43,096,960	42,348,941	748,019
<b>Total assets</b>	<u>62,668,673</u>	<u>62,161,385</u>	<u>507,288</u>
<b>Deferred Outflows of Resources</b>			
Pension related	<u>781,250</u>	<u>250,136</u>	<u>531,114</u>
<b>Liabilities</b>			
Current liabilities	1,664,619	1,503,442	161,177
Non-current liabilities	421,546	321,211	100,335
<b>Total liabilities</b>	<u>2,086,165</u>	<u>1,824,653</u>	<u>261,512</u>
<b>Deferred Inflows of Resources</b>			
Pension related	<u>46,434</u>	<u>93,833</u>	<u>(47,399)</u>
<b>Net Position</b>			
Net investment in capital assets	43,096,960	42,348,941	748,019
Unrestricted	18,220,364	18,144,094	76,270
<b>Total net position</b>	<u>\$ 61,317,324</u>	<u>\$ 60,493,035</u>	<u>\$ 824,289</u>

So, is the District better off or worse off as a result of the year's activities? The District's overall financial position is better off by \$824,289 over the prior year. The following Statement of Revenues, Expenses and Changes in Net Position will show where the changes from the prior fiscal year occurred.



## Statement of Revenues, Expenses and Changes in Net Position For the Year Ended June 30, 2017

	Condensed Statement of Revenues, Expenses and Changes in Net Position		
	2017	2016	Change
Revenues			
Operating revenues	\$11,246,522	\$11,077,758	\$ 168,764
Non-operating revenues	761,792	574,652	187,140
Total revenues	12,008,314	11,652,410	355,904
Expenses			
Operating expenses	9,483,657	9,323,731	159,926
Depreciation	1,749,621	1,754,124	(4,503)
Total operating expenses	11,233,278	11,077,855	155,423
Net income, change in net position	775,036	574,555	200,481
Capital contributions	49,253	89,400	(40,147)
Net position, beginning of year	60,493,035	59,829,080	663,955
Implementation of new pronouncement	-	-	-
Net position, end of year	<u>\$61,317,324</u>	<u>\$60,493,035</u>	<u>\$ 824,289</u>

The Statement of Revenues, Expenses and Changes in Net Position shows how the District's net position changed during the years. In the case of the District, net position increased by \$824,289 and \$663,955 for the years ended June 30, 2017 and 2016, respectively.

A closer examination of the sources of changes in net position reveals that:

- Solid Waste and Wastewater assessments increased \$217,108 due to an increase in new customers and a 2% rate increase in the Wastewater assessment.
- Investment earnings and fair market adjustment decreased \$266,385 due to unrealized losses from a decrease in market value.
- Other Revenues increased \$340,770 for one-time reimbursements from Caltrans and the Orange County Sanitation District.
- Solid Waste recycling and disposal costs increased \$62,807 due to a higher than expected increase in households and tonnage generated.
- Sewer line televising increased \$396,621 with the implementation of year two of District-wide televising program.
- The Solid Waste and the Wastewater Funds paid off the unfunded pension liability of \$100,647 and \$235,000, respectively, for a total of \$335,647.



### Total District Revenues as of June 30, 2017

	2017	2016	Change
Operating revenues			
Trash assessments	\$ 4,882,785	\$ 4,787,459	\$ 95,326
Sewer assessments	5,552,190	5,430,408	121,782
Permits and inspection fees	265,340	231,850	33,490
Connection fees	183,352	257,323	(73,971)
Other services	362,855	370,718	(7,863)
Total operating revenues	<u>11,246,522</u>	<u>11,077,758</u>	<u>168,764</u>
Non-operating revenues			
Investment income	26,139	292,524	(266,385)
Taxes	287,705	270,876	16,829
Other revenues	385,530	44,760	340,770
Gain on disposal of assets	62,418	(33,508)	95,926
Total non-operating revenues	<u>761,792</u>	<u>574,652</u>	<u>187,140</u>
Total revenues	<u>\$ 12,008,314</u>	<u>\$ 11,652,410</u>	<u>\$ 355,904</u>

- The annual Wastewater assessment increased \$121,782 as a result of implementing year four of the five-year Sewer Rate Study adopted by the Board in December 2012 and increase in new homes.
- Permits and inspection fees increased \$33,490 due to the continued development and building within the District.
- Connection fees decreased \$73,971 due to the timing of payments for new construction, development and building within the District's service area.
- Investment Income decreased \$266,388 as a result of unrealized losses due to the adjustment in fair market of investments.

### Total District Expenses as June 30, 2017

	2017	2016	Change
Operating expenses			
Solid waste disposal	\$ 2,651,384	\$ 2,588,577	\$ 62,807
Wastewater disposal	1,815,120	1,641,085	174,035
Recycling and disposal charges	2,340,836	2,181,635	159,201
Administration and other	2,322,145	2,101,358	220,787
Repairs and maintenance	354,171	811,076	(456,905)
Depreciation	1,749,621	1,754,124	(4,503)
Total operating expenses	<u>11,233,277</u>	<u>11,077,855</u>	<u>155,422</u>
Total expenses	<u>\$ 11,233,277</u>	<u>\$ 11,077,855</u>	<u>\$ 155,422</u>

- Solid waste disposal expenses increased by \$62,807 as the result of an increase in the number of households serviced from new development within the District.
- Wastewater disposal expenses increased by \$159,594 from year two of District-wide televising program.
- Recycling and disposal charges increased \$159,201 due to an increase in total tonnage generated and the higher cost to dispose of organics waste.
- Administration and other increased \$235,235 mainly due to the paid off the unfunded pension liability totaling \$335,647.
- Repairs and maintenance in the Wastewater Fund decreased as a result of recording of maintenance expense for the Westside Abandonment Project #101, Pump Station Coating and Manhole Rehab Project #194 and Grade 4 CCTV improvements totaling \$551,075 in the prior fiscal year.

## Solid Waste Fund

The District is one of the few agencies in Orange County that offers co-mingled services method of recycling which allows residents to mix their trash and recycling materials in the same standardized containers without any sorting. The trash is taken to a recycling facility where it is mechanically and hand sorted to remove the recyclables. The District reached 50% diversion prior to the year 2000 and is in full compliance with all State mandates. The District currently has approximately a 60% diversion rate with a goal of 75% by 2020.

Special programs offered District residents include: Christmas Tree Recycling, Medication Disposal, Large Item Pickups, House Hold Hazardous Waste, Sharps, Electronic and Universal Waste Collections as well as school fundraising programs such as Alkaline Battery Recycling.

<b>Solid Waste Performance Indicators:</b>	<b>Actual 2010-11</b>	<b>Actual 2011-12</b>	<b>Actual 2012-13</b>	<b>Actual 2013-14</b>	<b>Actual 2014-15</b>	<b>Actual 2015-16</b>	<b>Actual 2016-17</b>	<b>Projected 2017-18</b>	<b>Projected 2018-19</b>
<b>Programs:</b>									
Telephone Books Recycled	10,721	5,100	3,955	962	N/A	N/A	N/A	N/A	N/A
Large Items Tonnage Collected	296	182	281	297	384	509	473	595	750
White Goods Tonnage Collected	51	30	24	22	22	8	19	20	21
Christmas Trees Tonnage Collected	103	78	79	86	82	82	90	93	96
Sharps Pounds Collected	N/A	1,379	1,507	1,612	2,137	2,351	1,970	1,655	1,655
Pharmaceuticals Pounds Collected	N/A	837	1,172	1,245	1,518	1,806	1,853	1,908	1,965
Materials Recovery Facility Tours Provi	2	1	3	5	3	3	1	2	2
Alkaline Batteries Pounds Recycled	N/A	N/A	N/A	4,153	5,345	4,525	6,973	7322	7,688
Zero Waste Lunch Program Field Trip*	N/A	N/A	1,343	754	821	725	714	753	753
Zero Waste Lunch/Traveling Scientists	N/A	N/A	898	472	1,474	1,616	1,351	1,480	1,480
Zero Waste Lunch/Service Learning Vi	N/A	N/A	280	1,308	254	387	510	384	384
Discovery Science Center Field Trips*	N/A	N/A	N/A	480	388	362	339	363	363
Discovery Science Center Field Trips E	N/A	N/A	N/A	9	9	4	6	6	6
Discovery Science Center Assemblies'	N/A	N/A	N/A	486	388	362	339	363	363
Composting Classes Provided	12	34	79	74	39	N/A	N/A	N/A	N/A
Kitchen Pails Distributed	N/A	N/A	N/A	N/A	870	2,535	108	97	87
<b>Services:</b>									
Residential Customers	21,531	21,565	21,509	21,603	21,855	22,398	22,518	21,871	21,871
Residential Waste Tonnage Collected	40,879	39,841	40,255	40,650	41,823	34,356	46,154	49,938	54,033
Recycled Waste Tonnage	22,043	22,926	23,180	23,328	23,761	16,873	19,545	22,633	26,209
Organic Waste Tonnage	N/A	N/A	N/A	N/A	N/A	7,699	9,448	11,593	14,224
Percent Diverted from Landfill	53.92%	57.54%	57.58%	57.39%	56.89%	60.00%	62.82%	68.54%	74.83%
<b>Events:</b>									
Concerts in the Park (4)	Costa Mesa-Newport Harbor Lions Club Fish Fry								
Costa Mesa Community Run	OC Green Fair, Orange Coast College Green								
Costa Mesa Community Summer Safety Expo	Orange Coast College Green Coast Day								
Davis Magnet School Eco Night	Orange Coast College Science Night								
Truck Adventures for kids	Vanguard University Environmental Sustainable Conference								

\*Number of students that participated.

The breakdown of the Solid Waste customers is as follows:

	<b>Units</b>	<b>Assessment</b>
Single Family Residential	16,771	\$ 3,622,536
Multi-Family Residential	5,045	1,089,720
<b>Total Estimated Assessment</b>	<b>21,816</b>	<b>\$ 4,712,256</b>

## Wastewater Fund

The purpose of our wastewater system is to collect and convey all wastewater produced within the District to the Orange County Sanitation District (OCS D) treatment plants in Fountain Valley and Huntington Beach. This is accomplished through establishing specifications for the construction of sewer lines, inspecting lines for compliance with those specifications, conducting preventive maintenance of the system, repairing and replacing defective elements of the system, and managing flow rates to stay within the capacity of the collection system. The collection system includes 224 miles of sewer mains ranging from 8-inches to 30-inches in diameter and approximately 4,716 sewer manholes within the system, which are used as access points for cleaning and inspection purposes. There are 20 sewer pumping stations located within the collection system that are necessary to convey flow from low lying areas to higher elevations where the liquid waste can again flow by gravity.

<b>Wastewater:</b>	<b>Actual 2012-13</b>	<b>Actual 2013-14</b>	<b>Actual 2014-15</b>	<b>Actual 2015-16</b>	<b>Actual 2016-17</b>
<b>Sewer Later Assistance Program:</b>	\$1,600	\$1,600	\$1,250	\$ 1,100	\$ 1,100
Dollars Awarded	223,523	244,324	201,475	199,584	193,531
Applicants Processed	168	190	182	207	201
Applicants Applied	226	184	237	242	272
<b>Maintenance:</b>					
Manholes Plugged and Sealed	200	163	900	408	200
Total Feet of Sewers Cleaned	780,000	848,930	910,000	1,096,701	878,095
Hotspots Locations	62	43	32	26	25
Sewer Spill Occurrence (SSO)	2	3	2	3	1
Total Sewer Spilled in Gallons	79,010	1,385	8,250	144	25
Total Sewer Recovered in Gallons	2,010	1,385	150	144	25
Total Sewer Unrecovered in Gallons	77,000	0	8,100	0	0

The breakdown of the Wastewater customers is as follows:

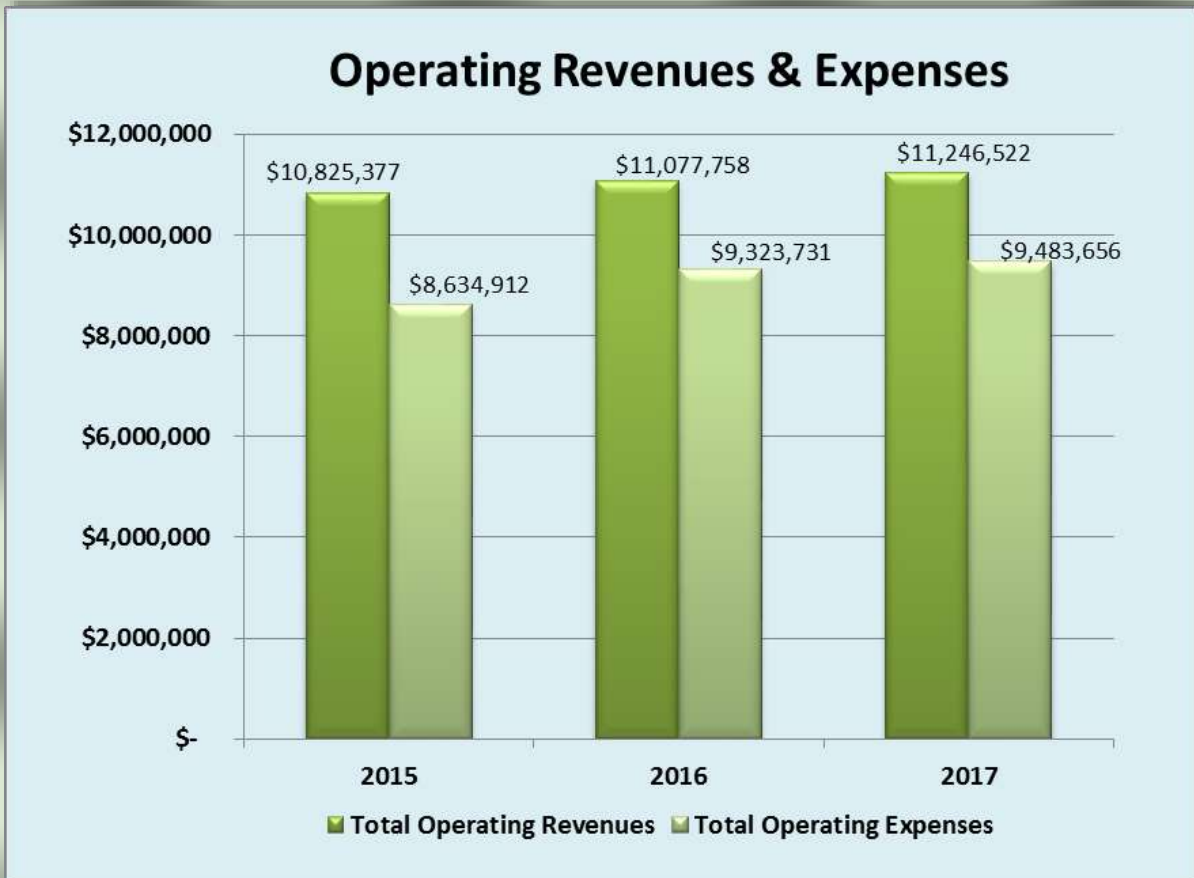
	<b>Units</b>	<b>Assessment</b>
Single Family Residential	21,906	\$ 1,974,753
Multi-Family Residential	23,176	1,254,907
Commercial	1,579	1,377,994
Industrial	783	1,010,527
<b>Total Estimated Assessment</b>		<b>\$ 5,618,181</b>
 Commercial Buildings Square Feet		 32,401,245
Industrial Buildings Square Feet		9,580,268
<b>Total Square Footage</b>		<b>41,981,513</b>

### The Largest Ten Principal Employers

Employer	2017		2008	
	Number of Employees	Percentage of Total City Employment	Number of Employees	Percentage of Total City Employment
Epi Intermediate, Inc.	3,998	5.96%		
Experian Information Solutions, Inc.	3,700	5.51%	1,000	
Coast Community College District Foundation	2,900	4.32%	3,044	4.66%
Orange Coast Community College	1,900	2.83%	2,500	
California State Hospital- Fairview Develop. Center	1,500	2.24%	1,500	2.30%
Stearns Lending, LLC	1,500	2.24%		
Auto Club Enterprises	1,200	1.79%		
Westar Capital Associates II, LLC	1,184	1.76%		
Deloitte Consulting LLP	800	1.19%		
Dynamic Cooking Systems, Inc.	700	1.04%		
Coast Community College	-	-	2,500	3.83%
<b>Total Top Ten Employers</b>	<b>19,382</b>	<b>28.88%</b>	<b>10,544</b>	<b>11%</b>

Source: City of Costa Mesa, Dunn & Bradstreet, State of California Employment Development Department





## Economic Factors and Next Year's Budgets

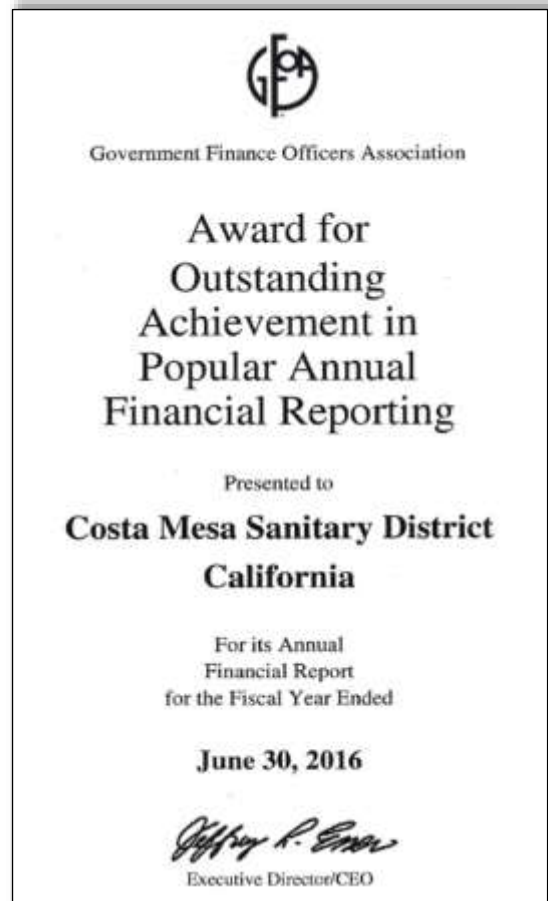
The District's Solid Waste Fund continues to use reserves to fund the Board of Directors' adopted an Organics Recycling Program without increasing the Solid Waste assessment. The Wastewater assessment rate increased 2% as a result of implementing year four of the five-year Sewer Rate Study, increasing rates 2% per year. The District is anticipating a slight increase in property tax revenue in the coming year due to continued development within the District's service area.

In the Solid Waste Fund, the District implemented the Organics Recycling Program requiring residents to separate organic waste to reach the District's diversion goals. The trash hauler's Anaerobic Digestion (AD) Facility was anticipated to be online by October 2015. However, the AD Facility did not come online until September 2016. Currently, the District incurs higher costs of \$71.50 per ton for the disposal of Organic materials compare to \$51.97 per ton for the disposal of mixed waste. The District is in the process of renegotiating with the trash hauler.

The Wastewater Fund budget for the fiscal year ending June 30, 2018 includes the first year of the Residential Closed Circuit Television Program. The District will pay for a residential customer sewer lateral to be CCTV once every five years up to \$250 to determine if there are any blockages or damages in the lateral. The District purchased the property at 2252 Fairview Road, adjacent to the District Yard. The expansion of the District Yard will allow the storage of emergency generators and equipment, all in one secure location which will improve response time. In fiscal year 2016-17, the District is completed most of the two-year District-wide televising of the wastewater system as a result the District Engineer will begin work on the new Sewer Master Plan.

## Recognition

- Government Finance Officer Association Certificate of Achievement for Excellence in Financial Reporting for our Comprehensive Annual Financial Report for the years ended 2012 through 2016.
- Government Finance Officer Association Award for Outstanding Achievement in Popular Annual Financial Reporting for our Popular Annual Financial Report for the year ended 2015 through 2016.
- Special District Leadership Foundation Gold Recognition in Good Governance.
- Special District Leadership Foundation District of Distinction since 2009.
- Special District Leadership Foundation Certificate of Excellence in Transparency 2013-2019.
- Solid Waste Association of North America's Silver Excellence Award in Integrated Solid Waste Management Systems 2016.
- Santa Ana River Basins Section of the California Water Environment Association Collection System of the Year Award (0-249 Miles) 2012, 2015, 2016.
- International Institute of Municipal Clerks Program Excellence in Governance Award Introduction of Innovative Customer Service 2016.







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