



**SPECIAL MEETING  
OF  
BOARD OF DIRECTORS  
MONTECITO WATER DISTRICT  
583 SAN YSIDRO ROAD  
MONTECITO, CALIFORNIA**

**WEDNESDAY, MAY 30, 2018  
9:30 A.M.**

**AGENDA**

**1. CALL TO ORDER, ROLL CALL, DETERMINATION OF QUORUM**

**2. PUBLIC FORUM**

This portion of the agenda may be utilized by any member of the public to address and ask questions of the Board of Directors on any matter not on the agenda within the jurisdiction of the Montecito Water District. Depending upon the subject matter, the Board of Directors may be unable to respond at this time, or until the specific item is placed on the agenda at a future MWD Board meeting in accordance with the Ralph M. Brown Act.

**3. DISTRICT BUSINESS**

- A. INFORMATION ONLY: Fiscal Year 2018/19 Budget Workshop
- B. BOARD ACTION: Bella Vista Treatment Plant Modifications

**4. LEGAL MATTERS**

- A. CLOSED SESSION: Pursuant to Government Code Section 54956.9(d)(2):  
Conference with Legal Counsel – Anticipated Litigation, 2 cases

**5. ADJOURNMENT**

**Note:** This agenda was posted at the Montecito Water District front counter and outside display case at 5:00 p.m. on May 25, 2018. The Americans with Disabilities Act provides that no qualified individual with a disability shall be excluded from participation in, or denied the benefits of, the District's programs, services or activities because of any disability. If you need special assistance to participate in this meeting, please contact the District Office at 805-969-2271. Notification at least twenty-four (24) hours prior to the meeting will enable the District to make appropriate arrangements.

Supporting documents for agenda items are available at the District front counter during normal business hours.

Materials related to an item on this agenda submitted to the Board after distribution of the agenda packet are available for public inspection in the Montecito Water District offices located at 583 San Ysidro Road, Montecito, during normal business hours.



**MONTECITO WATER DISTRICT  
MEMORANDUM**

**SECTION: 3-A**

**DATE: MAY 30, 2018**

**TO: BOARD OF DIRECTORS**

**FROM: GENERAL MANAGER/BUSINESS MANAGER**

**SUBJECT: FY 2018/19 BUDGET WORKSHOP**

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**RECOMMENDATION:**

That the Board of Directors provide staff with direction on any necessary adjustments to the draft FY 2018/19 budget for inclusion in the final budget that will be considered for adoption by the Board at its June 26, 2018 meeting.

**BUDGET SUMMARY:**

The budget summary, key assumptions and analyses are attached for discussion.



# **2018/19 BUDGET**

**MONTECITO WATER DISTRICT  
FY 2018/19 BUDGET**

	<b>FY 2017/18 BUDGET</b>	<b>FY 2017/18 Forecast</b>	<b>FY 2018/19 BUDGET</b>	<b>VARIANCE</b>	<b>%</b>
<b>REVENUE</b>					
WATER SALES	9,589,341	9,205,916	<b>9,482,932</b>	277,016	3.01%
WSE SURCHARGE	5,117,580	5,546,226	<b>4,996,976</b>	(549,250)	-9.90%
ORDINANCE 94 PENALTIES	0	(3,104)	<b>0</b>	3,104	-100.00%
SERVICE CHARGES	4,274,803	3,877,550	<b>4,172,831</b>	295,280	7.62%
WATER AVAILABILITY CHARGE	306,499	303,005	<b>296,945</b>	(6,060)	-2.00%
PRIVATE FIRE HYDRANT	66,251	68,772	<b>71,162</b>	2,390	3.48%
LATE CHARGES	51,018	50,306	<b>67,272</b>	16,966	33.72%
SERVICE CONNECTION FEES	29,906	28,004	<b>30,816</b>	2,812	10.04%
CAPITAL COST RECOVERY FEES	232,358	114,994	<b>56,904</b>	(58,090)	-50.52%
INTEREST REVENUE - GENERAL	100,000	70,966	<b>200,000</b>	129,034	181.82%
OTHER REVENUE (LOSS)	56,000	133,688	<b>71,000</b>	(62,688)	-46.89%
REIMBURSEMENTS	24,000	23,080	<b>24,000</b>	920	3.99%
<b>TOTAL REVENUE</b>	<b>\$ 19,847,756</b>	<b>\$ 19,419,404</b>	<b>\$ 19,470,838</b>	<b>\$ 51,434</b>	<b>0.26%</b>
<b>OPERATING EXPENSE</b>					
<b>DIRECT EXPENSE</b>					
<b>JPA OPERATING EXPENSE</b>					
CACHUMA OPERATIONS & MAINT BOARD (COMB)	(558,974)	(581,874)	<b>(583,935)</b>	(2,061)	0.35%
CACHUMA CONSERVATION & RELEASE BOARD (CCRB)	(103,652)	(118,048)	<b>(139,062)</b>	(21,014)	17.80%
US BUREAU OF RECLAMATION (USBR)	(134,030)	(132,187)	<b>(306,908)</b>	(174,721)	132.18%
CATER WATER TREATMENT PLANT	(1,260,000)	(1,378,277)	<b>(1,260,000)</b>	118,277	-8.58%
CENTRAL COAST WATER AUTH. (CCWA) (SWP) - FIXED	(2,231,821)	(2,231,821)	<b>(2,284,573)</b>	(52,752)	2.36%
DWR (SWP) - FIXED	(2,699,883)	(2,699,883)	<b>(2,875,565)</b>	(175,682)	6.51%
CENTRAL COAST WATER AUTH.(CCWA) (SWP) - VARIABLE	(584,162)	(747,381)	<b>(475,288)</b>	272,093	-36.41%
DWR (SWP) - VARIABLE	(494,513)	(494,516)	<b>(545,258)</b>	(50,742)	10.26%
SUPPLEMENTAL WATER PURCHASE	-	(215,525)	<b>(700,000)</b>	(484,475)	224.79%
<b>TOTAL JPA OPERATING EXPENSE</b>	<b>\$ (8,067,035)</b>	<b>\$ (8,599,512)</b>	<b>\$ (9,170,589)</b>	<b>\$ (571,077)</b>	<b>6.64%</b>
<b>MWD DIRECT EXPENSE</b>					
JAMESON	(110,717)	(173,173)	<b>(168,156)</b>	5,017	-2.90%
TRANSMISSION & DISTRIBUTION	(1,417,071)	(1,424,918)	<b>(1,427,642)</b>	(2,724)	0.19%
TREATMENT	(1,139,312)	(1,170,725)	<b>(1,146,065)</b>	24,661	-2.11%
<b>TOTAL MWD DIRECT EXPENSE</b>	<b>\$ (2,667,100)</b>	<b>\$ (2,768,816)</b>	<b>\$ (2,741,863)</b>	<b>\$ 26,953</b>	<b>-0.97%</b>
<b>TOTAL DIRECT EXPENSES</b>	<b>(10,734,135)</b>	<b>(11,368,328)</b>	<b>(11,912,451)</b>	<b>(544,124)</b>	<b>4.79%</b>

**MONTECITO WATER DISTRICT  
FY 2018/19 BUDGET**

	<b>FY 2017/18 BUDGET</b>	<b>FY 2017/18 Forecast</b>	<b>FY 2018/19 BUDGET</b>	<b>VARIANCE</b>	<b>%</b>
<b>MWD INDIRECT EXPENSE</b>					
ENGINEERING	(520,894)	(511,458)	<b>(711,013)</b>	(199,556)	39.02%
CUSTOMER SERVICE	(396,607)	(423,108)	<b>(363,749)</b>	59,358	-14.03%
PUBLIC INFORMATION / CONSERVATION	(136,919)	(73,757)	<b>(130,339)</b>	(56,582)	76.71%
FLEET	(168,323)	(195,022)	<b>(201,027)</b>	(6,005)	3.08%
ADMINISTRATION	(1,790,427)	(1,666,384)	<b>(1,928,140)</b>	(261,755)	15.71%
DEPRECIATION	(1,274,912)	(1,250,123)	<b>(1,275,678)</b>	(25,555)	2.04%
<b>TOTAL MWD INDIRECT EXPENSE</b>	<b>\$ (4,288,082)</b>	<b>\$ (4,119,852)</b>	<b>\$ (4,609,947)</b>	<b>\$ (490,095)</b>	<b>11.90%</b>
<b>TOTAL OPERATING EXPENSE</b>	<b>\$ (15,022,217)</b>	<b>\$ (15,488,180)</b>	<b>\$ (16,522,398)</b>	<b>\$ (1,034,219)</b>	<b>6.68%</b>
<b>NET OPERATING SURPLUS / (DEFICIT)</b>	<b>\$ 4,825,540</b>	<b>\$ 3,931,224</b>	<b>\$ 2,948,440</b>	<b>\$ (982,784)</b>	<b>-25.00%</b>
<b>NON OPERATING EXPENSE</b>					
2004 DWR ORTEGA LOAN	(590,400)	(590,400)	(590,400)	-	0.00%
BOND INTEREST EXPENSE	(690,462)	(690,462)	(690,463)	(1)	0.00%
CATER DWR LOAN	(225,400)	(231,648)	(231,649)	(0)	0.00%
CATER CAPITAL	(132,300)	(129,669)	(132,300)	(2,631)	2.03%
CATER OZONE	(276,300)	(276,323)	(276,346)	(23)	0.01%
AMI METER FINANCING	-	-	(167,000)	(167,000)	-
<b>TOTAL NON OPERATING EXPENSE</b>	<b>\$ (1,914,862)</b>	<b>\$ (1,918,502)</b>	<b>\$ (2,088,157)</b>	<b>\$ (169,655)</b>	<b>8.84%</b>
<b>NET OPERATING SURPLUS / (DEFICIT)</b>	<b>\$ 2,910,678</b>	<b>\$ 2,012,723</b>	<b>\$ 860,283</b>	<b>\$ (1,152,439)</b>	<b>-57.26%</b>
<b>CAPITAL EXPENDITURE</b>					
EQUIPMENT (FIXED ASSETS)	(105,500)	(259,301)	(221,000)	38,301	-14.77%
WATER STORAGE PURCHASE	(1,890,000)	(630,000)	(1,260,000)	(630,000)	100.00%
MWD SYSTEM PROJECTS (CAPITAL PROJECTS)	(2,749,090)	(1,000,031)	(1,216,570)	(216,539)	21.65%
<b>TOTAL MWD CAPITAL EXPENDITURE</b>	<b>\$ (4,744,590)</b>	<b>\$ (1,889,332)</b>	<b>\$ (2,697,570)</b>	<b>\$ (808,238)</b>	<b>42.78%</b>
<b>ADD BACK DEPRECIATION EXPENSE (NON-CASH)</b>	<b>\$ 1,274,912</b>	<b>\$ 1,250,123</b>	<b>\$ 1,275,678</b>	<b>\$ 25,555</b>	<b>2.04%</b>
<b>NET CASH IMPACT</b>	<b>\$ (559,000)</b>	<b>\$ 1,373,514</b>	<b>\$ (561,609)</b>	<b>\$ (1,935,123)</b>	<b>-140.89%</b>

**MONTECITO WATER DISTRICT  
BUDGET 2018/19  
KEY ASSUMPTIONS**

**REVENUE ASSUMPTIONS:**

1. Water Sales are based on sales of 4,015 AF.
2. No annual rate increase or Ordinance 94 penalty revenue
3. WSE surcharge is based upon \$3.45/HCF Jul-Dec and \$2.33/HCF Jan-Jul (assumes mid-year analysis confirming on-target for sales of approximately 4,000 AF).
4. Minor decrease in monthly meter service charge (damaged/destroyed homes)
5. 4 new meters projected to be issued in accordance with adopted Ord. 92 revisions
6. Interest revenue is estimated at 2.0% on an average balance of \$10 million
7. Cost of Living Adjustment is proposed at 2.38%
8. Utility increase of 4% as per SCE
9. Capital Project Expenditures including carry-over totals \$1.5 million
10. Complete purchase of regional groundwater storage capacity of \$1.2 million (carry-over from FY 2017/18)

**OPERATING EXPENSE ASSUMPTIONS:**

**Direct Expenses**

**1. JPA Expense**

JPA EXPENSES		Projected 2017/18	Proposed Budget 2018/19	Increase (Decrease)	Percent Change	
	COMB Operations	\$ 581,874	\$ 583,935	\$ 2,061	0.4%	Based upon preliminary budget 5/9/2018
	CCRB	\$ 118,048	\$ 139,062	\$ 21,014	17.8%	Based upon CCRB budget adopted 4/17/17
	USBR	\$ 132,187	\$ 306,908	\$ 174,721	132.2%	2018/19 COMB draft budget. Includes 2015 and 2016 deficits of \$147k taken over 3 years, \$49k/year
	Cater Treatment	\$ 1,378,277	\$ 1,260,000	\$ (118,277)	-8.6%	Using 2017/18 Budget amounts - Have not received 2018/19 information yet
	Central Coast Water Auth. (CCWA) - Fixed	\$ 2,231,821	\$ 2,284,573	\$ 52,752	2.4%	Based upon CCWA 2018/19 budget 4-26-18
	DWR (SWP) - Fixed	\$ 2,699,883	\$ 2,875,565	\$ 175,682	6.5%	Based upon CCWA 2018/19 budget 4-26-18
	Central Coast Water Auth. (CCWA) - Variable	\$ 747,381	\$ 475,288	\$ (272,093)	-36.4%	Based upon CCWA 2018/19 budget 4-26-18
	DWR (SWP) - Variable	\$ 494,516	\$ 545,258	\$ 50,742	10.3%	Based upon CCWA 2018/19 budget 4-26-18
	Supplemental Water Purchases	\$ 215,525	\$ 700,000	\$ 484,475	224.8%	Estimated 2,000 AF @ \$350.00/AF
<b>JPA EXPENSES</b>		<b>\$ 8,599,512</b>	<b>\$ 9,170,589</b>	<b>\$ 571,077</b>	<b>6.64%</b>	

**2. Jameson** - Decrease from 2017/18 of \$5k relates primarily to a reduction in Outside Services (-\$15k), offset by an increase in Salaries \$9k .

**3. Transmission & Distribution** -Total increase over 2017/18 actuals is \$3k

- CalPERS and labor allocation increase of \$54k
- Utilities expense increase of \$10k over 2017/18 actuals
- Supplies expense decrease of (\$64k) over 2017/18 actuals
- Outside Services increase of \$3K over 2017/18 actuals

**4. Treatment** - Total decrease of (\$25k) over 2017/18 actuals due to:

- CalPERS and labor allocation increase of \$30k over 2017/18 actuals
- Utilities expense increase of \$8k over 2017/18 actuals
- Supplies Expense decrease of (\$45k) over 2017/18 actuals
- Outside Services expense decrease of (\$12k) over 2017/18 actuals
- Repairs & Maintenance expense decrease of (\$6k) over 2017/18 actuals

## Indirect Expenses ASSUMPTIONS

### 1. Engineering - Increase over 2017/18 actual by \$200k made up of the following:

Salary expense increase of \$82k (primarily due to Engineering Assistant salary & benefits (@1/2) \$74k, COLA & Calpers \$8k )  
Outside Services expense decrease of (\$78k) - 2018/19 Budget includes Michael Baker \$20k,  
Professional Services expense increase of \$56k. Includes carry-over of \$16k from MNS Engineers, \$50k for WQ Consultant & \$20K Michael Baker  
SGMA expense increase of \$171k - Includes estimate of \$600K/3 years for 2018/19 budget  
GIS expense increase of \$9k - 2018/19 budget includes Zworld GIS for \$30k  
Feasibility Study expense decrease of (\$42k). Includes a carry-over of \$77k, reduced by anticipated grant funds of \$65k

### 2. Customer Service - Decrease from 2017/18 actual by (\$59k) due to the following:

Salaries and Benefits expense decrease of (\$32k) - Primarily due to a long-time employee replaced by a new employee (lower salary and benefits)  
Meter Reading expense decrease of (\$22k) - Anticipated switch to AMI meter services in January 2019  
Bill Printing expense decrease of (\$5k) - primarily due to switching to a new provider - InfoSend

### 3. Public Information / Conservation - Increase from 2017/18 actual of \$57k made up of the following:

Salary expense increase of \$47k - Primarily due to PIC transitioning to a full-time position of PIO with added benefits \$46k  
Postage expense increase of \$4k - Anticipated quarterly mailings  
Printing/Publishing Services expense increase of \$6k - Primarily due to increased social media & Montecito Journal ads

### 4. Fleet - Increase over 2017/18 actuals by \$7k due to the following:

Salary expense increase of \$5k - Primarily due to COLA  
Benefits expense increase of \$11k - Related to \$21k Medical, \$20k CalPERS & Taxes and \$2k Workers Comp  
Fuels expense decrease of (\$6k) - Primarily related to increased fuel efficiency and routing, despite increased fuel costs  
Outside Services decrease of (\$3k) - Related to increased in-house service on vehicles

### 5. Admin - Increase over 2017/18 actuals of \$287k relating to the following:

Salary Expense increase of \$18k - Primarily due to COLA \$11k, and step increases of \$5k  
Benefits expense increase of \$23k - Primarily due to increase in Medical Insurance \$15k  
Building Maintenance expense increase of \$18k relating to \$25k of office renovation carry-forward  
Outside Services expense decrease of (\$66k) primarily due to recruiting fees - (\$27k), Interior Painting - (\$14K), Tree Trimming - (\$4k), Consulting (\$8k)  
Insurance expense increased by \$6k - Primarily due to General Liability policy  
Rate Study expenses increase of \$22k. There is \$30k in the 2018/19 Budget based on contract price  
Depreciation expense increased by \$26k  
Water supply agreement expense increase of \$227k. There is \$300k in the 2018/19 Budget.  
All combined legal expenses decrease of (\$3k) - \$350k is in the 2018/19 Budget

**ASSUMPTIONS regarding Salaries and Benefits**

1. Total Salary expense has increased over 2017/18 by \$168k due to the following:

- Engineering Assistant new position equates to \$38k
- Step & Longevity increases equates to \$29k
- Accrual equates to \$12k
- PIO position to full-time equates to \$37k
- COLA increase of 2.38% = \$52K

2. COLA increase is at **2.38%** based upon 5-year average change in CPI for Urban Wage Earners  
Other local agencies are adopting a COLA ranging from 2.0 - 3.0% increases

At 1.50% =	\$	32,737
At 2.00% =	\$	43,649
At 2.50% =	\$	54,561
At 3.00% =	\$	65,474

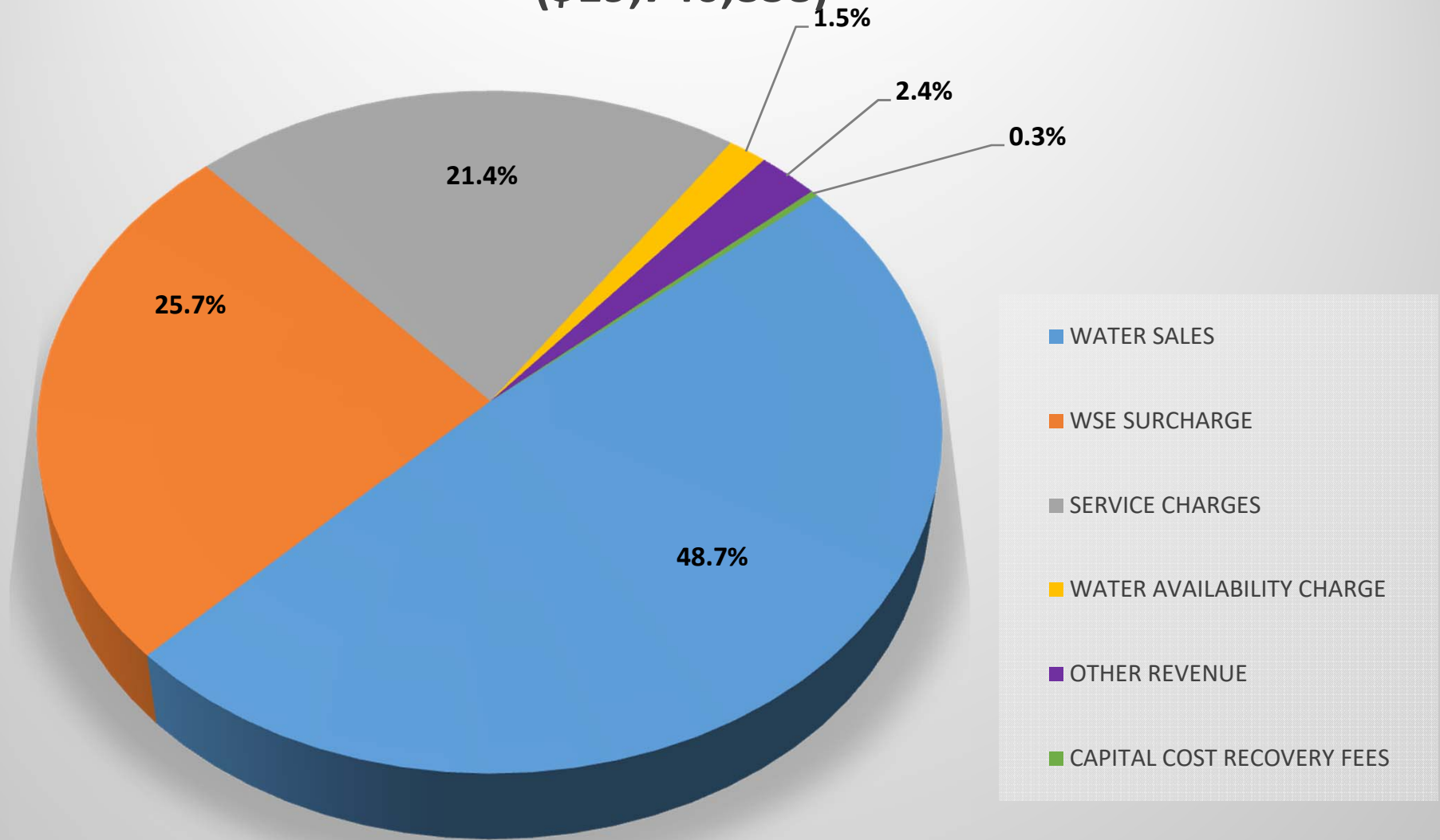
3. Total Benefits expense has increased over 2017/18 by \$84k

- Health insurance has increased by \$22k
- Worker's Comp insurance increased by \$1k
- CalPERS unfunded liability (expense) increased by \$61k

MONTECITO WATER DISTRICT  
 FY 2018/19 BUDGET  
 WATER SALES BY CLASS

<b>2017/18 REVENUE</b>	<b>FORECAST</b>	<b>YEAR OVER YEAR</b>	<b>%</b>	<b>Prior Year</b>
<b>2017/18</b>	<b>2018/19 BUDGET</b>	<b>CHANGE</b>	<b>CHANGE</b>	<b>Budget</b>
Agricultural	\$ 462,821			\$ 423,019
<b>2018/19 Budget</b>	<b>468,842</b>	<b>6,022</b>	<b>1.3%</b>	
Multi Family Residential	\$ 163,144			\$ 213,625
<b>2018/19 Budget</b>	<b>170,267</b>	<b>7,123</b>	<b>4.4%</b>	
Single Family Residential	\$ 7,121,004			\$ 7,065,767
<b>2018/19 Budget</b>	<b>7,337,096</b>	<b>216,092</b>	<b>3.0%</b>	
Institutional	\$ 747,829			\$ 958,416
<b>2018/19 Budget</b>	<b>785,075</b>	<b>37,247</b>	<b>5.0%</b>	
Commercial	\$ 630,761			\$ 857,934
<b>2018/19 Budget</b>	<b>638,688</b>	<b>7,926</b>	<b>1.3%</b>	
Non-Potable	\$ 80,357			\$ 70,579
<b>2018/19 Budget</b>	<b>82,964</b>	<b>2,607</b>	<b>3.2%</b>	
<b>2017/18 REVENUE TOTAL</b>	<b>\$ 9,205,916</b>			9,589,340
<b>2018/19 BUDGET REVENUE</b>	<b>9,482,932</b>	<b>277,016</b>	<b>3.0%</b>	

# Revenue Breakdown (\$19,740,838)



MONTECITO WATER DISTRICT  
 FY 2018/19 BUDGET  
 JAMESON EXPENSES

EXPENSE:	FORECAST 2018/19 BUDGET	YEAR OVER YEAR CHANGE	% CHANGE	Prior Year Budget
Salaries	47,144			67,542
<b>Budget 2018/19</b>	<b>55,920</b>	<b>8,776</b>	<b>18.6%</b>	
Employee Benefits	24,113			21,920
<b>Budget 2018/19</b>	<b>25,156</b>	<b>1,043</b>	<b>4.3%</b>	
Repairs & Maintenance	39,516			12,000
<b>Budget 2018/19</b>	<b>44,550</b>	<b>5,034</b>	<b>12.7%</b>	
Supplies	20,499			1,950
<b>Budget 2018/19</b>	<b>16,900</b>	<b>(3,599)</b>	<b>-17.6%</b>	
Safety Equipment	-			-
<b>Budget 2018/19</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	
Outside Services	37,956			3,225
<b>Budget 2018/19</b>	<b>21,550</b>	<b>(16,406)</b>	<b>-43.2%</b>	
Phone - Utility	3,945			4,080
<b>Budget 2018/19</b>	<b>4,080</b>	<b>135</b>	<b>3.4%</b>	
Electric - Utility	-			-
<b>Budget 2018/19</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	
<b>TOTAL JAMESON</b>	<b>\$ 173,173</b>			<b>\$ 110,717</b>
<b>Budget 2018/19 TOTAL JAMESON</b>	<b>\$ 168,156</b>	<b>(5,017)</b>	<b>-2.9%</b>	

MONTECITO WATER DISTRICT  
 FY 2018/19 BUDGET  
 TRANSMISSION & DISTRIBUTION EXPENSES

EXPENSE:	FORECAST 2018/19 BUDGET	YEAR OVER YEAR CHANGE	% CHANGE	Prior Year Budget
Salaries	735,123			746,023
<b>Budget 2018/19</b>	<b>785,852</b>	<b>50,729</b>	<b>6.9%</b>	
Employee Benefits	345,089			321,605
<b>Budget 2018/19</b>	<b>349,509</b>	<b>4,421</b>	<b>1.3%</b>	
Supplies	91,837			54,250
<b>Budget 2018/19</b>	<b>27,600</b>	<b>(64,237)</b>	<b>-69.9%</b>	
Small Tools/Safety Equipment	9,182			2,400
<b>Budget 2018/19</b>	<b>10,000</b>	<b>818</b>	<b>8.9%</b>	
Professional Training	2,316			2,000
<b>Budget 2018/19</b>	<b>7,000</b>	<b>4,684</b>	<b>202.2%</b>	
Road and Paving Material	6,209			12,000
<b>Budget 2018/19</b>	<b>6,300</b>	<b>91</b>	<b>1.5%</b>	
Outside Services	33,239			38,933
<b>Budget 2018/19</b>	<b>36,000</b>	<b>2,761</b>	<b>8.3%</b>	
Repairs & Maintenance	25,657			48,000
<b>Budget 2018/19</b>	<b>18,000</b>	<b>(7,657)</b>	<b>-29.8%</b>	
Garbage	12,927			21,000
<b>Budget 2018/19</b>	<b>11,700</b>	<b>(1,227)</b>	<b>-9.5%</b>	
Utilities	162,570			166,860
<b>Budget 2018/19</b>	<b>172,680</b>	<b>10,110</b>	<b>6.2%</b>	
Meals, Hotel, Mileage	767			4,000
<b>Budget 2018/19</b>	<b>3,000</b>	<b>2,233</b>	<b>290.9%</b>	
<b>TOTAL TRANSMISSION &amp; DISTRIBUTION</b>	<b>\$ 1,424,918</b>			<b>\$ 1,417,071</b>
<b>Budget 2018/19 TOTAL TRANSMISSION &amp; DI</b>	<b>1,427,642</b>	<b>2,724</b>	<b>0.2%</b>	

MONTECITO WATER DISTRICT  
 FY 2018/19 BUDGET  
 TREATMENT EXPENSES

EXPENSE:	FORECAST 2018/19 BUDGET	YEAR OVER YEAR CHANGE	% CHANGE	Prior Year Budget
Salaries	568,959			575,111
<b>Budget 2018/19</b>	<b>598,569</b>	<b>29,610</b>	<b>5.2%</b>	
Employee Benefits	247,094			231,299
<b>Budget 2018/19</b>	<b>248,094</b>	<b>1,000</b>	<b>0.4%</b>	
Repairs & Maintenance	17,633			45,050
<b>Budget 2018/19</b>	<b>11,220</b>	<b>(6,413)</b>	<b>-36.4%</b>	
Supplies	69,520			30,000
<b>Budget 2018/19</b>	<b>24,650</b>	<b>(44,870)</b>	<b>-64.5%</b>	
Chemicals	34,252			22,200
<b>Budget 2018/19</b>	<b>30,000</b>	<b>(4,252)</b>	<b>-12.4%</b>	
Outside Services	30,786			25,000
<b>Budget 2018/19</b>	<b>18,740</b>	<b>(12,046)</b>	<b>-39.1%</b>	
Laboratory Services - FGL	36,580			36,000
<b>Budget 2018/19</b>	<b>32,280</b>	<b>(4,300)</b>	<b>-11.8%</b>	
Cell Phone - Utilities	11,510			10,500
<b>Budget 2018/19</b>	<b>11,700</b>	<b>190</b>	<b>1.7%</b>	
Electric - Utilities	152,758			163,152
<b>Budget 2018/19</b>	<b>160,812</b>	<b>8,054</b>	<b>5.3%</b>	
Professional Training	1,634			1,000
<b>Budget 2018/19</b>	<b>10,000</b>	<b>8,366</b>	<b>512.0%</b>	
<b>TOTAL TREATMENT</b>	<b>\$ 1,170,725</b>			<b>\$ 1,139,312</b>
<b>Budget 2018/19 TOTAL TREATMENT</b>	<b>1,146,065</b>	<b>(24,661)</b>	<b>-2.1%</b>	

MONTECITO WATER DISTRICT  
 FY 2018/19 BUDGET  
 ENGINEERING

EXPENSE:	FORECAST 2018/19 BUDGET	YEAR OVER YEAR CHANGE	% CHANGE	Prior Year Budget
Salaries	197,378			213,723
<b>Budget 2018/19</b>	<b>239,028</b>	<b>41,650</b>	<b>21.1%</b>	
Employee Benefits	65,960			72,174
<b>Budget 2018/19</b>	<b>107,225</b>	<b>41,265</b>	<b>62.6%</b>	
Supplies	17,709			6,000
<b>Budget 2018/19</b>	<b>16,800</b>	<b>(909)</b>	<b>-5.1%</b>	
GIS	20,194			30,000
<b>Budget 2018/19</b>	<b>30,000</b>	<b>9,807</b>	<b>48.6%</b>	
Outside Services	97,895			48,317
<b>Budget 2018/19</b>	<b>20,000</b>	<b>(77,895)</b>	<b>-79.6%</b>	
Professional Services	30,000			-
<b>Budget 2018/19</b>	<b>86,540</b>	<b>56,540</b>	<b>188.5%</b>	
Sustainable Groundwater Management Act	28,350			55,000
<b>Budget 2018/19</b>	<b>200,000</b>	<b>171,650</b>	<b>605.5%</b>	
Future Water Supply Analysis	-			-
<b>Budget 2018/19</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	
Recycled Water Feasibility Study	53,971			75,000
<b>Budget 2018/19</b>	<b>11,420</b>	<b>(42,551)</b>	<b>-78.8%</b>	
<b>TOTAL ENGINEERING</b>	<b>\$ 511,458</b>			<b>\$ 500,214</b>
<b>Budget 2018/19 TOTAL ENGINEERING</b>	<b>711,013</b>	<b>199,556</b>	<b>39.0%</b>	

MONTECITO WATER DISTRICT  
 FY 2018/19 BUDGET  
 CUSTOMER SERVICE EXPENSES

EXPENSE:	FORECAST 2018/19 BUDGET	YEAR OVER YEAR CHANGE	% CHANGE	Prior Year Budget
Salaries	222,194			208,726
<b>Budget 2018/19</b>	<b>199,575</b>	<b>(22,619)</b>	<b>-10.2%</b>	
Employee Benefits	95,843			47,600
<b>Budget 2018/19</b>	<b>86,750</b>	<b>(9,092)</b>	<b>-9.5%</b>	
Repairs & Maintenance	226			36,000
<b>Budget 2018/19</b>	<b>-</b>	<b>(226)</b>	<b>-100.0%</b>	
Supplies	-			-
<b>Budget 2018/19</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	
Postage	18,854			18,000
<b>Budget 2018/19</b>	<b>18,000</b>	<b>(854)</b>	<b>-4.5%</b>	
Bill Printing Svc	11,095			10,680
<b>Budget 2018/19</b>	<b>6,624</b>	<b>(4,471)</b>	<b>-40.3%</b>	
Meter Reading	74,897			75,600
<b>Budget 2018/19</b>	<b>52,800</b>	<b>(22,097)</b>	<b>-29.5%</b>	
Outside Service	-			-
<b>Budget 2018/19</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	
<b>TOTAL CUSTOMER SERVICE</b>	<b>\$ 423,108</b>			<b>\$ 396,606</b>
<b>Budget 2018/19 TOTAL CUSTOMER SERVICE</b>	<b>363,749</b>	<b>(59,358)</b>	<b>-14.0%</b>	

MONTECITO WATER DISTRICT  
 FY 2018/19 BUDGET  
 PUBLIC INFORMATION & CONSERVATION EXPENSES

EXPENSE:	FORECAST 2018/19 BUDGET	YEAR OVER YEAR CHANGE	% CHANGE	Prior Year Budget
Salaries	33,370			27,706
<b>Budget 2018/19</b>	<b>68,237</b>	<b>34,867</b>	<b>104.5%</b>	
Employee Benefits	8,563			8,214
<b>Budget 2018/19</b>	<b>20,102</b>	<b>11,539</b>	<b>134.8%</b>	
Events / Public Outreach / Notifications	12,283			19,000
<b>Budget 2018/19</b>	<b>13,000</b>	<b>717</b>	<b>5.8%</b>	
Website Development	270			20,000
<b>Budget 2018/19</b>	<b>-</b>	<b>(270)</b>	<b>-100.0%</b>	
Postage	4,000			16,000
<b>Budget 2018/19</b>	<b>8,000</b>	<b>4,000</b>	<b>100.0%</b>	
Printing / Publishing Services	15,271			21,000
<b>Budget 2018/19</b>	<b>21,000</b>	<b>5,729</b>	<b>37.5%</b>	
Outside Services	-			-
<b>Budget 2018/19</b>	<b>-</b>	<b>-</b>	<b>#DIV/0!</b>	
Legal Special - Drought Related	-			20,000
<b>Budget 2018/19</b>	<b>-</b>	<b>-</b>	<b>#DIV/0!</b>	
Conservation Programs	-			5,000
<b>Budget 2018/19</b>	<b>-</b>	<b>-</b>	<b>#DIV/0!</b>	
<b>TOTAL PUBLIC INFORMATION &amp; CONSERVATION</b>	<b>\$ 73,757</b>			<b>\$ 136,920</b>
<b>Budget 2018/19 TOTAL PUBLIC INFORMATION &amp; CONSERV.</b>	<b>130,339</b>	<b>56,582</b>	<b>76.7%</b>	

MONTECITO WATER DISTRICT  
 FY 2018/19 BUDGET  
 FLEET EXPENSES

EXPENSE:	FORECAST 2018/19 BUDGET	YEAR OVER YEAR CHANGE	% CHANGE	Prior Year Budget
Salaries	75,020			81,052
<b>Budget 2018/19</b>	<b>80,903</b>	<b>5,883</b>	<b>7.8%</b>	
Employee Benefits	34,612			12,571
<b>Budget 2018/19</b>	<b>45,124</b>	<b>10,512</b>	<b>30.4%</b>	
Supplies	7,828			2,400
<b>Budget 2018/19</b>	<b>6,000</b>	<b>(1,828)</b>	<b>-23.4%</b>	
Outside Services	5,463			2,400
<b>Budget 2018/19</b>	<b>3,000</b>	<b>(2,463)</b>	<b>-45.1%</b>	
Repairs & Maintenance	18,867			24,000
<b>Budget 2018/19</b>	<b>18,000</b>	<b>(867)</b>	<b>-4.6%</b>	
Fuels	47,534			42,000
<b>Budget 2018/19</b>	<b>42,000</b>	<b>(5,534)</b>	<b>-11.6%</b>	
Small Tools	5,698			3,900
<b>Budget 2018/19</b>	<b>6,000</b>	<b>302</b>	<b>5.3%</b>	
<b>TOTAL FLEET</b>	<b>\$ 195,022</b>			<b>\$ 168,323</b>
<b>Budget 2018/19 TOTAL FLEET</b>	<b>201,027</b>	<b>6,005</b>	<b>3.1%</b>	

MONTECITO WATER DISTRICT  
 FY 2017/18 BUDGET  
 ADMINISTRATION EXPENSES

EXPENSE:	FORECAST 2018/19 BUDGET	YEAR OVER YEAR CHANGE	% CHANGE	Prior Year Budget
Salaries	608,344			615,337
<b>Budget 2017/18</b>	<b>627,215</b>	<b>18,871</b>	<b>3.1%</b>	
Employee Benefits	185,540			212,937
<b>Budget 2017/18</b>	<b>209,019</b>	<b>23,479</b>	<b>12.7%</b>	
Post Employment Benefits	20,415			28,200
<b>Budget 2017/18</b>	<b>30,000</b>	<b>9,585</b>	<b>47.0%</b>	
Bad Debt Expense	-			
<b>Budget 2017/18</b>	<b>-</b>	<b>-</b>		
Supplies	25,151			20,004
<b>Budget 2017/18</b>	<b>24,000</b>	<b>(1,151)</b>	<b>-4.6%</b>	
Postage	1,376			2,160
<b>Budget 2017/18</b>	<b>1,524</b>	<b>148</b>	<b>10.8%</b>	
Grounds Maintenance	15,338			6,000
<b>Budget 2017/18</b>	<b>17,800</b>	<b>2,462</b>	<b>16.1%</b>	
Building Maintenance	18,901			46,000
<b>Budget 2017/18</b>	<b>37,000</b>	<b>18,099</b>	<b>95.8%</b>	
Outside Services	92,433			22,450
<b>Budget 2017/18</b>	<b>26,250</b>	<b>(66,183)</b>	<b>-71.6%</b>	
Computer Supplies / Software / Maintenance	33,453			60,000
<b>Budget 2017/18</b>	<b>31,440</b>	<b>(2,013)</b>	<b>-6.0%</b>	
Network - IT Services	11,603			15,000
<b>Budget 2017/18</b>	<b>9,000</b>	<b>(2,603)</b>	<b>-22.4%</b>	
Cell Phone - Utilities	-			
<b>Budget 2017/18</b>	<b>-</b>	<b>-</b>		
Electric / Gas - Utilities	7,568			6,798
<b>Budget 2017/18</b>	<b>8,040</b>	<b>472</b>	<b>6.2%</b>	

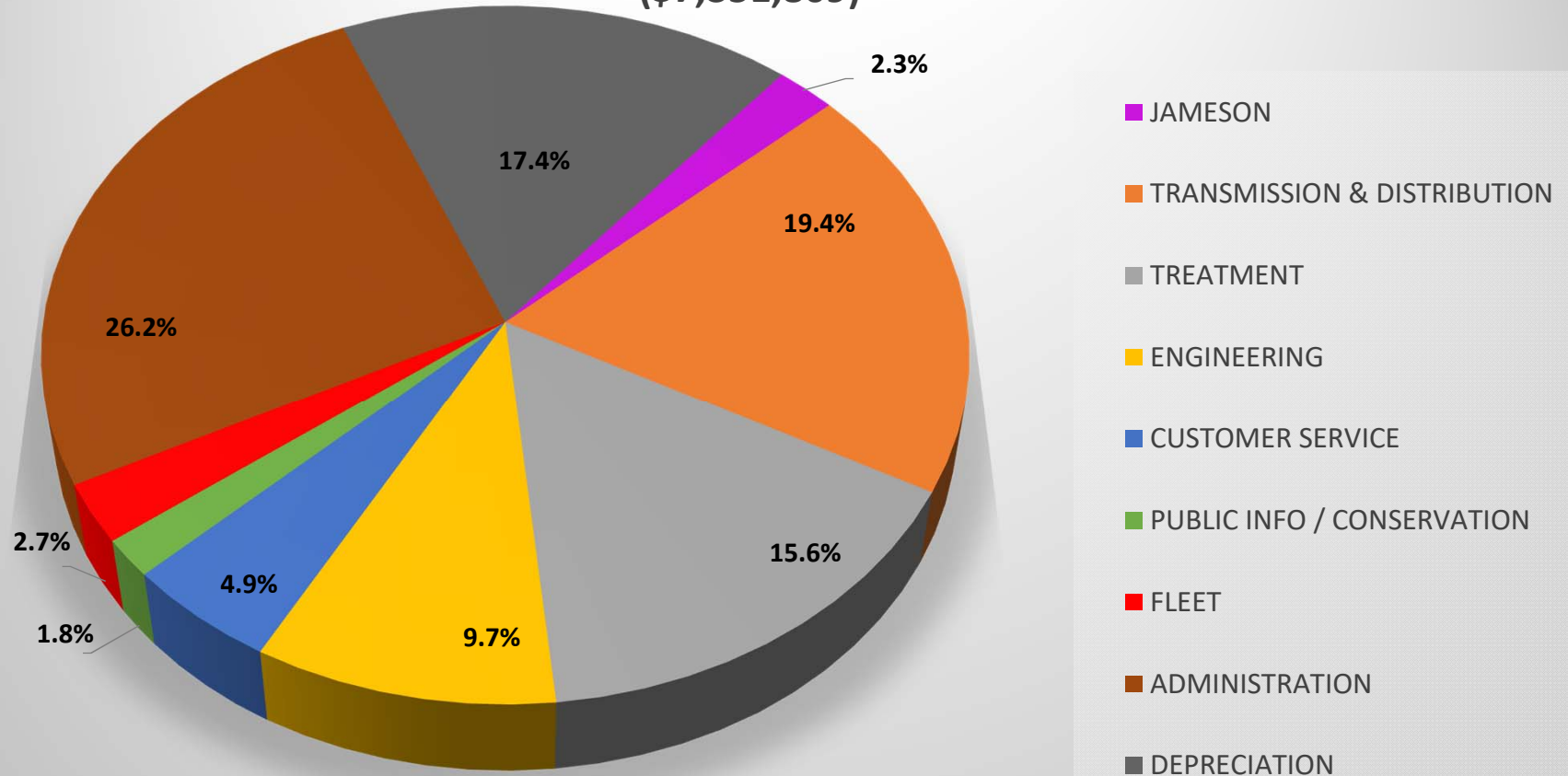
MONTECITO WATER DISTRICT  
 FY 2017/18 BUDGET  
 ADMINISTRATION EXPENSES

EXPENSE:	FORECAST 2018/19 BUDGET	YEAR OVER YEAR CHANGE	% CHANGE	Prior Year Budget
Audit Expense	18,995			23,750
<b>Budget 2017/18</b>	<b>22,765</b>	<b>3,770</b>	<b>19.8%</b>	
Telephone/Cell	11,513			9,000
<b>Budget 2017/18</b>	<b>11,940</b>	<b>427</b>	<b>3.7%</b>	
Insurance (JPIA)	73,312			129,778
<b>Budget 2017/18</b>	<b>78,960</b>	<b>5,648</b>	<b>7.7%</b>	
Bank Charges (Analysis and CC fees)	39,162			36,000
<b>Budget 2017/18</b>	<b>37,200</b>	<b>(1,962)</b>	<b>-5.0%</b>	
Dues, Fees & Subscriptions	46,402			33,583
<b>Budget 2017/18</b>	<b>51,987</b>	<b>5,585</b>	<b>12.0%</b>	
Property Taxes	3,993			3,850
<b>Budget 2017/18</b>	<b>4,100</b>	<b>107</b>	<b>2.7%</b>	
Miscellaneous	2,327			2,880
<b>Budget 2017/18</b>	<b>2,400</b>	<b>73</b>	<b>3.1%</b>	
Professional Training	9,175			12,000
<b>Budget 2017/18</b>	<b>12,500</b>	<b>3,325</b>	<b>36.2%</b>	
Meals, Hotel, Mileage	7,031			3,000
<b>Budget 2017/18</b>	<b>5,000</b>	<b>(2,031)</b>	<b>-28.9%</b>	
Rate Study	8,006			20,000
<b>Budget 2017/18</b>	<b>30,000</b>	<b>21,994</b>	<b>274.7%</b>	
Depreciation	1,250,123			1,274,912
<b>Budget 2017/18</b>	<b>1,275,678</b>	<b>25,555</b>	<b>2.0%</b>	
Local Water Supply Negotiations	73,410			305,000
<b>Budget 2017/18</b>	<b>400,000</b>	<b>326,590</b>	<b>444.9%</b>	
LEGAL - General	232,349			114,000
<b>Budget 2017/18</b>	<b>114,000</b>	<b>(118,349)</b>	<b>-50.9%</b>	

MONTECITO WATER DISTRICT  
 FY 2017/18 BUDGET  
 ADMINISTRATION EXPENSES

EXPENSE:	FORECAST 2018/19 BUDGET	YEAR OVER YEAR CHANGE	% CHANGE	Prior Year Budget
LEGAL - Special - Class Action/Nesbitt	49,064			60,000
<b>Budget 2017/18</b>	<b>40,000</b>	<b>(9,064)</b>	<b>-18.5%</b>	
LEGAL - Special - Lieberman & BB	71,525			-
<b>Budget 2017/18</b>	<b>96,000</b>	<b>24,475</b>	<b>34.2%</b>	
<b>TOTAL ADMINISTRATION</b>	<b>\$ 2,916,507</b>			<b>\$ 3,062,639</b>
<b>Budget 2017/18 TOTAL ADMINISTRATION</b>	<b>3,203,817</b>	<b>287,310</b>	<b>9.9%</b>	

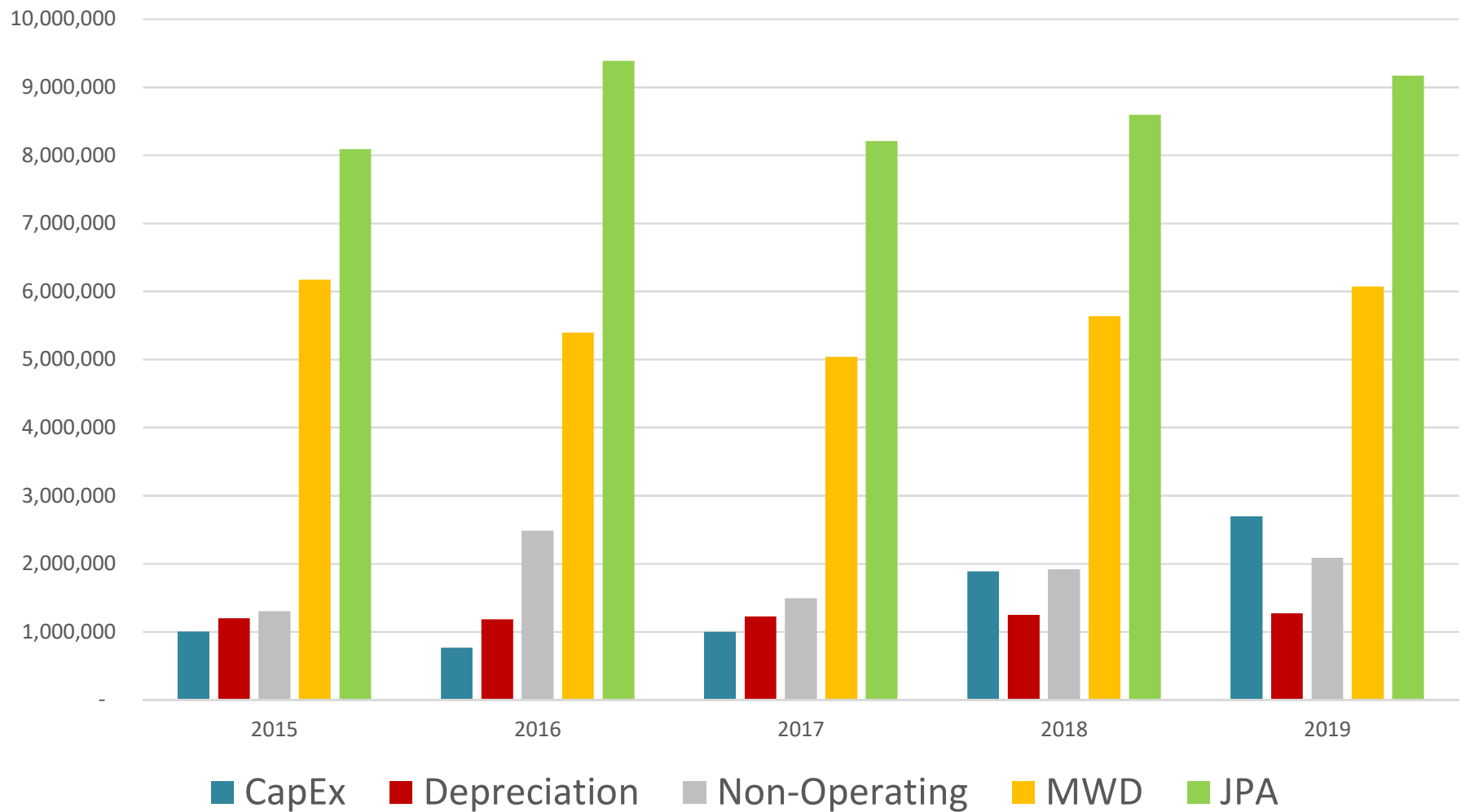
## MWD Expenses by Department (\$7,351,809)



**MONTECITO WATER DISTRICT**  
**2017/18 Budget Analysis**

	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Projected 2018	Budget 2019	Increase	%
Revenue								
Operating	\$ 16,557,720	\$ 14,992,036	\$ 20,063,580	\$ 18,583,907	\$ 19,191,670	\$ 19,175,838	\$ (15,832)	-0.08%
Non-Operating	\$ 208,861	\$ 1,248,207	\$ 245,059	\$ 169,870	\$ 227,734	\$ 295,000	\$ 67,266	29.54%
Total Revenue	\$ 16,766,581	\$ 16,240,243	\$ 20,308,639	\$ 18,753,777	\$ 19,419,404	\$ 19,470,838	\$ 51,434	0.26%
YOY Variance	\$ 2,596,379	\$ (526,338)	\$ 4,068,396	\$ (1,554,862)	\$ 665,627	\$ 51,434		
YOY Variance Percentage	18.32%	-3.14%	25.05%	-7.66%	3.55%	0.26%		
Operating Expense								
Water Purchases (JPAs and Supplemental)	\$ 7,832,879	\$ 8,091,097	\$ 9,390,500	\$ 8,210,008	\$ 8,599,512	\$ 9,170,589	\$ 571,077	6.64%
MWD	\$ 6,059,510	\$ 6,173,891	\$ 5,396,306	\$ 5,041,892	\$ 5,638,545	\$ 6,076,132	\$ 437,587	7.76%
Depreciation	\$ 1,230,954	\$ 1,202,407	\$ 1,187,824	\$ 1,227,523	\$ 1,250,123	\$ 1,275,678	\$ 25,555	2.04%
Total Operating Expense	\$ 15,123,343	\$ 15,467,395	\$ 15,974,630	\$ 14,479,423	\$ 15,488,180	\$ 16,522,398	\$ 1,034,219	6.68%
YOY Variance	\$ 1,727,566	\$ 344,052	\$ 507,235	\$ (1,495,207)	\$ 1,008,757	\$ 1,034,219		
YOY Variance Percentage	12.90%	2.27%	3.28%	-9.36%	6.97%	6.68%		
Non-Operating Expense	\$ 1,293,212	\$ 1,303,751	\$ 2,483,766	\$ 1,496,192	\$ 1,918,502	\$ 2,088,157	\$ 169,655	11.34%
Income Before Capital Contributions	\$ 350,026	\$ (530,903)	\$ 1,850,243	\$ 2,778,162	\$ 2,012,723	\$ 860,283	\$ (1,152,439)	-41.48%
<b>Unit Sales in AF</b>	<b>5,776</b>	<b>3,331</b>	<b>3,439</b>	<b>3,100</b>	<b>3,998</b>	<b>4,040</b>	<b>42</b>	<b>1.35%</b>

# 5 Year Summary of Expenses



**EQUIPMENT  
FIXED ASSETS**

<b>Item Description</b>	<b>2017/18 Carryover</b>	<b>2018/19 Requests</b>	<b>Total Proposed Budget</b>
TRANSMISSION & DISTRIBUTION - Truck Replacement (Vehicle #155), 78k mi, 2010		\$ 39,000	\$ 39,000
TRANSMISSION & DISTRIBUTION- Shop Generator		\$ 50,000	\$ 50,000
TREATMENT - Generators @ Barker Pass & Amapola Well		\$ 95,000	\$ 95,000
TREATMENT - Truck Replacement (Vehicle #141), 185K mi, 2008		\$ 37,000	\$ 37,000
<b>TOTAL EQUIPMENT</b>	<b>\$ -</b>	<b>\$ 221,000</b>	<b>\$ 221,000</b>

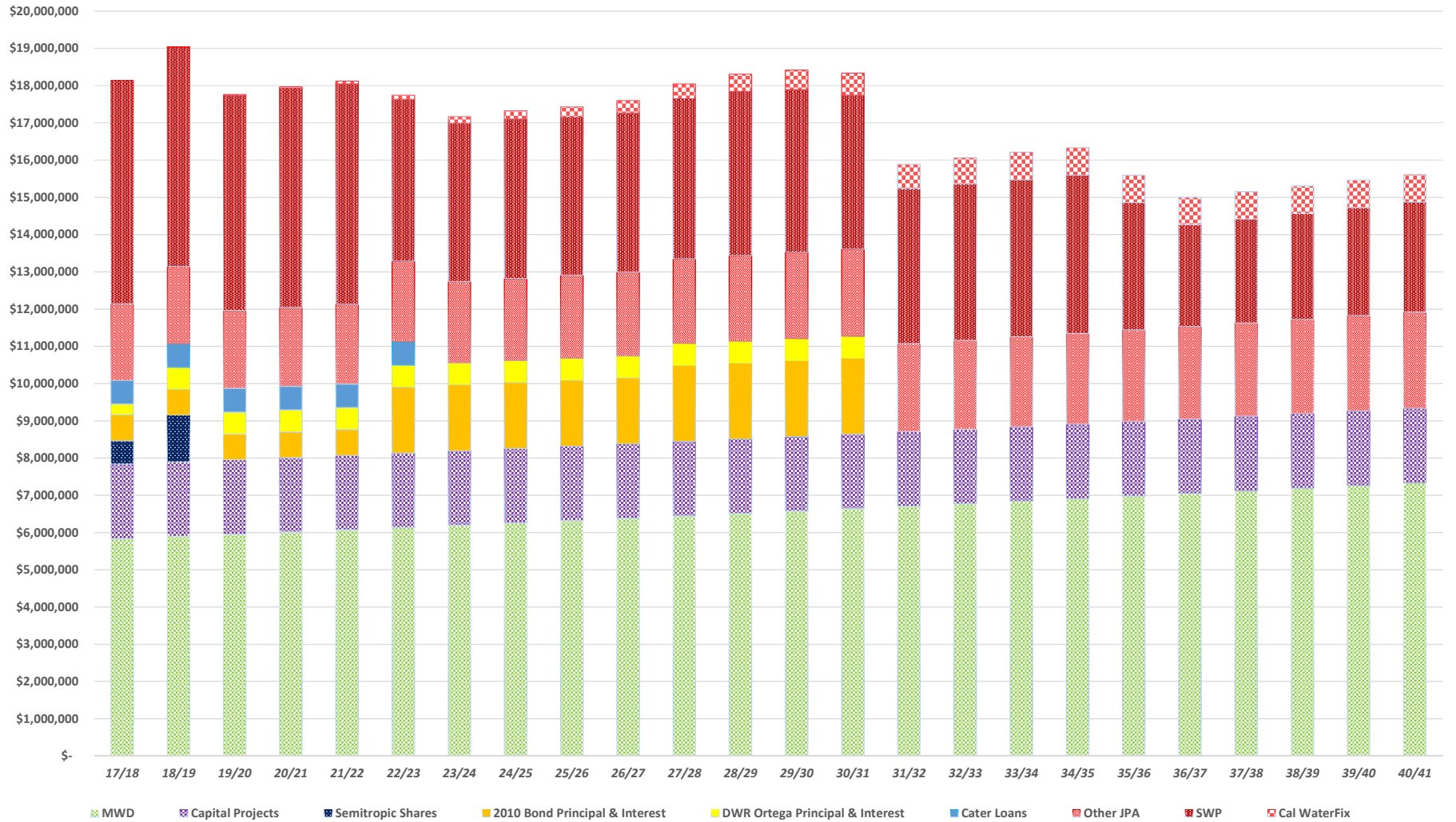
**INVESTMENT IN WATER STORAGE RIGHTS**

<b>Item Description</b>	<b>2017/18 Carryover</b>	<b>2018/19 Requests</b>	<b>Total Proposed Budget</b>
Semitropic Water Storage	\$ 1,260,000		\$ 1,260,000
<b>TOTAL INVESTMENT IN WATER STORAGE RIGHTS</b>	<b>\$ 1,260,000</b>	<b>\$ -</b>	<b>\$ 1,260,000</b>

**CAPITAL IMPROVEMENTS  
MWD SYSTEM PROJECTS**

Item Description	2017/18 Carryover	2018/19 Requests	Total Proposed Budget
<b>PIPELINE REPLACEMENT</b>			
ENGINEERING -US 101 Crossing @ Coast Village	\$ -	\$ 200,000	\$ 200,000
ENGINEERING - Small (2" ) Main Replacements (4 locations)	\$ -	\$ 200,000	\$ 200,000
ENGINEERING - Fernald Point Bridge Pipeline Replacement	\$ 50,000	\$ -	\$ 50,000
<b>RESERVOIR REHABILITATION / REPLACEMENT</b>	<b>\$ 50,000</b>	<b>\$ 400,000</b>	<b>\$ 450,000</b>
<b>PUMPING/WELLS/VALVING/TREATMENT</b>			
TREATMENT -Well Pump and Motor Replacement	\$ -	\$ 25,000	\$ 25,000
TREATMENT -Treatment Enhancements @ Bella Vista TP (GAC/Aeration)	\$ -	\$ 200,000	\$ 200,000
TREATMENT - Doulton /Bella Vista TP's flow control valves (7)	\$ -	\$ 45,350	\$ 45,350
TREATMENT -ATS for Bella Vista, Doulton, Office, Barker Pass and Romero	\$ -	\$ 78,880	\$ 78,880
TREATMENT - Doulton TP Reclaim Tank expansion	\$ 45,000	\$ -	\$ 45,000
TREATMENT - Buena Vista Reservoir Static Mixer	\$ 14,840	\$ -	\$ 14,840
<b>TOTAL PUMPING/WELLS/VALVING/TREATMENT</b>	<b>\$ 59,840</b>	<b>\$ 349,230</b>	<b>\$ 409,070</b>
<b>Water Meter Enhancements</b>			
TREATMENT -New Meters @ Production Facilities (Wells & TP)	\$ -	\$ 10,000	\$ 10,000
<b>TOTAL WATER METER ENHANCEMENTS</b>	<b>\$ -</b>	<b>\$ 10,000</b>	<b>\$ 10,000</b>
<b>Other</b>			
ENGINEERING - MWD 6.25% FEMA/CalOES Match - Thomas Incident	\$ -	\$ 187,500	\$ 187,500
TREATMENT - Jameson Communications Replacement	\$ -	\$ 150,000	\$ 150,000
PUBLIC INFORMATION - Website Development	\$ 10,000	\$ -	\$ 10,000
<b>TOTAL OTHERS</b>	<b>\$ 10,000</b>	<b>\$ 337,500</b>	<b>\$ 347,500</b>
<b>TOTAL CAPITAL IMPROVMENTS</b>	<b>\$ 119,840</b>	<b>\$ 1,096,730</b>	<b>\$ 1,216,570</b>

## MONTECITO WATER DISTRICT Estimated Annual Expenditures



**ASSUMPTIONS:**

1. MWD grows by 1% per year
2. Capital Projects includes \$2 million per year
3. Semitropic shares will be paid 1/3 in 2017/18 and 2/3 in 2018/19
4. SWP includes \$1 million per year in Variable Costs
5. MWD does not include depreciation

**MONTECITO WATER DISTRICT  
MEMORANDUM**

**SECTION: 3-B**

**DATE: MAY 30, 2018**

**TO: BOARD OF DIRECTORS**

**FROM: GENERAL MANAGER**

**SUBJECT: BELLA VISTA TREATMENT PLANT MODIFICATIONS**

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**RECOMMENDATION:**

That the Board of Directors authorize the purchase and installation of (1) granular activated carbon filter media and (2) spray aeration and blower system at the Bella Vista Treatment Plant for the total cost of up to \$150,000. These modifications are required for maintaining compliance with State drinking water standards.

**DISCUSSION:**

Whenever a wildfire burns the vegetation in a watershed, the subsequent storm runoff washes with it a high amount of dead plant material that dissolves into the water, resulting in a large increase in the levels of natural organic matter in the water. The presence of natural organic matter in drinking water is not a health concern. However, with the addition of chlorine at the treatment plant to meet the necessary disinfection requirements set by the US EPA and the State of California, the presence of an elevated level of natural organic matter in the water becomes a problem. The chlorine reacts with the organic matter to form trace levels of organic chemicals commonly referred to as disinfection by-products (DBPs). The higher the concentration of natural organic matter, the higher the levels of DBPs formed.

DBPs are a health concern and are strictly regulated in drinking water. The primary DBPs of concern are trihalomethanes, or THMs, which have a drinking water limit of 80 parts per billion (ppb). Natural organic matter is quantified by measuring the concentration of Total Organic Carbon (TOC) in the water. Over the previous three years, the TOC concentration in Jameson Lake water was around 7 or 8 parts per million (ppm). In February of 2018, it was measured at 22 ppm, and then at 16 ppm in March. With this sharp increase in the TOC concentration, there is a high likelihood that the District may not be able to meet the THM limit of 80 ppb in the upcoming quarters (compliance is evaluated quarterly). It is critical that measures be implemented at the Bella Vista Treatment Plant (BVTP) to address this issue.

There are technical options for lowering DBP levels. However, many of them cannot be implemented at BVTP under its current configuration without major modifications that

would require more than two years to implement. Working with technical consultants, District staff have identified two mitigation measures that could be implemented in the coming weeks and months:

**Measure 1 – Install Granular Activated Carbon (GAC) in the filters at BVTP**

GAC is an approved material for drinking water treatment. GAC has the capacity to adsorb natural organic matter and remove it from the water. This will help reduce the TOC concentration in the water and reduce the formation of DBPs. Unfortunately, the GAC material has a limited capacity, and after a few weeks or months of operation, its effectiveness will decrease dramatically. At that time, it will need to be replaced with a fresh batch of GAC. Each replacement may cost between \$25,000 and \$40,000.

**Measure 2 – Install a spray aeration system in Bella Vista Reservoir**

By installing spray nozzles within the reservoir, some of the THMs present in the water will be stripped out of the water and into the air before the water leaves the reservoir and goes into the distribution system. This will require the installation of a network of spray nozzles inside the reservoir, and the purchase and installation of an air blower that will be used to constantly blow air into the reservoir to displace any removed THMs so they don't dissolve back into the water. The installation of the nozzles and blower would be completed by District staff.

While these two measures will help reduce DBP levels in the system, there is no way to gauge if they will be sufficient to maintain DBPs below the regulatory standards. District staff will continue to work with our technical advisors and the State's Division of Drinking Water (DDW) to identify and implement additional remedies that could contribute to the reduction in DBP formation.

**COSTS:**

District Staff and consultants are working to gather pricing for these two DBP mitigation measures. The District has received preliminary pricing from ERS for the granular activated carbon of \$38,000 for the carbon itself and \$18,000 for installation. District staff will attempt to obtain multiple quotes from reliable GAC sources and installers. The spray aeration system requires engineering design to incorporate the blower inlet and outlet into the existing reservoir walls/roof. Staff is currently obtaining quotes for the engineering design and blower units and will pursue additional quotes for the GAC.