

**COSTA MESA SANITARY DISTRICT  
COSTA MESA, CA**

# **POPULAR ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2019**





The background image shows a community event on a grassy area. In the foreground, the back of a person's head with blonde hair in a ponytail is visible. They are wearing a white t-shirt and a grey mesh cap. To their right, another person is wearing a white t-shirt with a green and black patterned skirt. In the background, there are several parked cars, including a black pickup truck and a silver sedan. A sign on a pole reads "May 1st 2020 Chiropractic Evaluation".

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# Introduction

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 Teaman, Ramirez & Smith, Inc. 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 Department at (949) 645-8400 ext. 233.



Government Finance Officers Association

## Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

**Costa Mesa Sanitary District  
California**

For its Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morrell*

Executive Director/CEO

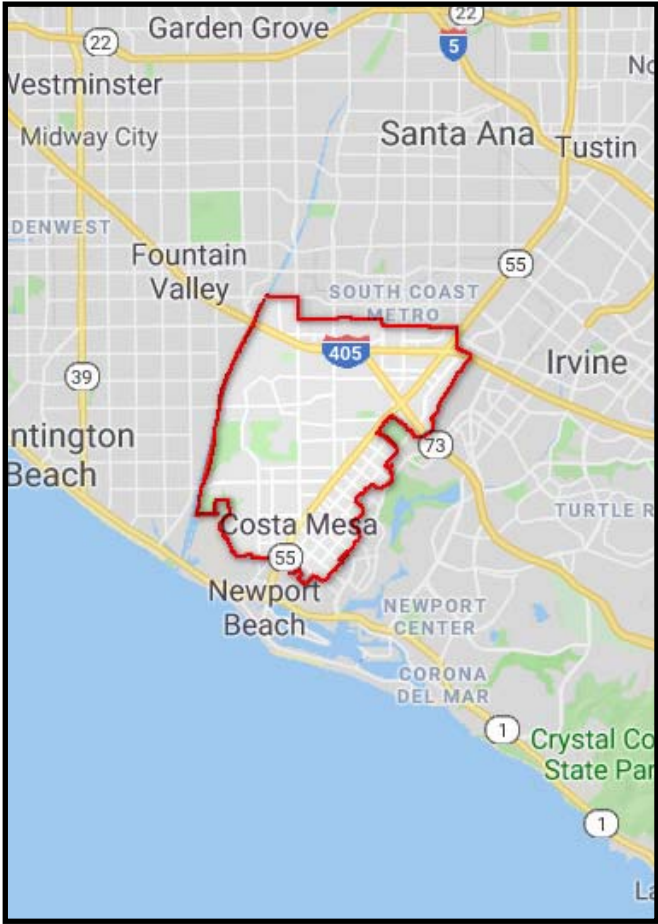


# About the District

The Costa Mesa Sanitary District was formed in 1944 pursuant to the Sanitary Act of 1923. Established as an independent special district, the District is authorized to provide solid waste and wastewater collection services and to levy rates and fees to support those services.

The District's headquarters is located in the City of Costa Mesa, California. The District provides solid waste and wastewater services to the City of Costa Mesa, portions of the City of Newport Beach and some County of Orange unincorporated areas. The District serves approximately 116,700 residents. Sewage from the District's service area is transported to the Orange County Sanitation District's facilities where it is treated to federally mandated standards to protect the public's health. The District has an agreement with CR&R Incorporated for collection of all solid waste from single family dwellings and small multi-family residences utilizing cart collection. CR&R transports all of the solid waste to its subsidiary-owned recycling and transfer station located in Stanton, California or the Anaerobic Digestion Facility in Perris, California.

The affairs of the District are directed by a five-member Board of Directors (the Board) elected at large by the registered voters residing in the District. The Board members are also 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 biennial budget, and 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 of the District. 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.



Service Area Map



## Board of Directors



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



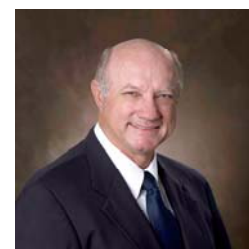
**Vice President**  
**Robert Ooten**  
Term 2018-2022



**Secretary**  
**Arlene Schafer**  
Term 2018-2022



**Director**  
**Michael Scheafer**  
Term 2018-2022



**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



### 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  
Teamwork  
Integrity  
Respect  
Balance  
Dedication

## Solid Waste & Wastewater Rates

Solid Waste Rates

Customer Class
Single Family

Fiscal Year 2016-17

Per	Per Year
\$18.00	\$216.00

Fiscal Year 2017-18

Per	Per Year
\$18.00	\$216.00

Fiscal Year 2018-19

Per	Per Year
\$18.00	\$216.00

Wastewater Collection Rates

Customer Class
Residential (Per Dwelling Unit)
Single Family
Multi Family
Non-Residential (Per 1,000 sq. ft.)
Commercial – Ave Strength
Commercial – High Strength
Industrial

Fiscal Year 2016-17

Per	Per Year
\$7.55	\$90.57
\$4.43	\$53.15
\$3.36	\$40.28
\$3.66	\$43.93
\$8.62	\$103.41

Fiscal Year 2017-18

Per	Per Year
\$7.70	\$92.38
\$4.52	\$54.21
\$3.42	\$41.09
\$3.73	\$44.81
\$8.79	\$105.48

Fiscal Year 2018-19

Per	Per Year
\$7.70	\$92.38
\$4.52	\$54.21
\$3.42	\$41.09
\$3.73	\$44.81
\$8.79	\$105.48

# Community Relations

## Hosted District Events

District's 75<sup>th</sup> Anniversary  
 Goodwill Donation Event  
 Citizens Environmental Protection Academy  
 State of the District & Open House  
 Compost Giveaway & Clothing Donation Event  
 Town Halls Meeting: Solid Waste Rate Study

## Participated in Community Events

Concerts in the Park  
 Costa Mesa Newport-Harbor Lions Club Fish Fry  
 Costa Mesa Community Run  
 Priceless Pet Rescue's 6th Annual Pack Walk

## Contributed

\$5,250 to 6 different community foundations to promote District programs and services  
 \$50,000 to provide portable restrooms for the City of Costa Mesa's temporary bridge homeless shelter  
 \$7,550 to 20 local schools for collecting recycling 12,662 pounds of household batteries through the Alkaline Battery Recycling Contest

# 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 2018.
- ◆ 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 2018.
- ◆ Special District Leadership Foundation District of Distinction since 2009
- ◆ Special District Leadership Foundation District of Distinction Platinum Award through 2019
- ◆ Special District Leadership Foundation Certificate of Excellence in Transparency 2013-2019.
- ◆ California Public Information Officials 2019 Excellence in Public Information & Communications Award of Distinction for the Citizens Environmental Protection Academy
- ◆ California Resource Recovery Association 2019 Outstanding HHW/Universal/Electronic Recycling Award for the District's Household Hazardous Waste Collection Programs



# A LETTER FROM **SCOTT CARROLL, SDA, ICMA-CM** 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, 2019

Public demand for local government service has been rising steadily for the past decade along with the insistence that services be provided efficiently and effectively. Many citizens may have little interest in most of the details that are required for delivering effective and efficient services, but they rightfully expect their elected and appointed officials who will monitor the agency's performance and will ensure the quality of service that is provided at a fair price. According to David N. Ammons 2007 article in County and Municipal Government in North Carolina; "True accountability means more than just assuring the public that revenues are properly collected and reported and that expenditures are made in accordance with prescribed procedures. Accountability includes these important assurances but also entails assurances to the public that government resources are being spent wisely as well as legally and that service of good quality are being produced efficiently. Performance measurement offers a tool for providing such assurances."

On November 29, 2018, the Board of Directors adopted a Performance Measurement Program that measures the following functions or attributes for organizational excellence.

- |                          |                       |
|--------------------------|-----------------------|
| 1. Efficiency            | 4. Cost Effectiveness |
| 2. Effective Workforce   | 5. Citizen Engagement |
| 3. Customer Satisfaction | 6. Transparency       |

Each attribute has four to ten outcome measures related to the attribute and each measure is tied to the strategic goals in the District's 2015-20 Strategic Plan. The results are reported to the Board of Directors on a quarterly basis and made available for public viewing on the Transparency page of the District's website.

Citizen engagement promotes democracy and community building. When governments and citizens work well together, better and more sustainable decisions get made, which is why the District believes engaging with citizens to protect the environment is making the community a better place to live. For instance, the Citizens Environmental Protection Academy was created to give residents a behind-the-scenes look at how trash and wastewater are processed and recycled and it can inspire citizens to actively "do" their part to help protect the environment. Nearly 150 people participated in the Academy and often times there is a waiting list to attend one of the academies. Through a series of public hearings and community input, including the District's Citizens Advisory Committee, the Board of Directors approved changing the District's Electoral System from At-Large to By-District system and approved establishing boundaries for each of the five districts the Board of Directors will reside from.

The District actively engaged with citizens regarding capital improvement projects such as Project #318, President Pump Station Reconstruction Project where District staff engaged with the Citizens Advisory Committee and scheduled a neighborhood meeting on President Place to discuss reconstruction options with the residents. A survey was also disseminated to residents on President Place to obtain their feedback. When the Indus Sewer Main had to be relocated because a building was crushing the line, the District engaged with property owners on the design and construction of the project. The engagement resulted in successfully relocating the sewer main and establishing a positive relationship with citizens.

The District continues to focus on replacing wastewater force mains because of the dangers these pipelines have on public safety if they fail. As a result, the District successfully completed replacing the Canyon Pump Station force main and began rehabilitating the pump station. In addition, the District purchased a new wastewater combination cleaning truck to ensure the entire wastewater system is cleaned within eighteen months.

Respectfully,

A handwritten signature in blue ink, appearing to read 'Scott Carroll', is placed over a white rectangular background.

Scott Carroll, SDA, ICMA-CM  
General Manager



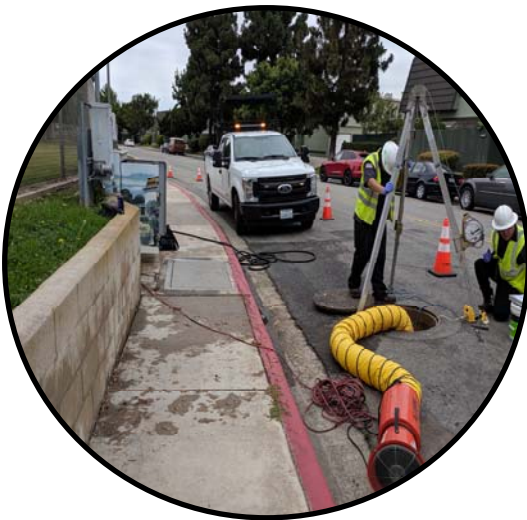
## Local Economy

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates. The District continues to benefit from its unique geographical location. The local economy is primarily based on retail commercial business and light manufacturing of electronics, pharmaceuticals, and plastics. The District's service area includes several major regional facilities: John Wayne Airport, Orange Coast College, Vanguard University, State of California Fairview Developmental Center, Orange County Department of Education, Orange County Fairgrounds, Segerstrom Performing Arts Center, South Coast Repertory Theater, and the 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 California.

As an independent special district having the ability to adjust service rates as required, the District's operating revenues are somewhat insulated from the local economy. The District has a secure revenue stream in the form of an annual charge, which is collected on the District's behalf by the County of Orange via the property tax bills.



## 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 Maintenance & Standardization Program
- Fats, Oils & Grease (FOG) Program
- Sewer Inspection Rebate Program (SIRP)



# Financial Statements



## 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 and the Condensed Statement of Revenues, Expenses and Changes in Net Position report information about the District in a way that helps answer this question. These statements include all assets, deferred inflows/outflows of resources, and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current fiscal year's revenues and expenses are taken into account regardless of when cash is received or paid. Net position may gradually serve over time as a useful indicator of a government's financial position. Net position of the District was \$62,377,469 and \$61,827,147 for the years ended June 30, 2019 and June 30, 2018, respectively.

One of the largest portions of the District's net position reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. Investments in capital assets as of June 30, 2019 represent \$43,447,263, or 70%, of the total net position. The District uses the capital assets to provide services to customers within the District's area. Consequently, these assets are not available for future spending.

### Condensed Statement of Net Position

	2017	2018	2019
<b>Assets:</b>			
Current	\$19,571,713	\$18,198,848	\$19,908,689
Noncurrent	<u>43,096,960</u>	<u>44,601,420</u>	<u>43,490,791</u>
<b>Total assets</b>	<u>62,668,673</u>	<u>62,800,268</u>	<u>63,399,480</u>
<b>Deferred outflows of resources:</b>			
Pension and OPEB related	<u>781,250</u>	<u>590,601</u>	<u>458,945</u>
<b>Liabilities:</b>			
Current	1,664,619	1,226,117	1,220,265
Noncurrent	<u>421,546</u>	<u>154,747</u>	<u>147,885</u>
<b>Total liabilities</b>	<u>2,086,165</u>	<u>1,380,864</u>	<u>1,368,150</u>
<b>Deferred inflows of resources:</b>			
Pension and OPEB related	<u>46,434</u>	<u>182,858</u>	<u>112,806</u>
<b>Net position:</b>			
Net investment in capital assets	43,096,960	44,564,961	43,447,263
Unrestricted	<u>18,220,364</u>	<u>17,262,186</u>	<u>18,930,206</u>
<b>Total net position</b>	<u>\$61,317,324</u>	<u>\$61,827,147</u>	<u>\$62,377,469</u>

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, 2019, unrestricted net position increased from \$17,262,186 to \$18,930,206, or a \$1,668,020 increase. The increase in unrestricted net position is primarily attributable to the increase in Investment Earnings for the fiscal year.

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 \$550,322 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.





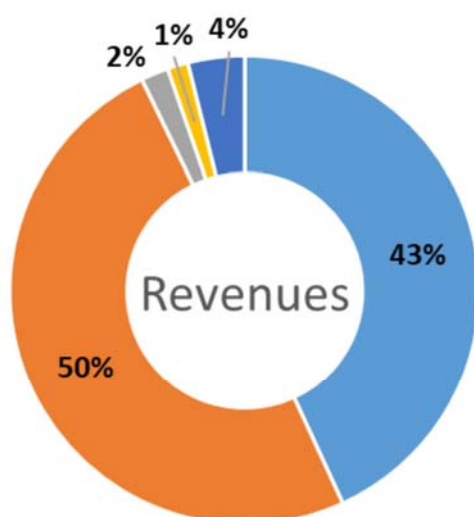
## Total District Expenses

A closer examination of the sources of changes in total expenses reveals that:

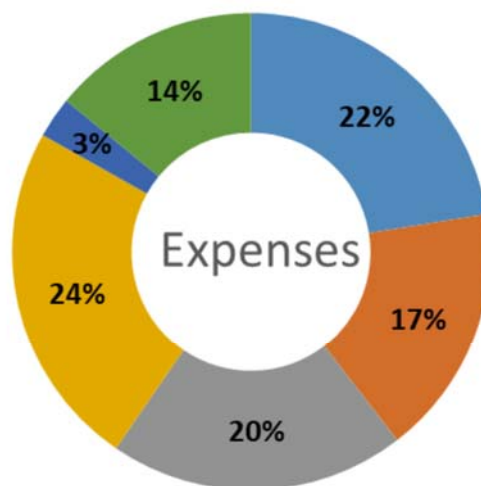
- Wastewater disposal expenses increased by \$637,145 as a result of recording the maintenance expense for the Grade 5 Pipe Rehab #314 and the Force Main Evaluation #323 projects. Expenses did not meet the Capitalization Policy.
- Administration and other expenses increased by \$346,000 as compared to the prior year. Legal Services increased due to unforeseen legal expenses during the fiscal year. There was an increase in settlements and fees due to litigation brought upon by attorney Kevin Shenkman for the Voting Rights Act. The District also had to pay interest to the State Water Resources Control Board for the Sewer Sanitary Overflows that occurred in 2013 and 2015. Professional Services increased due to the Classification and Compensation Study and the Solid Waste Rate Study. The Sewer Master Plan Project was initiated during the fiscal year 2019. In addition, the District upgraded the Supervisory Control and Data Acquisition (SCADA) system and an election was held during the year.
- Repairs and maintenance decreased by \$159,155, primarily due to a decrease in capital outlay expenses.

	Fiscal Year		
	2017	2018	2019
Operating expenses			
Solid waste disposal	\$ 2,651,384	\$ 2,662,441	\$2,688,765
Wastewater disposal	1,815,120	1,407,130	2,044,275
Recycling and disposal charges	2,340,836	2,368,457	2,402,171
Administration and other	2,322,145	2,479,154	2,825,154
Repairs and maintenance	354,171	492,526	333,411
Depreciation	<u>1,749,621</u>	<u>1,738,975</u>	<u>1,685,650</u>
Total operating expenses	<u>11,233,277</u>	<u>11,148,683</u>	<u>11,979,426</u>

## Operating Revenues & Expenses



- Trash assessments
- Wastewater assessments
- Permits and inspection fees
- Connection fees
- Other services and charges



- Solid waste disposal
- Wastewater disposal
- Recycling and disposal charges
- Administration and other
- Repairs and maintenance
- Depreciation



# District Funds

## Solid Waste Fund

The District is one of the few agencies in Orange County that offers a 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 to 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.

<u>Fiscal Year Solid Waste Performance Indictors:</u>	<u>Actual 2014-15</u>	<u>Actual 2015-16</u>	<u>Actual 2016-17</u>	<u>Actual 2017-18</u>	<u>Actual 2018-19</u>
<b>Programs:</b>					
Alkaline Batteries Pounds Recycled	5,345	4,525	6,973	8,650	12,662
Christmas Trees Tonnage Collected	82	82	90	66	66
Discovery Science Center Field Trips*	388	362	339	404	322
Door-to-Door HHW Collected	53	52	64	61	487
Door-to-Door HHW Pounds Collected	N/A	N/A	N/A	7,793	13,600
Kitchen Pails Distributed	870	2,535	108	31	140
Large Items Tonnage Collected	384	509	473	572	401
Materials Recovery Facility Tours Provided	3	3	1	2	2
Pharmaceuticals Pounds Collected	1,518	1,806	1,853	1,714	873
Sharps Pounds Collected	2,137	2,351	1,970	1,859	2,089
U.S. Flag Drop Off Program	N/A	N/A	N/A	N/A	157
White Goods Tonnage Collected	22	8	19	16	15
Zero Waste Lunch/Traveling Scientists Visit*	1,474	1,616	1,351	1,595	923
<b>Services:</b>					
Household Units Serviced	21,824	22,398	22,518	22,602	22,848
Recycled/Landfill Tonnage	41,774	34,363	32,865	33,190	32,781
Organic Tonnage	N/A	7,284	9,451	9,010	9,772
Organic Tonnage Recycled into Renewable Natural Gas	N/A	N/A	9,013	8,595	9,323
Recycled %	56.81%	57.01%	59.44%	58.99%	60.51%

\*Number of students that participated.

### Solid Waste Customers Breakdown:

Single Family Residential	17,131 Units	\$3,852,400
Multi-Family Residential	5,844 Units	\$1,314,200
<b>Total Estimated Assessment:</b>		<b>\$5,166,600</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 (OCSd) 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 4,721 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><u>Fiscal Year Wastewater Performance Indicators :</u></b>	<b><u>Actual 2014-15</u></b>	<b><u>Actual 2015-16</u></b>	<b><u>Actual 2016-17</u></b>	<b><u>Actual 2017-18</u></b>	<b><u>Actual 2018-19</u></b>
<b>CCTV Sewer Lateral Program</b>	N/A	N/A	N/A	\$ 250	\$ 250
Dollars Awarded	N/A	N/A	N/A	23,900	2,150
Applicants Processed	N/A	N/A	N/A	114	10
Applicants Applied	N/A	N/A	N/A	163	8
<b>Sewer Later Assistance Program (SLAP):</b>	\$ 1,250	\$ 1,100	\$ 1,100	\$ 1,100	N/A
Dollars Awarded	201,475	202,182	193,531	17,160	N/A
Applicants Processed	182	203	201	19	N/A
Applicants Applied	237	242	272	0	N/A
<b>Sewer Inspection Rebate Program (SIRP)</b>	N/A	N/A	N/A	N/A	\$ 500
Dollars Awarded	N/A	N/A	N/A	N/A	11,950
Applicants Processed	N/A	N/A	N/A	N/A	34
Applicants Applied	N/A	N/A	N/A	N/A	96
<b>Maintenance:</b>					
Total Feet of Sewers Cleaned	910,000	1,096,701	878,095	883,900	593,701
Hotspots Locations	32	26	25	22	23
Sewer Spill Occurrence (SSO)	2	3	1	1	3
Total Sewer Spilled in Gallons	8,250	144	25	380	28,914
Total Sewer Recovered in Gallons	150	144	25	380	21,275
Total Sewer Unrecovered in Gallons	8,100	0	0	0	7,639
<b>Permit Department</b>					
Permits Generated	662	593	707	552	532

## Wastewater Customers Breakdown:

Single Family Residential	20,843 Units	\$1,925,500
Multi-Family Residential	24,900 Units	\$1,349,800
Commercial	1,582 Units	\$1,338,800
Industrial	783 Units	\$995,900

**Total Estimated Assessment: \$5,610,000**

Commercial Buildings Square Feet	31,851,972
Industrial Buildings Square Feet	9,631,331

**Total Square Footage: 41,483,302**

# Demographics & Economic Statistics

Calendar Year	City of Costa Mesa (a)		County of Orange (b)		
	District Service Population	Unemployment Rate	Population	Personal Income* (in thousands)	Personal Income Per Capita
2010	109,960	8.50%	3,010,232	150,467,328	49,985
2011	110,008	7.80%	3,055,745	154,131,535	50,440
2012	111,675	6.80%	3,090,132	161,743,827	52,342
2013	112,174	5.60%	3,114,363	169,792,810	54,519
2014	112,784	5.60%	3,145,515	173,305,650	55,096
2015	113,204	4.50%	3,169,776	183,052,341	57,749
2016	112,822	3.70%	3,172,532	196,920,661	62,071
2017	113,825	2.70%	3,190,400	208,653,019	65,400
2018	113,615**	2.30%	3,185,968	220,684,684	69,268
2019	c	c	c	c	c

Notes: a) Approximate population of Costa Mesa Sanitary District is the same as the population of the City of Costa Mesa. b) The District has chosen to use County data since the District believes that the County data is representative of the conditions and experience of the District. c) Data not currently available.

\* Total personal income estimates are in thousands of dollars, not adjusted for inflation.

\*\* Total population serviced by City of Costa Mesa.

## Economic Factors & Next Year's Budgets

Beginning with the fiscal year (FY) 2019-20 Budget, the District created a General Fund to account for the financial resources of the general government. These unrestricted resources will consist primarily of property taxes and investment earnings. The Orange County Tax Collector bills and collects the Property Taxes, which are then apportioned directly to the District throughout the fiscal year. The District receives only a small percentage of the 1% basic levy for specific parcels within the District. A County administrative fee for processing is subtracted at the time of apportionment. The property taxes are unrestricted revenues which had previously been recorded in the Solid Waste Fund for rate stabilization. The Board may direct staff to transfer this revenue to the Solid Waste or Wastewater Fund through the budgetary process. It is anticipated that the General Fund will have a zero balance at the end of each fiscal year.

Starting FY 2019-20 the solid waste rate increased from \$216 to \$224.88 with a seven percent increase planned for the next two fiscal years, followed by a six percent increase in the final two fiscal years of the five-year plan. Fiscal year 2017-18 was the fifth and final year increase outlined in the five-year Sewer Rate Study. A new Sewer Rate Study will be undertaken in the coming fiscal year to establish rates for the next five years.

A new agreement was negotiated with the District's trash hauler effective July 2018, which includes a Consumer Price Index (CPI) adjustment every two years with the approval of the Board of Directors. The agreement also ensure a continued high-level of service and special programs such as organic waste collection and recycling, Christmas tree recycling, curbside household hazardous waste collections, as well as continued efforts to achieve a 75% diversion rate from the landfills.

The District continues to focus on replacing wastewater force mains because of the dangers these pipelines have on public safety if they fail. As a result, the District successfully completed replacing the Canyon Pump Station force main and began rehabilitating the pump station. In addition, the District purchased a new wastewater combination cleaning truck to ensure the entire wastewater system is cleaned within eighteen months.

On November 29, 2018, the Board of Directors adopted a Performance Measurement Program that measures functions or attributes for organizational excellence. The measurements include efficiency, effective workforce, customer satisfaction, cost effectiveness, transparency, and citizen engagement. Each attribute has four to ten outcome measures related to the attribute and each measure is tied to the strategic goals in the District's 2015-20 Strategic Plan. The results are reported to the Board of Directors on a quarterly basis and made available for public viewing on the Transparency page of the District's website.





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Hard copies can be requested by calling (949) 845-8400.

This report was prepared by Costa Mesa Sanitary District, Finance Department.