

## HERITAGE RANCH COMMUNITY SERVICES DISTRICT

### MEMORANDUM

**TO:** Board of Directors

**FROM:** Scott Duffield, General Manager  
Kristen Gelos, Office Supervisor

**DATE:** May 16, 2019

**SUBJECT:** Submittal for approval Resolution 19-04 Confirming Water and Sewer Standby or Availability Charges or Assessments for Property within the District for Fiscal Year 2019/20.

#### **Recommendation**

It is recommended that the Board of Directors:

1. Open the Public Hearing and receive public input on water & sewer standby or availability charges or assessments, and
2. At the close of the Public Hearing, approve Resolution 19-04 Confirming Water and Sewer Standby or Availability Charges or Assessments for Property within the District for FY 2019/20.

#### **Background**

Standby or availability charges or assessments are a parcel-based source of revenue commonly available to public agencies for use in defraying the cost of having certain benefits available to parcels.

California Government Code Section §54984, et.al. is known as the Uniform Standby Charge Procedures Act and provides the authority to impose these charges and states,

*“Any local agency which is authorized by law to provide water, sewer, or water and sewer service, and which is providing either or both of those services within its jurisdiction, may fix...a water or sewer standby charge, or both, on land within the jurisdiction of the local agency to which water, sewer, or water and sewer services are made available for any purpose by the agency, whether the water or sewer services are actually used or not.”*

## **Discussion**

It has been the practice of Heritage Ranch Community Services District since 1991 to collect standby or availability charges or assessments to offset certain costs that sustain water and/or sewer services including debt service on the Water Treatment Plant, and maintenance and operations.

### **Debt Service**

In 1994, the construction of the Water Treatment Plant (WTP) and Phase I reconstruction of Pump Stations 1 & 4 were completed. One-half the cost of the WTP and all of the cost for the reconstruction was funded through a \$2,179,398, 35-year term loan from the State. In 2015, Phase II Water Treatment Plant improvements which included the Plate Settler construction was completed. This cost is being funded through a \$984,090, 20-year term loan also from the State. The total annual debt service for both loans is \$162,368.

### **Maintenance & Operations**

Maintenance of fixed equipment includes the water and sewer treatment plants, pumps and lift stations. Operations includes but is not limited to the purchase of raw water, the supplies, tools, and equipment necessary to operate and maintain facilities, and permits required from State and County agencies.

## **Fiscal Considerations**

The total number of parcels subject to the water standby charge or assessment is 2,073. The total number of parcels subject to the sewer standby charge is 1,872. The total standby revenue for Fiscal Year 2019/20 is anticipated to be \$242,466. Table 1 and 2 illustrate how the charges are allocated and how they are used.

*Table 1 Charge by Parcel*

<b>Standby Charge</b>	<b>No. of Parcels</b>	<b>\$ per Parcel</b>	<b>Total</b>
Water	2073	\$98	\$203,154
Sewer	1872	\$21	\$39,312
Total			\$242,466

*Table 2 Use by Charge*

<b>Item</b>	<b>Water</b>	<b>Sewer</b>	<b>Total</b>
Debt Service	\$162,368	-	\$162,368
Maintenance/Ops	\$40,786	\$39,312	\$80,098
Total	\$203,154	\$39,312	\$242,466

## **Results**

Resolution 19-04 will serve to confirm water and sewer standby or availability charges or assessments which will then be collected through the County of San Luis Obispo's property tax roll. The County adds \$2 for their cost to collect and allocate these charges.

Attachments: Resolution 19-04 Confirming Water and Sewer Standby or Availability Charges or Assessments for Property within the District for Fiscal Year 2019/20

Resolution 19-02

Engineering Report for Standby Charges

File: Standby Charges FY 2019/20

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 19-04**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE HERITAGE RANCH  
COMMUNITY SERVICES DISTRICT CONFIRMING WATER AND SEWER  
STANDBY OR AVAILABILITY CHARGES OR ASSESSMENTS FOR PROPERTY  
WITHIN THE DISTRICT FOR FISCAL YEAR 2019/20**

The following resolution is hereby offered and read:

**WHEREAS**, Government Code Section §61115 provides that the Heritage Ranch Community Services District, hereinafter referred to as the "District", may establish, revise and collect rates and other charges for the services and facilities furnished by it; and

**WHEREAS**, on March 21, 2019, the Board of Directors adopted Resolution No. 19-02 initiating proceedings for water and sewer standby or availability charges or assessments for property within the District; and

**WHEREAS**, the District Code of Ordinances, Chapter 3, Section(s) 3.330 through 3.350 conforms to the Uniform Standby Charges Procedures Act, California Government Code §54984 through 54984.9; and

**WHEREAS**, following the adoption of Resolution 19-02, notice was given as required by law and pursuant to California Government Code §6066, a public hearing was held on May 16, 2019, and all objections were considered by the Board of Directors; and

**WHEREAS**, at the end of the public hearing on May 16, 2019, and pursuant to the District Code of Ordinances Section 3.340, the Board of Directors found that written protests representing 15% or more of the parcels subject to the standby or availability charge or assessment did not exist; and

**WHEREAS**, the Board of Directors find that all procedures required by law and pursuant to Government Code §54984.2 and 54984.7 have been duly complied with in connection with approval of the standby or availability charges or assessments; and

**WHEREAS**, the Board of Directors elects to have the County of San Luis Obispo levy and collect standby or availability charges or assessments in accordance with California Water Code 35479 and California Health and Safety Code 5473.

**NOW, THEREFORE, BE IT RESOLVED AND ORDERED** by the Board of Directors of the Heritage Ranch Community Services District that:

1. The foregoing recitals are true and correct and are incorporated by this reference.

2. The Board of Directors adopts the standby or availability charges or assessments on all parcels within the District listed in the property tax roll provided by the County of San Luis Obispo and available for inspection in the District Office.
3. The amount of the charge or assessment is \$119 per parcel with available water and sewer service and \$98 per parcel with available water service only.
4. The Resolution shall take effect immediately.
5. Standby or availability charges or assessments shall be collected at the same time and in the same manner and by the same persons, together with and not separately from, general County of San Luis Obispo property taxes, and shall be delinquent at the same time and thereafter be subject to the same delinquency penalties as such general taxes. Notwithstanding that the County of San Luis Obispo operates under the Teeter Plan, delinquent standby or availability charges or assessments shall also be subject to the same interest and penalties as general taxes, and together with interest and penalties thereon, a lien shall be placed on the affected parcel when a certificate is filed in the office of the County Recorder specifying (a) the amount of the delinquent charges together with interest and penalties thereon, (b) the name of the owner of record of the parcel which is subject to the charge and (c) the Assessor's Parcel Number and legal description of the parcel. Such lien will have the same force effect and priority as a judgement lien. Within thirty days of receipt of payment of all amounts due, including recordation fees paid by the District, the District Secretary is hereby authorized and directed to file for recordation a release of the lien.

**PASSED, APPROVED AND ADOPTED by the Board of Directors of the Heritage Ranch Community Services District on the 16<sup>th</sup> day of May 2019, by the following roll call vote.**

**AYES:**

**NOES:**

**ABSTAIN:**

**ABSENT:**

**APPROVED:** \_\_\_\_\_

**Bill Barker, President  
Board of Directors**

**ATTEST:** \_\_\_\_\_

**Kristen Gelos, Secretary  
Board of Directors**

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 19-02**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE HERITAGE RANCH  
COMMUNITY SERVICES DISTRICT INITIATING PROCEEDINGS AND  
ESTABLISHING OF WATER AND SEWER STANDBY CHARGES FOR PROPERTY  
WITHIN THE DISTRICT FOR FISCAL YEAR 2019/20**

**WHEREAS**, the District is authorized to provide water and sewer services, and is authorized to fix, levy, or collect any standby or availability charge or assessments in connection with providing those services; and

**WHEREAS**, the report of a qualified engineer is on file with the District and the standby charge proposed is based upon that report. The engineer's report includes all of the following: (1) a description of the charge, (2) a compilation of the amount of the charge proposed for each parcel subject to the charge, (3) a statement of the methodology and rationale followed in determining the degree of benefit conferred by the service for which the charge is made, and (4) other factors listed in Government Code Section §54984.3.

**NOW, THEREFORE, BE IT RESOLVED AND ORDERED** by the Board of Directors of the Heritage Ranch Community Services District as follows:

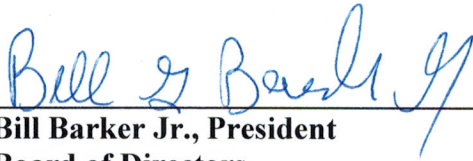
1. The foregoing recitals are true and correct and are incorporated by this reference.
2. The parcels subject to the proposed standby charges are within Tracts 424, 446, 447, 452, 466, 474, 475, 693, 720, 721, 1063, 1094, 1910, 1990, and Parcel Map 71-217. All such parcels are contained within a list of Assessor Parcel Numbers on file with the District and made a part herein.
3. The amount of the proposed charge is \$119 per parcel with available water and sewer service, and \$98 per parcel with available water service only.
4. The Board of directors will hold a public hearing regarding imposition of a standby charge on each parcel and in the amount set forth within this resolution. The hearing will be held on May 16, 2019 at 4:00 PM or as soon thereafter as the matter may be heard, at the District Office, located at 4870 Heritage Road, in Heritage Ranch, California. At that time and place, the District will hear and consider all objections or protests, if any, to the proposed standby charges.

The District Secretary is hereby directed to cause notice of the time and place of the public hearing on the standby charges to be published before the hearing in the manner required by law.

**PASSED, APPROVED AND ADOPTED** by the Board of Directors of the Heritage Ranch Community Services District on the 21<sup>st</sup> day of March 2019, by the following roll call vote:

**AYES:** Barker, Burgess, Capps, Cousineau, Rowley  
**NOES:**  
**ABSTAIN:**  
**ABSENT:**

**APPROVED:**

A handwritten signature in blue ink that reads "Bill Barker Jr." written in a cursive style.

---

**Bill Barker Jr., President**  
**Board of Directors**

**ATTEST:**

A handwritten signature in blue ink that reads "Kristen Gelos" written in a cursive style.

---

**Kristen Gelos**  
**Board Secretary**

# MEMORANDUM

## Heritage Ranch Community Services District Engineering Report - Standby Charges



WALLACE GROUP®

**Date:** March 8, 2019  
**To:** Scott Duffield, PE, General Manager  
**From:** Steven G. Tanaka, PE, District Engineer



**Subject:** Engineering Report for Standby Charges Pursuant to the Uniform Standby Charge Procedures Act, Section 54984 et. seq. of the California Government Code

CIVIL AND  
TRANSPORTATION  
ENGINEERING

CONSTRUCTION  
MANAGEMENT

LANDSCAPE  
ARCHITECTURE

MECHANICAL  
ENGINEERING

PLANNING

PUBLIC WORKS  
ADMINISTRATION

SURVEYING /  
GIS SOLUTIONS

WATER RESOURCES

In accordance with the requirements of the California Government Code Section 54984, and more particularly Section 54984.3, Sections a-1 to a-4, the District must adopt a resolution to initiate proceedings to fix standby charges for water and sewer facilities at Heritage Ranch Community Services District. The proposed standby charges must be based on an engineering report prepared by a qualified engineer, containing the items and information contained in Section 54984.3, Sections a-1 through 1-4. Furthermore, this Engineering Report and determination of standby charges must be filed with the District on or before August 10th of each calendar year, or prior to the start of each Fiscal Year.

This Engineering Report addresses California Government Code Section 54984, as follows:

***54984.3.(a)(1). A description of the charge and the method by which it will be imposed.***

Each parcel within the District eligible to receive water and sewer services has an outstanding commitment by the District to provide such services. In order to maintain the commitment to provide water and sewer services to all eligible parcels within the District, the water and sewer systems must be periodically repaired, maintained and replaced to ensure that the water and sewer facilities are capable of providing continued and future services to these parcels, and are kept in good working order. There are also District overhead and administrative charges associated with these activities that must be covered by these standby charges. These costs are determined from, and allocated by the budgeting practices of the District. The fiscal year budget reflects the amounts to be assessed. Standby charges will be assessed to all eligible existing parcels which receive or may receive in the future, water and sewer services from the District.

Debt Service. In 1994, the construction of the Water Treatment Plant (WTP) and Phase I reconstruction of Pump Stations 1 & 4 were completed. One-half the cost of the WTP and all of the cost for the reconstruction of pump stations was funded through a \$2,179,398, 35-year term loan from the State. In 2015, Phase II Water Treatment Plant improvements which included the Plate Settler construction was

WALLACE GROUP  
A California Corporation

612 CLARION CT  
SAN LUIS OBISPO  
CALIFORNIA 93401

T 805 544-4011  
F 805 544-4294

www.wallacegroup.us





completed. This cost is being funded through a \$984,090, 20-year term loan also from the State. The total annual debt service for both loans is \$162,368.

Maintenance & Operations. Maintenance of fixed equipment includes the water and sewer treatment plants, pumps and lift stations. Operations includes but is not limited to the purchase of raw water, the supplies, tools, and equipment necessary to operate and maintain facilities, and permits required from State and County agencies.

The proposed standby charges will be assessed equally amongst the parcels for which standby charges will be assessed. Standby charges will be imposed and assessed on the County Tax Roll.

**54984.3.(a)(2). A compilation of the amount of the charge proposed for each parcel subject to the charge.**

There are currently 2,073 existing parcels within the District subject to these standby charges. Of this total, 1,872 parcels would be charged for water and sewer service, and the remaining 201 parcels would be charged for standby water service only. A summary of the standby charges for both water and sewer systems are included in Table 1.

**Table 1. Summary of Standby Charges by Parcel**

Standby Charge	No. of Parcels	Assessment per Parcel, \$	Total
Water	2,073	\$ 98	\$ 203,154
Sewer	1,872	\$ 21	\$ 39,312
TOTAL	---	---	\$ 242,466

For the water system, \$162,368 will be used for the retirement of debt service for the District's Safe Drinking Water loan for construction of the District's Water Treatment Plant and pumping facility improvements, as well as the District's State Water Resources Control Board loan for construction of the Plate Settler at the Water Treatment Plant. The remaining \$40,786 will be used for water system maintenance and operation.

For the wastewater system, \$39,312 will be used for wastewater system maintenance and operation.

Table 2 summarizes the standby charges and their corresponding allocation to water and sewer systems.



**Table 2. Summary of Use by Standby Charge**

Item	Water	Sewer	Total
Debt Service	\$ 162,368	\$ -	\$ 162,368
Maintenance & Operations	\$ 40,786	\$ 39,312	\$ 80,098
<b>TOTAL</b>	<b>\$ 203,154</b>	<b>\$ 39,312</b>	<b>\$ 242,466</b>

**54984.3.(a)(3). A statement of the methodology and rationale followed in determining the degree of benefit conferred by the service for which the charge is made.**

Each parcel within the District eligible to receive water and sewer services has an outstanding commitment by the District to provide that service. In preparation for such water and sewer services and for the commitment to standby to provide those services, the water and sewer systems must be periodically repaired, maintained and replaced to ensure that the facilities are in good working order and capable of providing future services to these parcels. In order to prepare for and to have the necessary forces and means to provide the services at all times, and to keep the systems in good working order, the District incurs certain costs. These costs are determined from, and allocated by, the budgeting practices of the District. The budget reflects the amounts to be assessed. The parcels for which these standby charges are assessed, will directly benefit by the District ensuring that such water and sewer services are adequate and available.

The improvements to the water treatment plant benefit all 2,073 parcels whether currently provided water service, or such service is provided in the future for any parcel currently not served water (not yet developed). As such, the annual debt service is shared equally amongst all parcels which benefit equally from these water treatment plant improvements.

The water and sewer system maintenance and operations costs are annual costs to operate the entire water and sewer systems that benefit all 2,073 parcels receiving water services, and all 1,872 parcels receiving sewer services, equally.

Therefore, it is recommended that the District initiate and confirm the Water and Sewer Standby Charges for FY 2019/20 in the amount of \$98 for water and \$21 for sewer for each and every parcel in the District eligible for these services. These charges should be confirmed prior to July 1, 2019 (beginning of the Fiscal Year) by a Public Hearing and Resolution.



**54984.3.(4)(b) A description of the lands upon which the charge is to be imposed. Assessor parcel numbers shall constitute sufficient description for this purpose.**

A listing of the 2,073 properties, corresponding assessor parcel numbers, and associated charges will be filed concurrently with the County Auditor's office. This listing is also on file at the District office.

**54984.3.(4)(c) The amount of the charge for each of the lands so described.**

Please refer to Table 1 of this Engineering Report. For parcels to receive water and sewer services, the charge is \$119/parcel. For those parcels to receive only water service, the charge is \$98/parcel.

**54984.3.(4)(d) The date, time, and place upon which the governing body will hold a public protest hearing regarding the imposition of the charge, and notice that the governing body will hear and consider all objections or protests, if any, to the proposed charges.**

The Board will hold a public hearing on May 16, 2019, at 4:00 pm at the District Office, located at 4870 Heritage Road, in Heritage Ranch, California. At that time and place, the District will hear and consider all objections or protests, if any, to the proposed standby or availability charges or assessments.

SGT:

# HERITAGE RANCH COMMUNITY SERVICES DISTRICT

## MEMORANDUM

**TO:** Board of Directors  
**FROM:** Scott Duffield, General Manager  
**DATE:** May 16, 2019  
**SUBJECT:** Presentation to recognize James Pritchett for ten years of service with the District.

### **Recommendation**

It is recommended that the Board of Directors receive the presentation.

### **Discussion**

A summary of James' service with the District:

5/14/09	Operator In Training (hire date)
2/26/10	Treatment Operator I (certificate)
8/19/11	Treatment Operator II (certificate)

Certifications:

Water Treatment Grade T2  
Water Distribution Grade D2

James is currently studying and working on obtaining a wastewater certification.

### **Fiscal Considerations**

There are no direct fiscal considerations. The District has a longevity incentive program included in the budget as a benefit to long term employees to receive salary increases for positive performance evaluations at 10-yr, 15-yr, and 20-yr service anniversaries.

File: Personnel

## HERITAGE RANCH COMMUNITY SERVICES DISTRICT

### MEMORANDUM

**TO:** Board of Directors

**FROM:** Scott Duffield, General Manager

**DATE:** May 16, 2019

**SUBJECT:** Request to review and consider approval of a conditional will serve letter for Vesting Tentative Tract Map 2879, and provide direction to staff.

#### **Recommendation**

It is recommended that the Board of Directors review and consider approval of a conditional will serve letter for Vesting Tentative Tract Map 2879, and provide direction to staff.

#### **Background**

The will serve procedures are outlined in District Code of Ordinances (Code), Section 4.300. A will serve commitment by the District can only be made if there is adequate water supply, facilities, and capacity, and adequate waste water treatment, disposal, and collection capacity, or the applicant has entered into an agreement with the District to ensure they will be adequate.

The District may, at its sole discretion, issue a conditional will serve letter to an applicant based on the conditions in Code Section 4.310, and any other conditions the District may deem appropriate. A conditional will serve shall expire in one year. Upon satisfying all of the conditions, the District would issue a final will serve. A conditional will serve allows the applicant to continue working on the County of San Luis Obispo Department of Planning and Building process towards recordation of a Final Map.

#### **Discussion**

The applicant, H.R. Holding (Applicant), has submitted a request for a will serve letter for Vesting Tentative Tract Map 2879 (Tract 2879). Tract 2879 is a proposal to subdivide a 2.17 acre parcel located on the south side of Gateway Drive near the HROA Gatehouse into eight residential parcels of approximately ¼ acre in size.

The Applicant started work on this project over thirteen years ago, and the District previously issued several conditional will serves for water and sewer service for Tract 2879 the latest of which expired in February 2019.

One of San Luis Obispo County's conditions of approval for Tract 2879 is a final will serve letter from the District for water and sewer service. The Final Map can only be approved by the County if the Applicant receives a final will serve letter indicating the District is

ready and able to provide water and sewer to the project.

As mentioned above, the District may, at its sole discretion, issue a conditional will serve letter to an applicant based on the conditions in Code Section 4.310, and any other conditions the District may deem appropriate. A conditional will serve shall expire in one year. Upon satisfying all of the conditions of the conditional will serve, the District would issue a final will serve.

An important issue to remember is that the Applicant has not yet submitted water/sewer improvement plans for the project. Only a cursory review of the submitted Vesting Tentative Tract Map 2879 grading, drainage, & utility plan (two sheets) was performed by staff and the District Engineer. This cursory review indicates that we could serve Tract 2879 with water and sewer service subject to the conditions in the attached draft conditional will serve letter.

A preliminary list of identified items that will need to be looked at closer during the plan check include but are not limited to:

- Evaluation of sewer system to Lift Station 1
- Evaluation of impacts to Lift Station 1
- Evaluation of sewer system to Lift Station 3
- Evaluation of impacts to Lift Station 3
- Evaluation of force main from Lift Station 3

The attached draft conditional will serve letter for Tract 2879 for your Board's discussion and consideration contains the same language and conditions as the letter approved by your Board in February 2018.

### **Fiscal Considerations**

The Developer previously paid the Gallery Well fees and 30% of the water/sewer capacity charges and hookup fees as required pursuant to Ordinance 4.700 and 4.310 respectively.

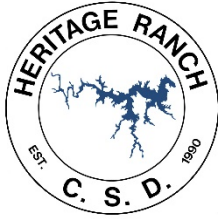
The Applicant has entered into an agreement to reimburse the District for any and all District costs associated with Tract 2879.

### **Results**

Approval of a conditional will serve letter will provide the Applicant an opportunity to continue to work on the Final Map pursuant to the County of San Luis Obispo development process, and still provide the District the opportunity to place conditions on the proposed new development during the subsequent comprehensive plan review process, and new development agreement.

Attachments: Draft conditional will serve letter

File: TR 2879



# Heritage Ranch Community Services District

4870 Heritage Road, Paso Robles, CA 93446

(805) 227-6230 ~ Fax (805) 227-6231

www.heritageranchcsd.com

May 16, 2019

H.R. Holding, LLC  
735 Tank Farm Road, Suite 130  
San Luis Obispo, CA 93401

## **Subject: Conditional Will Serve for Water & Sewer Service for Vesting Tentative Tract Map 2879**

The Heritage Ranch Community Services District (District) has adequate water and sewer capacity and will serve Vesting Tentative Tract Map 2879 with water and sewer services, subject to the following conditions:

1. This conditional will serve letter may only be used for the eight residential lots of Vesting Tentative Tract Map 2879 (Tract 2879).
2. This conditional will serve letter is for water and sewer services only.
3. This conditional will serve letter is valid for one year. If a Final Map for Tract 2879 has not been recorded by February 15, 2019, this conditional will serve letter shall no longer be valid.
4. A final will serve letter shall not be issued until 3.2 acre feet per year of water to supply Tract 2879 has been transferred to the District via contract with the San Luis Obispo County Flood Control and Water Conservation District. The District reserves the right to reevaluate the acre feet per year requirement for the Tract 2879 residential lots at the time of any subsequent transfers for further development of new tracts or other projects within the District. Transfers of future water rights may be adjusted upward or downward to account for over or under estimating the actual use of Tract 2879.
5. A final will serve shall not be issued if the Board of Directors implements Water Shortage Conservation Stage III – Drought in accordance with the District Code of Ordinances, Section 5.900 – Emergency Water Shortage Regulations and Staged Water Use Reduction Plan. Applications for will serve letters shall be placed on a waiting list.
6. In order to serve Tract 2879, improvements and additions to District facilities must be constructed, including but not limited to; the public water system, mains, hydrants, services, and the public sewer collection and treatment system. The applicant shall construct all such facilities necessary for Tract 2879 and provide all easements and

H.R. Holding  
TR 2879 Conditional Will Serve  
May 16, 2019

property transfers required by the District. The design of the improvements shall be approved by the District Engineer.

7. Prior to recording a Final Map for Tract 2879, all District improvements required to be constructed shall be constructed and accepted by the District, or the applicant shall enter into an improvement agreement and provide a financial guarantee (bond or letter of credit) to complete the construction. The form of the agreement and the amount of the guarantee shall be approved by the District.
8. The covenants, conditions and restrictions for Tract 2879 shall contain a water conservation landscape mandate for all residential lots within the Final Map. The type of landscaping shall be approved by the District before issuance of a final will serve for water.
9. This agreement is non-transferable.

If you have any questions or concerns with the conditions or terms of this letter, please let me know as soon as possible.

Sincerely,

Scott Duffield, PE  
General Manager

C: Board of Directors  
District Engineer

File: TR 2879



## HERITAGE RANCH COMMUNITY SERVICES DISTRICT

### MEMORANDUM

**TO:** Board of Directors

**FROM:** Scott Duffield, General Manager

**DATE:** May 16, 2019

**SUBJECT:** Request to review and consider approval of a conditional will serve letter for Vesting Tentative Tract Map 3110, and provide direction to staff.

#### **Recommendation**

It is recommended that the Board of Directors review and consider approval of a conditional will serve letter for Vesting Tentative Tract Map 3110, and provide direction to staff.

#### **Background**

The will serve procedures are outlined in District Code of Ordinances (Code), Section 4.300. A will serve commitment by the District can only be made if there is adequate water supply, facilities, and capacity, and adequate waste water treatment, disposal, and collection capacity, or the applicant has entered into an agreement with the District to ensure they will be adequate.

The District may, at its sole discretion, issue a conditional will serve letter to an applicant based on the conditions in Code Section 4.310, and any other conditions the District may deem appropriate. A conditional will serve shall expire in one year. Upon satisfying all of the conditions, the District would issue a final will serve. A conditional will serve allows the applicant to continue working on the County of San Luis Obispo Department of Planning and Building process towards recordation of a Final Map.

#### **Discussion**

The applicant, H.R. Holding (Applicant), has submitted a request for a will serve letter for Vesting Tentative Tract Map 3110 (Tract 3110). Tract 3110 is a proposal to subdivide a 13.59 acre parcel located on Equestrian Road. The parcel is Lot 5 of Tract 1904-1 and is currently used for recreational vehicle storage. The lots are proposed to be approximately 4,400 square feet in size.

The District previously issued a conditional will serve for water and sewer service for Tract 3110 which expired in February 2019.

One of San Luis Obispo County's conditions of approval for Tract 3110 is a final will serve letter from the District for water and sewer service. The Final Map can only be approved by

the County if the Applicant receives a final will serve letter indicating the District is ready and able to provide water and sewer to the project.

As mentioned above, the District may, at its sole discretion, issue a conditional will serve letter to an applicant based on the conditions in Code Section 4.310, and any other conditions the District may deem appropriate. A conditional will serve shall expire in one year. Upon satisfying all of the conditions of the conditional will serve, the District would issue a final will serve.

An important issue to remember is that the Applicant has not yet submitted water/sewer improvement plans for the project. Only a cursory review of the submitted Vesting Tentative Tract Map 3110 grading, drainage, & utility plan (two sheets) was performed by staff and the District Engineer. This cursory review indicates that we could serve Tract 3110 with water and sewer service subject to the conditions in the attached draft conditional will serve letter.

A preliminary list of identified items that will need to be looked at closer during the plan check include but are not limited to:

- Evaluation of sewer system to Lift Station 3
- Evaluation of impacts to Lift Station 3
- Evaluation of force main from Lift Station 3

The attached draft conditional will serve letter for Tract 3110 for your Board's discussion and consideration contains the same language and conditions as the letter approved by your Board in February 2018.

### **Fiscal Considerations**

Prior to issuing a final will serve letter, the Applicant shall pay the then current Gallery Well fee, and 30% of the water/sewer capacity charges and hookup fees as required pursuant to Ordinance 4.700 and 4.310 respectively.

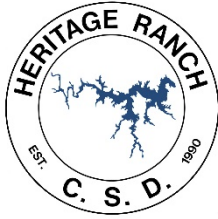
The Applicant has entered into an agreement to reimburse the District for any and all District costs associated with Tract 3110.

### **Results**

Approval of a conditional will serve letter will provide the Applicant an opportunity to continue to work on the Final Map pursuant to the County of San Luis Obispo development process, and still provide the District the opportunity to place conditions on the proposed new development during the subsequent comprehensive plan review process, and new development agreement.

Attachments: Draft conditional will serve letter

File: TR 3110



# Heritage Ranch Community Services District

4870 Heritage Road, Paso Robles, CA 93446

(805) 227-6230 ~ Fax (805) 227-6231

www.heritageranchcsd.com

May 16, 2019

H.R. Holding, LLC  
735 Tank Farm Road, Suite 130  
San Luis Obispo, CA 93401

## **Subject: Conditional Will Serve for Water & Sewer Service for Vesting Tentative Tract Map 3110**

The Heritage Ranch Community Services District (District) has adequate water and sewer capacity and will serve Vesting Tentative Tract Map 3110 with water and sewer services, subject to the following conditions:

1. This conditional will serve letter may only be used for the sixty residential lots of Vesting Tentative Tract Map 3110 (Tract 3110).
2. This conditional will serve letter is for water and sewer services only.
3. This conditional will serve letter is valid for one year. If a Final Map for Tract 3110 has not been recorded by February 15, 2019, this conditional will serve letter shall no longer be valid.
4. A final will serve letter shall not be issued until 24.0 acre feet per year of water to supply Tract 3110 has been transferred to the District via contract with the San Luis Obispo County Flood Control and Water Conservation District. The District reserves the right to reevaluate the acre feet per year requirement for the Tract 3110 residential lots at the time of any subsequent transfers for further development of new tracts or other projects within the District. Transfers of future water rights may be adjusted upward or downward to account for over or under estimating the actual use of Tract 3110.
5. A final will serve shall not be issued if the Board of Directors implements Water Shortage Conservation Stage III – Drought in accordance with the District Code of Ordinances, Section 5.900 – Emergency Water Shortage Regulations and Staged Water Use Reduction Plan. Applications for will serve letters shall be placed on a waiting list.
6. A final will serve letter shall not be issued until the applicant has paid in full the then applicable gallery well improvement fee pursuant to Heritage Ranch Community

H.R. Holdings  
TR 3110 Conditional Will Serve  
May 16, 2019

Services District Code of Ordinances, Section 4.760, and 30% of the water and sewer capacity charges and hook-up fees pursuant to Section 4.310, for all lots within the proposed Tract 3110.

7. In order to serve Tract 3110, improvements and additions to District facilities must be constructed, including but not limited to; the public water system, mains, hydrants, services, and the public sewer collection and treatment system. The applicant shall construct all such facilities necessary for Tract 3110 and provide all easements and property transfers required by the District. The design of the improvements shall be approved by the District Engineer.
8. Prior to recording a Final Map for Tract 3110, all District improvements required to be constructed shall be constructed and accepted by the District, or the applicant shall enter into an improvement agreement and provide a financial guarantee (bond or letter of credit) to complete the construction. The form of the agreement and the amount of the guarantee shall be approved by the District.
9. The covenants, conditions and restrictions for Tract 3110 shall contain a water conservation landscape mandate for all residential lots within the Final Map. The type of landscaping shall be approved by the District before issuance of a final will serve for water.
10. This agreement is non-transferable.

If you have any questions or concerns with the conditions or terms of this letter, please let me know as soon as possible.

Sincerely,

Scott Duffield, PE  
General Manager

C: Board of Directors  
District Engineer

File: TR 3110

## HERITAGE RANCH COMMUNITY SERVICES DISTRICT

### MEMORANDUM

**TO:** Board of Directors

**FROM:** Finance & Audit Committee (Barker, Burgess)  
Scott Duffield, General Manager

**DATE:** May 16, 2019

**SUBJECT:** Request to receive and file the first draft of the FY 2019/20 Budget, and provide direction to staff.

#### **Recommendation**

It is recommended that the Board of Directors receive and file the first draft of the FY 2019/20 Budget, and provide direction to staff.

#### **Background**

This is the second budget meeting of this year with your Board. The budget year is July 1 through June 30. At the April meeting your Board received this same first draft budget. There have been no changes to the draft budget at this point. A preliminary budget should be adopted by your Board at the June or July meeting. A final budget must be adopted by your Board before September 1, 2019.

#### **Discussion**

Attached is the first draft of the FY 2019/20 Budget for further direction if your Board so desires.

Each fund has its own budget. The consolidated budget provides a summary of the water, sewer, general, and solid waste funds. The first draft budgets include the following information:

- Actual FY 2017/18 revenue / expense
- Budgeted FY 2018/19 revenue / expense
- Actual FY 2018/19 revenue / expense data for 9 months
- Annualized FY 2018/19 revenue / expense
- First draft FY 2019/20 revenue / expense

## Current Budget Summary

Revenue: The current water fund revenue appears to be performing slightly below (-1.0%) the budgeted amount. The sewer fund revenue also appears to be performing below (-6.7%) the budgeted amount.

Expense: The current water fund annualized expense is projecting to be below the budgeted amount (-8.0%). The sewer fund annualized expense is projecting to be below the budgeted amount (-14.6%).

The current consolidated budget annualized is projecting to have a surplus of \$159,503.

## First Draft FY 2019/20 Budget Summary

The first draft of next year's budget has a \$5,654 surplus in the water fund and a \$29,004 surplus in the sewer fund. **The consolidated budget has a \$34,658 surplus.**

Total revenue in this first draft of next year's budget represents an increase of \$338,386 or 13.9% compared to this year's budget. Operating revenue (rates, fees, etc.) is budgeted at a \$187,974 or 11.8% increase, and non-operating revenue (property taxes, standby and capacity charges, etc.) at a \$114,848 or 16.9% increase.

Total expense (less capital) in this first draft of next year's budget represents an increase of \$35,390 or 1.6% compared to this year's budget.

Total capital project budget in this first draft of next year's budget represents an increase of 125% compared to this year's budget.

Many of these estimates are preliminary at this point. There may be changes in revenue and expenses as we receive updated information and estimates. There are very few major expense items that can be reduced and still maintain operations. There is also very little flexibility to reduce expenses such as insurance, chemicals, supplies, equipment maintenance, lab testing, audit, and permits. We must always look for ways to reduce operating costs. Details of different categories are discussed below.

## Revenue Categories

1. Water and Sewer Operating Revenue. The first draft budget for the water fund uses demand from the 2018 Calendar Year. The new rates effective January 2020 have also been incorporated. **Water and sewer operating revenue is budgeted to increase by \$183,042 or 11.9%.**
2. Solid Waste Franchise Fee Revenue. All solid waste fees include a "franchise fee" that provides the local agency funds to administer and support solid waste programs in the community. Franchise fees are collected by the garbage company as part of their customer fees and forwarded to the local agency on a monthly basis. Our

franchise fee is 10%. **Total solid waste franchise fee revenue is budgeted to increase by \$4,932 or 7.5%.**

3. Non-Operating Revenue. The County Auditor-Controller provided us an early estimate for property tax receipts and charges for next year which is reflected in the draft budget. For budgeting purposes, it is assumed that ten new homes will connect to the systems. **Total non-operating revenue is budgeted to increase by \$114,848 or 16.9%.**

### Expense Categories

1. Personnel Budget. For budgeting purposes, the following assumptions are made: 2% cost of living increase in base salary for all staff; 5% medical insurance increase with 90% of lowest cost premium paid by District; current staff of eight full-time employees. **Total personnel budget expense is budgeted to decrease by \$20,794 or -2.0%.**
2. Utilities. The water contract with the County is a fixed fee for total allocated water. Electricity and other utility costs are expected to increase and for this first draft is assumed to be the current budget expense plus 4%. **Total utilities expense is budgeted to increase by \$10,221 or 3.7%.**
3. Maintenance and Supplies. This category is dominated by chemical costs and fixed equipment maintenance. Our chemical cost is tracking to be higher than budgeted this year as we looked for better chemical combinations to treat the water, stay in compliance, utilize the plate settler, and work on the Time Schedule Order for the wastewater system. Some additional lab testing is also anticipated next year. Maintenance of fixed equipment is always a major responsibility and this year we need to budget to maintain the water storage tanks, and the pressure reducing valves. A small increase is allocated to the structures and grounds line item for potential deferred maintenance on the administration building, shop, and grounds. **Total maintenance and supplies expense is budgeted to increase by \$39,000 or 16.9%.**
4. General and Administrative. An increase in the line item for professional services is reflective of reorganizing how these costs are allocated for improved tracking and management. A slight decrease in Consulting/Engineering costs balances a slight increase in Legal/Attorney costs. **Total general and administrative expense is budgeted to increase by \$6,963 or 3.5%.**
5. Projects and Equipment. The General Manager and Operations Manager/ Assistant General Manager, with technical engineering assistance from the District Engineer on some projects, are the staff that manage capital projects. Some projects take many years to plan and construct. Others are less complex but still take months of working with contractors and vendors to plan and implement. The projects and equipment budget is pursuant to the Board's approval of the rate study that incorporated postponing capital projects for two years, as well as the approved 5-Year Capital Improvement Program (CIP), plus additional projects or equipment replacement.

A summary of projects and equipment budgeted for next year follows:

- \$40,000 for Vertical Well - design phase
  - \$25,000 for Lift Station 5 connection to Lift Station 10 - design/construction phases
  - \$60,000 for Lift Station 3 Rehabilitation - design phase
  - \$60,000 for Photovoltaic System - preliminary engineering and design phases
  - \$25,000 for prefunding of Other Post-Employment Benefits associated with the health benefits for annuitants as provided for by the District.
  - \$120,000 for backhoe replacement
  - \$15,000 for VOiP Phone System – installation
6. Debt. The water treatment plant debts are contractual and cannot be reduced. **Total debt expense is budgeted to be the same as last year.**
7. Depreciation. This is a non-cash expense. The ability to fund the depreciation is a result of the current water/sewer fees and continued allocation of property taxes. It is important to fund as much depreciation as possible and reserve a portion of your income annually for future replacement and upgrades of facilities. Our actual 2017/18 audited depreciation expense is \$449,922. **Total depreciation expense is budgeted to remain the same as this year's budget of \$288,000.**
8. Transfer to Reserves. This line item, in the water and sewer funds, transfers capacity charges to capital reserves. Capacity charges can only be used for capital projects and are used in subsequent years. This line item reserves this money for use in future years. A total of \$141,160 is budgeted to be transferred to reserves. The \$30,630 anticipated surplus from the solid waste fund budget would also be transferred to reserves. **Total transfer to reserves is budgeted at \$171,790, which is an increase of \$72,318 or 72.7%.**

Attachment: First Draft FY 2019/20 Budget

File: FY 2019/20 Budget



**HERITAGE RANCH COMMUNITY SERVICES DISTRICT  
Draft 2019/20 Capital & Equipment Budget**

PROJECTS	Total Budget	Funding Source						
		Capital Reserves		Operating Budget			Operating Reserves	
		Water	Sewer	Water	Sewer	General	Water	Sewer
Vertical Well (design)	\$40,000	\$13,600		\$26,400			\$0	\$0
Lift Station 5 (connect to LS 10)	\$25,000						\$0	\$25,000
Lift Station 3 (rehab design)	\$60,000		\$21,000				\$0	\$39,000
PVS (design, bid docs)	\$60,000	\$12,240	\$8,400	\$23,760			\$0	\$15,600
OPEB Funding/Transfer	\$25,000					\$25,000	\$0	\$0
subtotal Projects	\$210,000	\$25,840	\$29,400	\$50,160	\$0	\$25,000	\$0	\$79,600
<b>EQUIPMENT</b>								
Backhoe replacement	\$120,000			\$72,000			\$0	\$48,000
VOiP Phone System	\$15,000			\$9,000			\$0	\$6,000
subtotal Equipment	\$135,000	\$0	\$0	\$81,000	\$0	\$0	\$0	\$54,000
TOTAL CAPITAL	\$345,000	\$25,840	\$29,400	\$131,160	\$0	\$25,000	\$0	\$133,600

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT - WATER FUND**  
**2017/18 Actual, 2018/19 Summary & 2019/20 1st Draft**

	<b>Actual 17/18</b>	<b>Budget 18/19</b>	<b>Actual 9 month 7/1/18 - 3/31/19</b>	<b>Annualized F.Y.E. 6/30/19</b>	<b>1st Draft 19/20</b>
<b>OPERATING INCOME</b>					
Water Fees	896,043	901,000	712,209	949,612	1,048,675
Late Fees	10,063	10,000	7,610	10,147	11,000
Hook-Up Fees	8,086	5,000	3,200	4,267	5,000
Turn on Fees	2,346	2,000	1,370	1,827	2,000
Plan Check & Inspection	0	5,000	0	0	5,000
Miscellaneous Income	0	0	0	0	0
<b>TOTAL OPERATING INCOME</b>	<b>\$916,538</b>	<b>\$923,000</b>	<b>\$724,389</b>	<b>\$965,852</b>	<b>\$1,071,675</b>
<b>NON-OPERATING INCOME</b>					
Standby Charges	201,690	203,546	127,877	170,503	203,154
Property Tax	183,376	187,550	133,136	177,514	199,316
Interest	23,573	20,520	36,865	49,153	38,000
Connection Fees	41,170	31,110	26,937	35,916	63,490
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$449,809</b>	<b>\$442,726</b>	<b>\$324,815</b>	<b>\$433,087</b>	<b>\$503,960</b>
<b>RESERVE REVENUE</b>					
Capital Reserves	36,763	71,755	19,118	25,491	25,840
General Reserves	0	0	0	0	0
<b>TOTAL RESERVE REVENUE</b>	<b>\$36,763</b>	<b>\$71,755</b>	<b>\$19,118</b>	<b>\$25,491</b>	<b>\$25,840</b>
<b>TOTAL REVENUE</b>	<b>\$1,403,110</b>	<b>\$1,437,481</b>	<b>\$1,068,322</b>	<b>\$1,424,429</b>	<b>\$1,601,475</b>
<b>OPERATING EXPENSES</b>					
<b>SALARIES AND BENEFITS</b>					
Salaries	234,511	245,811	175,183	233,577	237,482
Overtime	4,358	7,000	6,193	8,257	8,450
Standby	7,403	7,500	5,679	7,573	7,750
Health Insurance	49,626	48,064	31,483	41,977	44,801
Pers Retirement	39,140	54,838	31,827	42,437	48,371
Workers Comp. Ins.	9,563	12,053	10,560	14,080	13,496
Medicare/FICA	3,558	3,564	2,563	3,417	3,443
Uniforms	1,771	2,280	1,171	1,561	2,250
<b>TOTAL SALARIES &amp; BENEFITS</b>	<b>\$349,930</b>	<b>\$381,110</b>	<b>\$264,659</b>	<b>\$352,878</b>	<b>\$366,043</b>
<b>UTILITIES</b>					
Electricity	159,282	161,200	106,065	141,420	167,648
Water Purchase	23,114	23,114	23,114	23,114	23,114
Telephone/Internet	3,616	3,910	2,545	3,393	4,066
<b>TOTAL UTILITIES</b>	<b>\$186,012</b>	<b>\$188,224</b>	<b>\$131,723</b>	<b>\$167,926</b>	<b>\$194,828</b>

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT - WATER FUND**  
**2017/18 Actual, 2018/19 Summary & 2019/20 1st Draft**

<b>MAINTENANCE &amp; SUPPLIES</b>	<b>Actual 17/18</b>	<b>Budget 18/19</b>	<b>Actual 9 month 7/1/18 - 3/31/19</b>	<b>Annualized F.Y.E. 6/30/19</b>	<b>1st Draft 19/20</b>
Chemicals	36,183	50,000	42,310	56,413	55,000
Computer/Software	4,816	3,000	501	668	3,000
Equip. Rental/Lease	0	500	340	453	500
Fixed Equip.	41,035	45,000	20,251	27,002	66,000
Fuel & Oil	7,239	7,000	5,267	7,022	7,000
Lab Testing	8,089	8,500	8,862	11,816	12,600
Struct./Grnds.	1,570	1,875	875	1,166	3,500
Small Tools/Equip.	2,776	1,500	1,352	1,802	1,500
Supplies	3,979	3,000	2,298	3,064	3,000
Meters/Equip.	8,835	5,000	2,639	3,519	5,000
Vehicles	4,901	4,500	2,439	3,252	4,500
<b>TOTAL MAINT. &amp; SUP.</b>	<b>\$119,421</b>	<b>\$129,875</b>	<b>\$87,133</b>	<b>\$116,177</b>	<b>\$161,600</b>
<b>GENERAL &amp; ADMINISTRATION</b>					
Allocation of General Fund	258,731	239,059	186,220	248,294	261,961
Alarm/Answering Service	926	800	580	774	800
Bank Charges/Fees	0	0	0	0	0
Consulting/Engineering	11,897	10,000	2,002	2,669	10,000
Dues/Subscription	2,789	3,500	784	1,045	1,525
Insurance	9,823	9,460	10,823	14,430	8,605
Legal/Attorney	1,780	5,000	384	512	5,000
Licenses/Permits	12,188	13,000	11,404	15,205	13,000
Plan Check & Inspection	1,255	5,000	815	1,087	5,000
Professional Service	2,499	2,000	1,539	2,053	8,600
Training & Travel	70	1,000	33	43	1,000
<b>TOTAL G &amp; A</b>	<b>\$301,957</b>	<b>\$288,819</b>	<b>\$214,584</b>	<b>\$286,112</b>	<b>\$315,491</b>
<b>CAPITAL PROJECTS &amp; EQUIPMENT</b>					
Project	36,763	16,755	18,890	25,187	76,000
Equipment	0	55,000	228	304	81,000
<b>TOTAL CAPITAL</b>	<b>\$36,763</b>	<b>\$71,755</b>	<b>\$19,118</b>	<b>\$25,491</b>	<b>\$157,000</b>
<b>DEBT</b>					
State Loan Payment-DWR	103,628	103,629	103,628	103,629	103,629
State Loan Payment Phase II-SRF	58,739	58,740	29,369	58,740	58,740
<b>TOTAL DEBT</b>	<b>\$162,367</b>	<b>\$162,369</b>	<b>\$132,998</b>	<b>\$162,369</b>	<b>\$162,369</b>
FUNDED DEPRECIATION	175,000	175,000	131,250	175,000	175,000
UNFUNDED DEPRECIATION	0	0	0	0	0
<b>TOTAL EXPENSE</b>	<b>\$1,331,451</b>	<b>\$1,397,152</b>	<b>\$981,465</b>	<b>\$1,285,954</b>	<b>\$1,532,331</b>
TRANSFER TO RESERVES	\$41,170	\$31,110	\$26,937	\$35,916	\$63,490
<b>FUND TOTAL</b>	<b>\$30,489</b>	<b>\$9,219</b>	<b>\$59,920</b>	<b>\$102,559</b>	<b>\$5,654</b>

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT - SEWER FUND**  
**2017/18 Actual, 2018/19 Summary & 2019/20 1st Draft**

	Actual 17/18	Budget 18/19	Actual 9 month 7/1/18 - 3/31/19	Annualized F.Y.E. 6/30/19	1st Draft 19/20
<b>OPERATING INCOME</b>					
Sewer Fees	547,005	594,950	435,587	580,783	628,817
Late Fees	6,280	6,500	4,946	6,595	7,000
Hook-Up Fees	1,553	1,000	500	667	1,000
Turn on Fees	1,544	1,500	930	1,240	1,500
Plan Check & Inspection	0	5,000	0	0	5,000
Miscellaneous Income	0	0	0	0	0
<b>TOTAL OPERATING INCOME</b>	<b>\$556,382</b>	<b>\$608,950</b>	<b>\$441,963</b>	<b>\$589,284</b>	<b>643,317</b>
<b>NON-OPERATING INCOME</b>					
Standby Charges	41,310	39,375	26,192	34,922	39,312
Property Tax	100,023	102,300	72,620	96,826	108,718
Interest	7,343	6,480	11,586	15,448	12,000
Connection Fees	55,230	39,140	20,461	27,281	77,670
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$203,907</b>	<b>\$187,295</b>	<b>\$130,858</b>	<b>\$174,478</b>	<b>\$237,700</b>
<b>RESERVE REVENUE</b>					
Capital Reserves	25,033	31,521	6,346	8,461	29,400
General Reserves	0	0	0	0	133,600
<b>TOTAL RESERVE</b>	<b>\$25,033</b>	<b>\$31,521</b>	<b>\$6,346</b>	<b>\$8,461</b>	<b>\$163,000</b>
<b>TOTAL REVENUE</b>	<b>\$785,322</b>	<b>\$827,766</b>	<b>\$579,167</b>	<b>\$772,223</b>	<b>\$1,044,017</b>
<b>OPERATING EXPENSES</b>					
<b>SALARIES AND BENEFITS</b>					
Salaries	156,341	163,874	116,788	155,718	158,321
Overtime	2,906	4,500	4,129	5,505	5,600
Standby	4,935	5,000	3,786	5,048	5,150
Health Insurance	33,531	32,043	21,272	28,363	29,868
Pers Retirement	25,947	36,559	21,073	28,098	32,248
Workers Comp. Ins.	6,315	8,035	6,973	9,298	8,997
Medicare/FICA	2,372	2,376	1,709	2,278	2,296
Uniforms	1,153	1,520	780	1,041	2,250
<b>TOTAL SALARIES &amp; BENEFITS</b>	<b>\$233,499</b>	<b>\$253,907</b>	<b>\$176,511</b>	<b>\$235,349</b>	<b>\$244,730</b>
<b>UTILITIES</b>					
Electricity	76,973	77,000	47,866	63,821	80,080
Telephone/Internet	2,520	2,710	1,774	2,365	2,818
<b>TOTAL UTILITIES</b>	<b>\$79,494</b>	<b>\$79,710</b>	<b>\$49,639</b>	<b>\$66,186</b>	<b>\$82,898</b>

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT - SEWER FUND**  
**2017/18 Actual, 2018/19 Summary & 2019/20 1st Draft**

	Actual 17/18	Budget 18/19	Actual 9 month 7/1/18 - 3/31/19	Annualized F.Y.E. 6/30/19	1st Draft 19/20
<b>MAINTENANCE &amp; SUPPLIES</b>					
Chemicals	17,723	18,000	16,247	21,663	21,000
Computer/Software	1,594	1,000	741	988	1,000
Equip. Rental/Lease	0	500	0	0	500
Fixed Equip.	51,049	40,000	10,766	14,354	37,000
Fuel & Oil	4,837	5,000	3,511	4,681	5,000
Lab Testing	14,693	16,000	9,554	12,739	17,400
Struct./Grnds.	3,140	2,250	1,750	2,333	7,000
Small Tools/Equip.	1,850	2,000	901	1,201	2,000
Supplies	2,094	2,500	1,785	2,380	2,500
Vehicles	3,269	4,000	1,626	2,168	4,000
<b>TOTAL MAINT. &amp; SUP.</b>	<b>\$100,249</b>	<b>\$91,250</b>	<b>\$46,881</b>	<b>\$62,508</b>	<b>\$97,400</b>
<b>GENERAL &amp; ADMINISTRATION</b>					
Allocation of General Fund	199,024	183,892	143,246	190,995	201,508
Alarm/Answering Service	841	775	580	774	775
Bank Charges/Fees	0	0	0	0	0
Consulting/Engineering	9,716	30,000	1,948	2,597	10,000
Dues/Subsription	1,712	2,000	21	28	775
Insurance	7,484	7,208	8,246	10,994	6,556
Legal/Attorney	1,477	2,000	384	512	2,000
Licenses/Permits	13,528	13,000	7,821	10,429	15,200
Plan Check & Inspection	483	5,000	143	190	5,000
Professional Service	6,615	10,000	2,830	3,773	8,500
Training & Travel	143	1,000	535	713	1,000
<b>TOTAL G &amp; A</b>	<b>\$241,022</b>	<b>\$254,875</b>	<b>\$165,754</b>	<b>\$221,005</b>	<b>\$251,314</b>
<b>CAPITAL PROJECTS &amp; EQUIPMENT</b>					
Project	25,033	13,521	0	0	109,000
Equipment	0	18,000	6,346	8,461	54,000
<b>TOTAL CAPITAL</b>	<b>\$25,033</b>	<b>\$31,521</b>	<b>\$6,346</b>	<b>\$8,461</b>	<b>\$163,000</b>
FUNDED DEPRECIATION	98,000	98,000	73,500	98,000	98,000
UNFUNDED DEPRECIATION	0	0	0	0	0
<b>TOTAL EXPENSE</b>	<b>\$777,296</b>	<b>\$809,263</b>	<b>\$518,632</b>	<b>\$691,509</b>	<b>\$937,343</b>
TRANSFER TO RESERVES	\$55,230	\$39,140	\$20,461	\$27,281	\$77,670
<b>FUND TOTAL</b>	<b>(\$47,204)</b>	<b>(\$20,637)</b>	<b>\$40,075</b>	<b>\$53,433</b>	<b>\$29,004</b>

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT - SOLID WASTE FUND  
2017/18 Actual, 2018/19 Summary & 2019/20 1st Draft**

<b>OPERATING INCOME</b>	<b>Actual 17/18</b>	<b>Budget 18/19</b>	<b>Actual 9 month 7/1/18 - 3/31/19</b>	<b>Annualized F.Y.E. 6/30/19</b>	<b>1st Draft 19/20</b>
<b>TOTAL FRANCHISE FEES</b>	\$58,329	\$66,000	\$51,417	\$68,556	\$70,932
<b>EXPENSE</b>					
Allocation of General Fund	39,805	36,778	28,649	37,894	40,302
<b>TOTAL EXPENSES</b>	<b>\$39,805</b>	<b>\$36,778</b>	<b>\$28,649</b>	<b>\$37,894</b>	<b>\$40,302</b>
TRANSFER TO RESERVES	\$18,524	\$29,222	\$22,768	\$30,663	\$30,630
<b>FUND TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT - GENERAL FUND**  
**2017/18 Actual, 2018/19 Summary & 2019/20 1st Draft**

	<b>Actual 17/18</b>	<b>Budget 18/19</b>	<b>Actual 9 month 7/1/18 - 3/31/19</b>	<b>Annualized F.Y.E. 6/30/19</b>	<b>1st Draft 19/20</b>
<b>OPERATING INCOME</b>					
Transfer from other Funds	0	0	0	0	0
Miscellaneous Income	2,126	2,000	2,469	3,292	2,000
<b>TOTAL OPERATING</b>	<b>\$2,126</b>	<b>\$2,000</b>	<b>\$2,469</b>	<b>\$3,292</b>	<b>\$2,000</b>
<b>NON-OPERATING INCOME</b>					
Property Tax	50,011	51,150	36,310	48,413	54,359
Interest	0	0	0	0	0
<b>TOTAL NON-OPERATING</b>	<b>\$50,011</b>	<b>\$51,150</b>	<b>\$36,310</b>	<b>\$48,413</b>	<b>\$54,359</b>
<b>RESERVE REVENUE</b>					
Capital Reserves	0	0	0	0	0
General Reserves	0	50,000	1,362	1,816	0
<b>TOTAL RESERVE</b>	<b>\$0</b>	<b>\$50,000</b>	<b>\$1,362</b>	<b>\$1,816</b>	<b>\$0</b>
<b>TOTAL REVENUE</b>	<b>\$52,137</b>	<b>\$103,150</b>	<b>\$40,141</b>	<b>\$53,521</b>	<b>\$56,359</b>
<b>OPERATING EXPENSES</b>					
<b>SALARIES AND BENEFITS</b>					
Salaries	240,918	245,012	183,935	245,246	251,964
Overtime	0	0	14	19	1,000
Health Insurance	54,434	40,509	37,817	50,422	42,161
Health Insurance - Retirees	83,747	58,233	45,070	60,093	48,561
Pers Retirement	38,541	32,399	34,116	45,488	35,622
Workers Comp. Ins.	2,165	2,587	2,391	3,188	2,781
Directors' Fees	6,450	7,000	4,400	5,867	7,000
Medicare/FICA	4,081	4,074	2,751	3,668	4,175
Car Allowance	3,000	3,000	2,250	3,000	3,000
SUI/ETT	1,171	1,500	672	896	1,500
<b>TOTAL SALARIES &amp; BENEFITS</b>	<b>\$434,506</b>	<b>\$394,314</b>	<b>\$313,416</b>	<b>\$417,888</b>	<b>\$397,764</b>
<b>UTILITIES</b>					
Electricity	4,625	4,600	2,982	3,976	4,784
Propane	896	900	653	871	936
Telephone/Internet	4,821	5,210	3,393	4,523	5,418
<b>TOTAL UTILITIES</b>	<b>\$10,342</b>	<b>\$10,710</b>	<b>\$7,028</b>	<b>\$9,370</b>	<b>\$11,138</b>

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT - GENERAL FUND**  
**2017/18 Actual, 2018/19 Summary & 2019/20 1st Draft**

<b>MAINTENANCE &amp; SUPPLIES</b>	<b>Actual 17/18</b>	<b>Budget 18/19</b>	<b>Actual 9 month 7/1/18 - 3/31/19</b>	<b>Annualized F.Y.E. 6/30/19</b>	<b>1st Draft 19/20</b>
Computer/Software	12,224	3,000	4,731	6,307	3,000
Equip. Rental/Lease	0	0	0	0	0
Fixed Equip.	3,027	0	0	0	0
Office Supplies	2,859	3,000	1,283	1,711	3,000
Parks & Recreation	794	500	282	376	500
Struct./Grnds.	1,659	2,375	875	1,166	3,500
Supplies	81	500	300	400	500
<b>TOTAL MAINT. &amp; SUP.</b>	<b>\$20,644</b>	<b>\$9,375</b>	<b>\$7,470</b>	<b>\$9,961</b>	<b>\$10,500</b>
<b>GENERAL &amp; ADMINISTRATION</b>					
Ads./Advertising	1,674	1,500	1,040	1,386	1,500
Alarm/Answering Service	1,855	1,700	1,161	1,547	1,700
Audit	6,000	6,000	6,000	6,000	10,000
Bank Charges/Fees	2,161	2,000	2,019	2,692	3,000
Consulting/Engineering	798	0	0	0	0
Dues/Subscription	4,090	6,500	6,826	9,101	7,100
Elections	0	1,000	549	732	1,000
Insurance	6,081	5,857	6,700	8,933	5,327
LAFCO	7,628	8,000	7,015	9,354	8,000
Legal/Attorney	6,184	10,000	7,746	10,328	15,000
Licenses/Permits	0	0	0	0	0
Postage	19,782	20,000	13,162	17,549	20,000
Professional Service	4,228	4,000	4,302	5,735	7,800
Tax Collection	4,923	5,300	0	0	5,300
Staff Training & Travel	3,218	3,000	972	1,295	5,000
Board Training & Travel	582	1,500	241	321	10,000
<b>TOTAL G &amp; A</b>	<b>\$69,204</b>	<b>\$76,357</b>	<b>\$57,730</b>	<b>\$74,974</b>	<b>\$100,727</b>
<b>CAPITAL PROJECTS &amp; EQUIPMENT</b>					
Project	0	50,000	1,362	0	25,000
Equipment	0	0	0	0	0
<b>TOTAL CAPITAL</b>	<b>\$0</b>	<b>\$50,000</b>	<b>\$1,362</b>	<b>\$0</b>	<b>\$25,000</b>
FUNDED DEPRECIATION	15,000	15,000	11,250	15,000	15,000
UNFUNDED DEPRECIATION	0		0	0	0
<b>TOTAL EXPENSE</b>	<b>\$549,697</b>	<b>\$555,756</b>	<b>\$398,257</b>	<b>\$527,193</b>	<b>\$560,129</b>
TRANSFERRED TO OTHER FUNDS	<b>(\$497,559)</b>	<b>(\$452,606)</b>	<b>(\$358,116)</b>	<b>(\$473,672)</b>	<b>(\$503,770)</b>
<b>FUND TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>



**HERITAGE RANCH COMMUNITY SERVICES DISTRICT - CONSOLIDATED BUDGET  
2017/18 Actual, 2018/19 Summary & 2019/20 1st Draft**

<b>OPERATING INCOME</b>	<b>Actual 17/18</b>	<b>Budget 18/19</b>	<b>Actual 9 month 7/1/18 - 3/31/19</b>	<b>Annualized F.Y.E. 6/30/19</b>	<b>1st Draft 19/20</b>
Water Fees	896,043	901,000	712,209	949,612	1,048,675
Sewer Fees	547,005	594,950	435,587	580,783	628,817
Hook-Up Fees	9,639	6,000	3,700	4,933	6,000
Turn on Fees	3,890	3,500	2,300	3,067	3,500
Late Fees	16,343	16,500	12,556	16,741	18,000
Plan Check & Inspection	0	10,000	0	0	10,000
Miscellaneous Income	2,126	2,000	2,469	3,292	2,000
<b>TOTAL OPERATING</b>	<b>\$1,475,046</b>	<b>\$1,533,950</b>	<b>\$1,168,821</b>	<b>\$1,558,428</b>	<b>\$1,716,992</b>
<b>FRANCHISE INCOME</b>					
<b>TOTAL FRANCHISE</b>	<b>\$58,329</b>	<b>\$66,000</b>	<b>\$51,417</b>	<b>\$68,556</b>	<b>\$70,932</b>
<b>TOTAL OPERATING</b>	<b>\$1,533,375</b>	<b>\$1,599,950</b>	<b>\$1,220,238</b>	<b>\$1,626,984</b>	<b>\$1,787,924</b>
<b>NON-OPERATING INCOME</b>					
Standby Charges	243,000	242,921	154,069	205,425	242,466
Property Tax	333,411	341,000	242,065	322,753	362,393
Interest	30,916	27,000	48,451	64,602	50,000
Connection Fees	96,400	70,250	47,398	63,197	141,160
<b>TOTAL NON-OPERATING</b>	<b>\$703,727</b>	<b>\$681,171</b>	<b>\$491,983</b>	<b>\$655,978</b>	<b>\$796,019</b>
<b>RESERVE REVENUE</b>					
Capital Reserves	61,797	103,276	25,464	33,952	55,240
General Reserves	0	50,000	1,362	1,816	133,600
<b>TOTAL RESERVE</b>	<b>\$61,797</b>	<b>\$153,276</b>	<b>\$26,826</b>	<b>\$35,768</b>	<b>\$188,840</b>
<b>TOTAL NON-OPERATING</b>	<b>\$765,524</b>	<b>\$834,447</b>	<b>\$518,810</b>	<b>\$691,746</b>	<b>\$984,859</b>
<b>TOTAL ALL INCOME</b>	<b>\$2,298,899</b>	<b>\$2,434,397</b>	<b>\$1,739,048</b>	<b>\$2,318,730</b>	<b>\$2,772,783</b>

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT - CONSOLIDATED BUDGET  
2017/18 Actual, 2018/19 Summary & 2019/20 1st Draft**

**OPERATING EXPENSES**

<b>SALARIES AND BENEFITS</b>	<b>Actual 17/18</b>	<b>Budget 18/19</b>	<b>Actual 9 month 7/1/18 - 3/31/19</b>	<b>Annualized F.Y.E. 6/30/19</b>	<b>1st Draft 19/20</b>
Salaries	631,769	654,697	475,906	634,541	647,767
Health Insurance	137,591	120,616	90,572	120,762	116,830
Health Insurance - Retiree	83,747	58,233	45,070	60,093	48,561
Pers Retirement	103,627	123,796	87,017	116,023	116,241
Standby	12,338	12,500	9,466	12,621	12,900
Overtime	7,264	11,500	10,336	13,781	15,050
Workers Comp. Ins.	18,043	22,675	19,924	26,565	25,274
Directors' Fees	6,450	7,000	4,400	5,867	7,000
Medicare/FICA	10,010	10,014	7,023	9,364	9,914
Car Allowance	3,000	3,000	2,250	3,000	3,000
SUI/ETT	1,171	1,500	672	896	1,500
Uniforms	2,924	3,800	1,951	2,601	4,500
<b>TOTAL SALARIES &amp; BENEFITS</b>	<b>\$1,017,934</b>	<b>\$1,029,331</b>	<b>\$754,586</b>	<b>\$1,006,115</b>	<b>\$1,008,537</b>

**UTILITIES**

Electricity	240,880	242,800	156,912	209,216	252,512
Propane	896	900	653	871	936
Water Purchase	23,114	23,114	23,114	23,114	23,114
Telephone/Internet	10,957	11,830	7,711	10,281	12,303
<b>TOTAL UTILITIES</b>	<b>\$275,848</b>	<b>\$278,644</b>	<b>\$188,390</b>	<b>\$243,482</b>	<b>\$288,865</b>

**MAINTENANCE & SUPPLIES**

Chemicals	53,906	68,000	58,557	78,076	76,000
Computer/Software	18,634	7,000	5,973	7,964	7,000
Equip. Rental/Lease	0	1,000	340	453	1,000
Fixed Equip.	95,111	85,000	31,017	41,356	103,000
Fuel & Oil	12,076	12,000	8,778	11,703	12,000
Lab Testing	22,782	24,500	18,416	24,555	30,000
Office Supplies	2,859	3,000	1,283	1,711	3,000
Parks & Recreation	794	500	282	376	500
Struct./Grnds.	6,368	6,500	3,499	4,666	14,000
Small Tools/Equip.	4,626	3,500	2,253	3,003	3,500
Supplies	6,154	6,000	4,383	5,844	6,000
Meters/Equip.	8,835	5,000	2,639	3,519	5,000
Vehicles	8,169	8,500	4,065	5,419	8,500
<b>TOTAL MAINT. &amp; SUP.</b>	<b>\$240,314</b>	<b>\$230,500</b>	<b>\$141,485</b>	<b>\$188,646</b>	<b>\$269,500</b>

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT - CONSOLIDATED BUDGET**  
**2017/18 Actual, 2018/19 Summary & 2019/20 1st Draft**

<b>GENERAL &amp; ADMINISTRATION</b>	<b>Actual 17/18</b>	<b>Budget 18/19</b>	<b>Actual 9 month 7/1/18 - 3/31/19</b>	<b>Annualized F.Y.E. 6/30/19</b>	<b>1st Draft 19/20</b>
Ads./Advertising	1,674	1,500	1,040	1,386	1,500
Alarm/Answering Service	3,622	3,275	2,321	3,095	3,275
Audit	6,000	6,000	6,000	6,000	10,000
Bank Charges/Fees	2,161	2,000	2,019	2,692	3,000
Consulting/Engineering	22,411	40,000	3,949	5,266	20,000
Dues/Subscription	8,591	12,000	7,630	10,173	9,400
Elections	0	1,000	549	732	1,000
Insurance	23,388	22,525	25,768	34,357	20,488
LAFCO	7,628	8,000	7,015	9,354	8,000
Legal/Attorney	9,441	17,000	8,514	11,352	22,000
Licenses/Permits	25,716	26,000	19,226	25,634	28,200
Plan Check & Inspection	1,738	10,000	958	1,277	10,000
Postage/Billing	19,782	20,000	13,162	17,549	20,000
Professional Service	13,342	16,000	8,671	11,561	24,900
Tax Collection	4,923	5,300	0	0	5,300
Staff Training & Travel	3,431	5,000	1,539	2,052	7,000
Board Training & Travel	582	1,500	241	321	10,000
<b>TOTAL G &amp; A</b>	<b>\$154,429</b>	<b>\$197,100</b>	<b>\$108,601</b>	<b>\$142,802</b>	<b>\$204,063</b>
<b>CAPITAL PROJECTS &amp; EQUIPMENT</b>					
Structures/Improvements	61,797	80,276	20,253	25,187	210,000
Equipment	0	73,000	6,574	8,765	135,000
<b>TOTAL CAPITAL</b>	<b>\$61,797</b>	<b>\$153,276</b>	<b>\$26,826</b>	<b>\$33,952</b>	<b>\$345,000</b>
<b>DEBT</b>					
State Loan Payment - DWR	103,628	103,629	103,628	103,629	103,629
State Loan Payment Phase II - SRF	58,739	58,740	29,369	58,740	58,740
<b>TOTAL DEBT</b>	<b>\$162,367</b>	<b>\$162,369</b>	<b>\$132,998</b>	<b>\$162,369</b>	<b>\$162,369</b>
FUNDED DEPRECIATION	\$288,000	\$288,000	\$216,000	\$288,000	\$288,000
UNFUNDED DEPRECIATION	\$0	\$0	\$0	\$0	\$0
<b>TOTAL EXPENSE</b>	<b>\$2,200,689</b>	<b>\$2,339,220</b>	<b>\$1,568,887</b>	<b>\$2,065,367</b>	<b>\$2,566,334</b>
CAPACTIY CHARGES TRANSFER	\$96,400	\$70,250	\$47,398	\$63,197	\$141,160
SOLID WASTE FEES TRANSFER	\$18,524	\$29,222	\$22,768	\$30,663	\$30,630
		\$99,472			\$171,790
<b>FUND TOTAL</b>	<b>(\$16,715)</b>	<b>(\$4,295)</b>	<b>\$99,995</b>	<b>\$159,503</b>	<b>\$34,658</b>



**HERITAGE RANCH COMMUNITY SERVICES DISTRICT  
BOARD OF DIRECTORS' REGULAR MEETING**  
*Minutes of April 18, 2019*

**1. 4:00 PM OPEN SESSION / CALL TO ORDER / FLAG SALUTE**

President Barker called the meeting to order at 4:00 pm and led the flag salute.

Staff present: General Manager Scott Duffield, Operations Manager/AGM Jason Molinari, Board Secretary / Office Supervisor Kristen Gelos and District Engineer Steve Tanaka.

**2. ROLL CALL**

Secretary Gelos called the roll. Director Capps was absent. All other Directors were present.

**3. PUBLIC COMMENT ON ITEMS NOT ON THE AGENDA**

Heritage Ranch Resident Deputy Brandon Florentino provided us with a monthly report on his calls for service which pertain to the community.

**4. DISCUSSION ITEMS**

- a. Request to consider approving change of the class of service for solid waste collection for Tract 447 from Commercial / bin customer to curbside customers, and if approved, set a public hearing for May 16, 2019, for adoption:** Manager Duffield provided a summary of the item and answered any questions the Board had. Directors Barker, Burgess, and Cousineau expressed their concerns and were not in favor of the change. Director Barker said he may be supportive of the change if the majority of the Tract 447 property owners are supportive, and that the HROA may want to pursue obtaining that support. Aron Kardashian with San Miguel Garbage Company provided additional concerns but said they should be able to do whatever the Board determines.

Director Burgess made a motion to deny the request to change the class of service for solid waste collection for Tract 447 from Commercial / bin customer to curbside customers. Director Cousineau seconded the motion. The motion passed by the following voice vote:

Ayes: Barker, Burgess, Cousineau

Abstain: Rowley

Absent: Capps

- b. Request to consider approval of an agreement for professional services with Kenwood Energy related to development and delivery of a photovoltaic system (PVS) project for a not to exceed amount of \$27,800, and amend the FY 2018/19 capital budget to include the PVS project work:** Manager Duffield provided a summary of the item and introduced Tim Holmes with Kenwood Energy.

Mr. Holmes provided a brief power-point presentation of his scope of work and answered any questions the Board had.

Director Barker made a motion to approve the professional services agreement with Kenwood Energy. Director Burgess seconded the motion. The motion passed by the following roll-call vote:

Ayes: Barker, Burgess, Cousineau, Rowley

Absent: Capps

Director Barker made a motion to amend the FY 2018/19 capital budget to include the PCS project work not to exceed amount of \$27,800. Director Burgess seconded the motion. The motion passed by the following roll-call vote:

Ayes: Barker, Burgess, Cousineau, Rowley  
Absent: Capps

- c. **Request to receive and file the first draft of the FY 2019/20 Budget, and provide direction to staff:** Manager Duffield provided a summary of the first draft budget for FY 2019/20 and answered any questions the Board had.

The report was received and filed.

- d. **Request to receive and file a report on the status of Nacimiento Reservoir for 2019, and provide direction to staff:** Manager Duffield provided a summary of the item and answered any questions the Board had.

The report was received and filed.

- e. **Submittal for approval Resolution 19-03 fixing the employer contribution at an equal amount for employees and annuitants under the Public Employees' Medical and Hospital Care Act:** Manager Duffield provided a summary of the item and answered any questions the Board had.

Director Cousineau made a motion to approve Resolution 19-03 fixing the employer contribution at an equal amount for employees and annuitants under the Public Employees' Medical and Hospital Care Act. Director Rowley seconded the motion. The motion passed by the following roll-call vote:

Ayes: Barker, Burgess, Cousineau, Rowley  
Absent: Capps

## 5. CONSENT ITEMS

- a. **Regular Meeting Minutes:** Receive/approve minutes of regular meeting of March 21, 2019.
- b. **Warrant Register:** Receive/approve March 2019 warrants.
- c. **Treasurer's Report: Receive/file March 2019 report.**
- d. **Fiscal Report: Receive/file March 2019 status report.**
- e. **Manager's Report: Receive/file March 2019 report.**
- f. **Staff Reports: Receive/file March 2019 reports.**

Director Barker pulled item E and F (Manager and Staff Reports). Director Burgess made a motion to approve items A, B, C, and D as presented. Director Cousineau seconded the motion. The motion passed by the following voice vote:

Ayes: Barker, Burgess, Cousineau, Rowley  
Absent: Capps

Manager Duffield provided a summary of item E (Manager's Report) and answered any questions the Board had.

Director Cousineau made a motion to approve item E and F as presented. Director Burgess seconded the motion. The motion passed by a unanimous voice vote:

Ayes: Barker, Burgess, Cousineau, Rowley  
Absent: Capps

## 6. DIRECTORS/MANAGER COMMENTS

No comments

**7. ADJOURNMENT**

On a motion by Director Cousineau and seconded by Director Burgess, the meeting adjourned at 6:06 pm to the next scheduled meeting on Thursday, May 16, 2019 at 4:00 pm.

**APPROVED:**

\_\_\_\_\_  
**Bill Barker, Board President**

**ATTEST:**

\_\_\_\_\_  
**Kristen Gelos, Board Secretary**

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT  
APRIL 2019  
2019 WARRANT REGISTER**

**PACIFIC PREMIER BANK WARRANTS**

<b>DATE</b>	<b>NAME OF PAYEE</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>
4/1/2019	PITNEY BOWES	POSTAGE	\$ 400.00
4/1/2019	STAPLES CREDIT PLAN	OFFICE SUPPLIES	\$ 43.20
4/1/2019	GREAT WESTERN ALARM	ALARM / ANSWERING SERVICE	\$ 287.85
4/1/2019	WALLACE GROUP	CONSULTING & ENGINEERING	\$ 1,265.93
4/1/2019	WALLACE GROUP	PLAN CHECK - TRACT 2879	\$ 570.00
4/1/2019	ADAMSKI, MOROSKI, MADDEN, CUMB	LEGAL & ATTORNEY	\$ 950.00
4/1/2019	RYAN BRINK	MEDICAL REIMBURSEMENTS	\$ 268.02
4/1/2019	RYAN BRINK	UNIFORM ALLOWANCE	\$ 161.61
4/1/2019	BRENNTAG PACIFIC, INC	CHEMICALS	\$ 1,814.49
4/1/2019	FGL ENVIRONMENTAL	LAB TESTING	\$ 688.00
4/1/2019	FGL ENVIRONMENTAL	LAB TESTING	\$ 981.00
4/1/2019	FGL ENVIRONMENTAL	LAB TESTING	\$ 100.00
4/1/2019	JASON MOLINARI	MEDICAL REIMBURSEMENTS	\$ 239.74
4/1/2019	COUNTY OF SAN LUIS OBISPO	PROFESSIONAL SVCS. X-CONNECT	\$ 408.60
4/1/2019	APPLIED TELECOM TECHNOLOGY	PROFESSIONAL SERVICES	\$ 168.00
4/1/2019	FLUID RESOURCE MANAGEMENT	PROFESSIONAL SERVICES	\$ 385.00
4/1/2019	FLUID RESOURCE MANAGEMENT	PROFESSIONAL SERVICES	\$ 435.00
4/1/2019	FLUID RESOURCE MANAGEMENT	PROFESSIONAL SERVICES	\$ 282.00
4/1/2019	FLUID RESOURCE MANAGEMENT	PROFESSIONAL SERVICES	\$ 248.00
4/1/2019	MID-COAST FIRE PROTECTION	STRUCTURES & GROUNDS	\$ 806.80
4/1/2019	RIVAL TECHNOLOGY INC.	PROFESSIONAL SERVICES	\$ 1,744.74
4/1/2019	PAUL BRAND	FINAL ACCT CREDIT	\$ 1.35
4/1/2019	AMERICAN WATER WORKS ASSOCIATION	DUES & SUBSCRIPTIONS	\$ 433.00
4/1/2019	C3 CONSTRUCTION & DEVELOPMENT	OFFICE TENANT IMPROVEMENT	\$ 21,600.00
4/2/2019	INTERNAL REVENUE SERVICE	FEDERAL WITHHOLDING TAXES	\$ 2,275.32
4/2/2019	INTERNAL REVENUE SERVICE	FICA WITHHOLDING	\$ 62.00
4/2/2019	INTERNAL REVENUE SERVICE	MEDICARE	\$ 760.16
4/2/2019	EDD	SDI	\$ 257.12
4/2/2019	EDD	STATE WITHHOLDING	\$ 802.88
4/2/2019	PITNEY BOWES	POSTAGE	\$ 400.00
4/3/2019	CALPERS HEALTH BENEFITS	EMPLOYEE PAID HEALTH BENEFIT	\$ 795.92
4/3/2019	CALPERS HEALTH BENEFITS	EMPLOYEE PAID HEALTH BENEFIT	\$ 795.92
4/3/2019	CALPERS HEALTH BENEFITS	EMPLOYEE PAID HEALTH BENEFIT	\$ 795.92
4/3/2019	CALPERS HEALTH BENEFITS	CALPERS HEALTH BENEFITS	\$ 11,052.46
4/5/2019	CALPERS 457 DEFFERED COMP PROG	PERS 457- DEFFERED COMP.	\$ 1,187.00
4/5/2019	CALPERS RETIREMENT SYSTEM	PERS RETIREMENT	\$ 2,920.43
4/5/2019	CALPERS RETIREMENT SYSTEM	PERS RETIREMENT TIER 2	\$ 778.07
4/5/2019	CALPERS RETIREMENT SYSTEM	PERS RETIREMENT PEPRA	\$ 453.83
4/5/2019	CALPERS RETIREMENT SYSTEM	SURVIVOR BENEFIT	\$ 7.44
4/5/2019	BAUTISTA'S CLEANING SERVICE	STRUCTURES & GROUNDS	\$ 180.00
4/9/2019	EDD	SUI/ETT	\$ 63.96
4/12/2019	R. BRINK	NET PAYROLL	\$ 2,155.49

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT  
APRIL 2019  
2019 WARRANT REGISTER**

<b>DATE</b>	<b>NAME OF PAYEE</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>
4/12/2019	J. MOLINARI	NET PAYROLL	\$ 3,067.77
4/12/2019	R. ARNOLD	NET PAYROLL	\$ 2,045.17
4/12/2019	J. PRITCHETT	NET PAYROLL	\$ 2,335.13
4/12/2019	M. HUMPHREY	NET PAYROLL	\$ 1,535.10
4/12/2019	K. GELOS	NET PAYROLL	\$ 2,275.44
4/12/2019	S. DUFFIELD	NET PAYROLL	\$ 3,033.61
4/12/2019	S. BRENNEMAN	NET PAYROLL	\$ 1,538.24
4/12/2019	SAN MIGUEL GARBAGE	DELINQUENT SOLID WASTE FEES	\$ 2,662.50
4/15/2019	WALLACE GROUP	CONSULTING & ENGINEERING	\$ 2,387.24
4/15/2019	WALLACE GROUP	PLAN CHECK - TRACT 2879	\$ 645.89
4/15/2019	CONSOLIDATED ELECTRICAL	LS 1 ELECTRICAL CONTROLS	\$ 36.90
4/15/2019	RYAN BRINK	CELL/INTERNET ALLOWANCE	\$ 80.00
4/15/2019	CRYSTAL SPRINGS WATER	LAB TESTING	\$ 9.75
4/15/2019	PG&E	ELECTRICITY	\$ 14,955.43
4/15/2019	HOME DEPOT CREDIT SERVICES	STRCT&GRNDS/SM TOOLS/LS1 CIP	\$ 176.82
4/15/2019	FGL ENVIRONMENTAL	LAB TESTING	\$ 7,700.00
4/15/2019	JASON MOLINARI	CELL/INTERNET ALLOWANCE	\$ 80.00
4/15/2019	ROY ARNOLD	CELL/INTERNET ALLOWANCE	\$ 80.00
4/15/2019	DELTA LIQUID ENERGY	PROPANE	\$ 202.53
4/15/2019	NAPA AUTO PARTS	VEHICLES / FUEL & OIL	\$ 672.30
4/15/2019	ABALONE COAST ANALYTICAL, INC.	LAB TESTING	\$ 1,509.00
4/15/2019	KRISTEN GELOS	CELL/INTERNET ALLOWANCE	\$ 40.00
4/15/2019	U.S. BANK	OFFICE SUPPLIES	\$ 13.36
4/15/2019	U.S. BANK	COMPUTER / SOFTWARE	\$ 112.82
4/15/2019	U.S. BANK	OFFICE SUPPLIES	\$ 55.38
4/15/2019	U.S. BANK	OFFICE TENANT IMPROVEMENT	\$ 145.69
4/15/2019	U.S. BANK	CONSULTING & ENGINEERING	\$ 66.25
4/15/2019	U.S. BANK	STRUCTURES & GROUNDS	\$ 249.72
4/15/2019	U.S. BANK	SMALL TOOLS & EQUIPMENT	\$ 105.12
4/15/2019	U.S. BANK	SMALL TOOLS & EQUIPMENT	\$ 34.73
4/15/2019	U.S. BANK	SMALL TOOLS & EQUIPMENT	\$ 47.54
4/15/2019	JAMES A. PRITCHETT	TRAINING & TRAVEL	\$ 248.36
4/15/2019	JAMES A. PRITCHETT	CELL/INTERNET ALLOWANCE	\$ 80.00
4/15/2019	PITNEY BOWES INC.	OFFICE SUPPLIES	\$ 80.26
4/15/2019	LOWE'S	SM TOOLS & EQUIP./FIXED EQUIP.	\$ 17.24
4/15/2019	DATA PROSE LLC	MARCH BILLING / LATE NOTICES	\$ 1,228.40
4/15/2019	SCOTT DUFFIELD	CELL/INTERNET ALLOWANCE	\$ 40.00
4/15/2019	WESTERN EXTERMINATOR	STRUCTURES & GROUNDS	\$ 86.00
4/15/2019	RIVAL TECHNOLOGY INC.	COMPUTER / SOFTWARE	\$ 144.74
4/15/2019	LANCE'S CARPET	STRUCTURES & GROUNDS	\$ 120.00
4/16/2019	INTERNAL REVENUE SERVICE	FEDERAL WITHHOLDING TAXES	\$ 2,274.87
4/16/2019	INTERNAL REVENUE SERVICE	MEDICARE	\$ 738.94
4/16/2019	EDD	SDI	\$ 254.81



**HERITAGE RANCH COMMUNITY SERVICES DISTRICT  
APRIL 2019  
2019 WARRANT REGISTER**

<b>DATE</b>	<b>NAME OF PAYEE</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>
4/16/2019	EDD	STATE WITHHOLDING	\$ 790.21
4/17/2019	SAN MIGUEL GARBAGE	DELINQUENT SOLID WASTE FEES	\$ 474.00
4/18/2019	AT&T	TELEPHONE & INTERNET	\$ 158.40
4/19/2019	CALPERS 457 DEFFERED COMP PROG	PERS 457- DEFFERED COMP.	\$ 1,187.00
4/19/2019	CALPERS RETIREMENT SYSTEM	EMPLOYER'S CONTRIBUTION	\$ 18.60
4/19/2019	CALPERS RETIREMENT SYSTEM	PERS RETIREMENT	\$ 2,920.43
4/19/2019	CALPERS RETIREMENT SYSTEM	PERS RETIREMENT TIER 2	\$ 778.07
4/19/2019	CALPERS RETIREMENT SYSTEM	PERS RETIREMENT PEPRA	\$ 453.83
4/19/2019	CALPERS RETIREMENT SYSTEM	SURVIVOR BENEFIT	\$ 7.44
4/20/2019	J.B. DEWAR. INC.	FUEL & OIL	\$ 726.70
4/23/2019	CALPERS RETIREMENT SYSTEM	PERS RETIREMENT U/L	\$ 4,750.86
4/23/2019	CALPERS RETIREMENT SYSTEM	PERS RETIREMENT U/L	\$ 85.79
4/23/2019	CHARTER COMMUNICATIONS	INTERNET	\$ 79.99
4/25/2019	SAN MIGUEL GARBAGE	DELINQUENT SOLID WASTE FEES	\$ 176.58
4/26/2019	R. BRINK	NET PAYROLL	\$ 2,067.71
4/26/2019	J. MOLINARI	NET PAYROLL	\$ 3,692.62
4/26/2019	R. ARNOLD	NET PAYROLL	\$ 2,489.59
4/26/2019	J. PRITCHETT	NET PAYROLL	\$ 2,367.76
4/26/2019	M. HUMPHREY	NET PAYROLL	\$ 1,634.08
4/26/2019	K. GELOS	NET PAYROLL	\$ 2,275.44
4/26/2019	D. BURGESS	NET PAYROLL	\$ 138.52
4/26/2019	B. BARKER	NET PAYROLL	\$ 138.52
4/26/2019	M. ROWLEY	NET PAYROLL	\$ 92.35
4/26/2019	R. COUSINEAU	NET PAYROLL	\$ 92.35
4/26/2019	S. DUFFIELD	NET PAYROLL	\$ 3,227.11
4/26/2019	S. BRENNEMAN	NET PAYROLL	\$ 1,380.46
4/29/2019	AT&T	TELEPHONE / INTERNET	\$ 242.68
4/30/2019	INTERNAL REVENUE SERVICE	FEDERAL WITHHOLDING TAXES	\$ 2,598.93
4/30/2019	INTERNAL REVENUE SERVICE	FICA WITHIHOLDING	\$ 62.00
4/30/2019	INTERNAL REVENUE SERVICE	MEDICARE	\$ 802.42
4/30/2019	EDD	SDI	\$ 271.69
4/30/2019	EDD	STATE WITHHOLDING	\$ 972.63
4/30/2019	STAPLES CREDIT PLAN	OFFICE SUPPLIES	\$ 99.24
4/30/2019	GREAT WESTERN ALARM	ALARM / ANSWERING SERVICE	\$ 290.70
4/30/2019	FERGUSON ENTERPRISES INC	MAINTENANCE FIXED EQUIPMENT	\$ 60.08
4/30/2019	ADAMSKI, MOROSKI, MADDEN, CUMB	LEGAL & ATTORNEY	\$ 975.00
4/30/2019	CONSOLIDATED ELECTRICAL	MAINTENANCE FIXED EQUIPMENT	\$ 5.09
4/30/2019	HOME DEPOT	MAINTENANCE FIXED EQUIPMENT	\$ 55.08
4/30/2019	USA BLUEBOOK	LAB TESTING / FIXED EQUIPMENT	\$ 321.92
4/30/2019	KRITZ EXCAVATING & TRUCKING	SUPPLIES	\$ 616.67
4/30/2019	BRENNTAG PACIFIC, INC	CHEMICALS	\$ 584.13
4/30/2019	BRENNTAG PACIFIC, INC	CHEMICALS	\$ 1,935.44
4/30/2019	FGL ENVIRONMENTAL	LAB TESTING	\$ 100.00

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT  
APRIL 2019  
2019 WARRANT REGISTER**

<b>DATE</b>	<b>NAME OF PAYEE</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>
4/30/2019	CORE & MAIN LP	MAINTENANCE FIXED EQUIPMENT	\$ 32.68
4/30/2019	PITNEY BOWES INC.	POSTAGE METER RENTAL	\$ 118.58
4/30/2019	LOWE'S	SMALL TOOLS / FIXED EQUIPMENT	\$ 40.89
4/30/2019	BAUTISTA'S CLEANING SERVICE	STRUCTURES & GROUNDS	\$ 180.00
4/30/2019	VELODYNE	MAINTENANCE FIXED EQUIPMENT	\$ 1,418.10
<b>GRAND TOTAL FOR ALL WARRANTS</b>			<b>\$ 157,227.66</b>

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT  
TREASURER'S REPORT  
APRIL 2019**

**SUMMARY REPORT OF ALL ACCOUNTS**

Beginning Balance:	\$ 3,533,278.96
Ending Balance:	\$ 3,679,799.36
Variance:	\$ 146,520.40
Interest Earnings for the Month Reported:	\$ 20,107.84
Interest Earnings Fiscal Year-to-Date:	\$ 68,559.00

**ANALYSIS OF REVENUES**

Total operating income for water and sewer was:	\$ 117,012.69
Non-operating income was:	\$ 179,178.66
Franchise fees paid to the District by San Miguel Garbage was:	\$ 5,778.24
Interest earnings for the P.P.B. checking account was:	\$ 7.19
Interest earnings for the P.P.B. DWR Loan Services account was:	\$ -
Interest earnings for the P.P.B. DWR Reserve account was:	\$ -
Interest earnings for the P.P.B. SRF Loan Services account was:	\$ -
Interest earnings for the P.P.B. SRF Reserve account was:	\$ -
Interest earnings for the LAIF account was:	\$ 20,100.65

**ANALYSIS OF EXPENSES**

Pacific Premier Bank checking account total warrants, fees, and Electronic Fund Transfers was:	\$ 157,639.28
--	---------------

**STATEMENT OF COMPLIANCE**

This report was prepared in accordance with the Heritage Ranch Community Services District Statement of Investment Policy. All investment activity was within policy limits. There are sufficient funds to meet the next 30 days obligations. Attached is a status report of all accounts and related bank statements.

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT  
STATUS REPORT FOR ALL ACCOUNTS  
APRIL 2019**

**BEGINNING BALANCE ALL ACCOUNTS** **\$ 3,533,278.96**

**OPERATING CASH IN DRAWER** **\$300.00**

**PACIFIC PREMIER BANK - CHECKING**

<b>BEGINNING BALANCE 03/31/2019</b>	\$105,824.06	
DEPOSIT REVENUE & MISCELLANEOUS INCOME	\$284,051.84	
INTEREST EARNED	\$7.19	
TOTAL CHECKS, FEES AND EFT'S	(\$157,639.28)	
TRANSFER TO LAIF ACCOUNT	(\$120,000.00)	
<b>ENDING BALANCE 04/30/2019</b>		<b>\$112,243.81</b>

**PACIFIC PREMIER BANK DWR LOAN REPAYMENT (1994-2029):**

**LOAN SERVICES ACCOUNT**

<b>BEGINNING BALANCE 03/31/2019</b>	\$84.54	
QUARTERLY DEPOSIT	\$0.00	
INTEREST EARNED	\$0.00	
SEMI-ANNUAL PAYMENT	\$0.00	
<b>ENDING BALANCE 04/30/2019</b>		<b>\$84.54</b>

**PACIFIC PREMIER BANK DWR RESERVE ACCOUNT**

<b>BEGINNING BALANCE 03/31/2019</b>	\$112,877.24	
INTEREST EARNED	\$0.00	
<b>ENDING BALANCE 04/30/2019</b>		<b>\$112,877.24</b>

**PACIFIC PREMIER BANK SDWSRF LOAN SERVICES ACCOUNT**

<b>BEGINNING BALANCE 03/31/2019</b>	\$29,432.69	
QUARTERLY DEPOSIT	\$0.00	
INTEREST EARNED	\$0.00	
SEMI-ANNUAL PAYMENT	\$0.00	
<b>ENDING BALANCE 04/30/2019</b>		<b>\$29,432.69</b>

**PACIFIC PREMIER BANK SDWSRF RESERVE ACCOUNT**

<b>BEGINNING BALANCE 03/31/2019</b>	\$0.00	
QUARTERLY DEPOSIT	\$0.00	
INTEREST EARNED	\$0.00	
<b>ENDING BALANCE 04/30/2019</b>		<b>\$0.00</b>

**LOCAL AGENCY INVESTMENT FUND (LAIF)**

<b>BEGINNING BALANCE 03/31/2019</b>	\$3,285,060.43	
INTEREST EARNED	\$20,100.65	
TRANSFER FROM PACIFIC PREMIER CHECKING	\$120,000.00	
TRANSFER TO PACIFIC PREMIER CHECKING	\$0.00	
<b>ENDING BALANCE 04/30/2019</b>		<b>\$3,425,161.08</b>

**ENDING BALANCE ALL ACCOUNTS** **\$3,679,799.36**

**DIFFERENCE FROM LAST MONTH** **Increase \$146,520.40**

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT  
QUARTERLY TREASURER'S  
REPORT FOR THE PERIOD OF  
JANUARY 1, 2019 – MARCH 31, 2019**

**SUMMARY REPORT OF ALL ACCOUNTS**

Beginning Balance	\$	3,507,285
Ending Balance	\$	3,533,279
Variance	\$	25,994
Interest Earnings	\$	18,233.22

**STATEMENT OF COMPLIANCE**

This report was prepared in accordance with the HRCSD Statement of Investment Policy. All investment activity was within policy limits. There are sufficient funds to meet the next 180 days' obligations. Attached is a status report of all accounts and related bank statements. For more information contact the District Office.

**ACCOUNT PROFILE INFORMATION**

1. Operating cash in cash drawer: Maintained to make change for cash transactions.
2. Pacific Premier Bank Checking: Variable interest-bearing checking account currently at 0.05%, at Pacific Premier branch in Paso Robles used for most of our transactions such as payroll, accounts receivable and accounts payable. Statements are received on a monthly basis.
3. Pacific Premier Bank DWR loan repayments: The Loan Services Account interest earnings rate is 0.25%. Quarterly deposits are made into each account. Semi-annual payments are made from the Loan Services account by the bank, which functions as our fiscal agent, to DWR for repayment of a \$2 million loan to partially finance our water treatment plant and water pumping facilities.
4. Pacific Premier Bank DWR reserve: The Reserve Account interest earnings rate is 0.25%. The purpose of the Reserve Account was to build up over ten years an amount equal to debt service for one year, a DWR requirement. Statements are received on a quarterly basis.
5. Pacific Premier Bank SDWSRF (Safe Drinking Water State Revolving Fund) loan repayments: The Loan Services Account interest earnings rate is 0.25%. Quarterly deposits will be made into the Loan Services. Semi-annual payments will be made from the Loan Services account by the bank, which functions as our fiscal agent, to SDWSRF for repayment of a \$714,000 loan to finance upgrades at the water treatment plant. The fund will provide for a twenty (20) year repayment period at a 1.7875 percent interest rate. Statements are received on a quarterly basis.
6. Pacific Premier Bank SDWSRF (Safe Drinking Water State Revolving Fund) reserve: Quarterly deposits will be made into the Reserve Account. The purpose of the Reserve Account is to build up over ten years an amount equal to two semiannual payments, which is based upon the estimated loan principal and interest rate.
7. LAIF: Local Agency Investment Fund, a variable interest-bearing investment fund administered by the California State Treasurer. The majority of our funds are retained in this account. The last reported interest rate was 2.55%. Statements are received on a quarterly basis.

## INTEREST EARNINGS: TRENDS & PROJECTIONS

The number of accounts in this report totals seven. The interest earnings for those accounts are summarized below. The accounts are referenced by number which corresponds with the Account Profile Information.

### SUMMARY OF INTEREST EARNINGS

\* Account Profile by Reference Number

	<b>Beginning Balance</b>	<b>Total Debits</b>	<b>Total Credits</b>	<b>Interest Earnings</b>	<b>Ending Balance</b>
<b>1</b>	300.00	-	-	0.00	300.00
<b>2</b>	311,821.11	-659,782.14	453,765.13	19.96	105,824.06
<b>3</b>	25,979.47	-51,814.22	25,907.00	12.29	84.54
<b>4</b>	112,807.68	0.00	0.00	69.56	112,877.24
<b>5</b>	14,735.49	0.00	14,685.00	12.20	29,432.69
<b>6</b>	0.00	0.00	0.00	0.00	0.00
<b>7</b>	3,041,941.22	0.00	225,000.00	18,119.21	3,285,060.43
<b>TOTALS</b>	<b>\$3,507,584.97</b>	<b>(\$711,596.36)</b>	<b>\$719,357.13</b>	<b>\$18,233.22</b>	<b>\$3,533,578.96</b>

Interest earnings in accounts 2, 3, 4, 5 & 6 above are always low because of account balance policies. Account 7 (LAIF) is the one account with more productive interest earnings because it typically holds over 90% of HRCSD cash reserves. Interest rates continue to fluctuate and remain low.

### MANAGEMENT BY CONTRACTED PARTIES

For the reporting period, only the Local Agency Investment Fund (LAIF) is held under the Management By Contracted Parties.

LAIF is a treasury of pooled money made up of deposits from many of the over 5,000 local agencies within California. More than \$25 billion is vested in a variety of ways with a cumulative net yield of a conservative nature. State law requires, and the LAIF Pooled Money Investment Board requires that pooled money first be invested in such a manner to realize the maximum return consistent with safe and prudent management after which yield is considered. In other words, because these are public moneys invested and managed by others, the investments are low risk, low yield.

HRCSD typically has most of its cash (over 90%) deposited in LAIF. This is common strategy with many local agencies in the state, especially those with cash reserves of less than \$5 million. Complete reports of all investment activity, etc. are received from the LAIF Board on a monthly basis, along with an annual report, which are available for inspection at the District office. In addition, an analysis is provided in our *Status Report of All Accounts* for our share of LAIF deposits on a monthly basis.

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT - CONSOLIDATED BUDGET**  
**2018/19 Budget**

<b>OPERATING INCOME</b>	<b>Budget FY 18/19</b>	<b>Actual April</b>	<b>Actual Year to Date</b>	<b>Percentage Year to Date</b>	<b>Variance Explanation</b>
Water Fees	901,000	63,185	775,394	86%	
Sewer Fees	594,950	50,804	486,391	82%	
Hook-Up Fees	6,000	0	3,700	62%	Fluctuates based on activity
Turn on Fees	3,500	425	2,725	78%	
Late Fees	16,500	1,288	13,844	84%	
Plan Check & Inspection	10,000	570	570	6%	
Miscellaneous Income	2,000	740	3,209	160%	Surplus Equip & recycling
<b>TOTAL OPERATING INCOME</b>	<b>\$1,533,950</b>	<b>\$117,013</b>	<b>\$1,285,834</b>	<b>84%</b>	

**FRANCHISE INCOME**

Solid Waste Franchise Fees	66,000	5,778	57,196	87%	
<b>TOTAL FRANCHISE REVENUE</b>	<b>\$66,000</b>	<b>\$5,778</b>	<b>\$57,196</b>	<b>87%</b>	

**NON-OPERATING INCOME**

Standby Charges	242,921	65,970	220,039	91%	
Property Tax	341,000	93,101	335,166	98%	
Interest	27,000	20,108	68,559	254%	Fluctuates based on activity
Connection Fees	70,250	0	47,398	67%	Fluctuates based on activity
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$681,171</b>	<b>\$179,179</b>	<b>\$671,162</b>	<b>99%</b>	

**RESERVE REVENUE**

Capital Reserves	103,276	82	25,546	25%	
General Reserves	50,000	21,746	23,108	46%	
<b>TOTAL RESERVE REVENUE</b>	<b>\$153,276</b>	<b>\$21,828</b>	<b>\$48,654</b>	<b>32%</b>	

<b>TOTAL ALL INCOME</b>	<b>\$2,434,397</b>	<b>\$323,797</b>	<b>\$2,062,845</b>	<b>85%</b>	
-------------------------	--------------------	------------------	--------------------	------------	--

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT - CONSOLIDATED BUDGET**  
**2018/19 Budget**

**OPERATING EXPENSES**

<b>SALARIES AND BENEFITS</b>	<b>Budget FY 18/19</b>	<b>Actual April</b>	<b>Actual Year to Date</b>	<b>Percentage Year to Date</b>	<b>Variance Explanation</b>
Salaries	654,697	47,969	523,875	80%	
Health Insurance	120,616	7,276	97,848	81%	
Health Insurance - Retiree	58,233	4,783	49,853	86%	
PERS	123,796	9,530	96,547	78%	
Standby	12,500	946	10,412	83%	
Overtime	11,500	2,985	13,322	116%	Fluctuates based on need & staffing
Workers Comp. Ins.	22,675	0	19,924	88%	Paid Annually
Directors' Fees	7,000	500	4,900	70%	
Medicare/FICA	10,014	1,213	8,236	82%	
Car Allowance	3,000	250	2,500	83%	
SUI/ETT	1,500	64	736	49%	
Uniforms	3,800	162	2,113	56%	
<b>TOTAL SALARIES &amp; BENEFITS</b>	<b>\$1,029,331</b>	<b>\$75,678</b>	<b>\$830,264</b>	<b>81%</b>	

**UTILITIES**

Electricity	242,800	14,955	171,868	71%	
Propane	900	203	856	95%	
Water Purchase	23,114	0	23,114	100%	Paid Semiannually
Telephone/Internet	11,830	881	8,592	73%	
<b>TOTAL UTILITIES EXPENSE</b>	<b>\$278,644</b>	<b>\$16,039</b>	<b>\$204,429</b>	<b>73%</b>	

**MAINTENANCE & SUPPLIES**

Chemicals	68,000	4,334	62,891	92%	
Computer/Software	7,000	258	6,231	89%	
Equip. Rental/Lease	1,000	0	340	34%	
Fixed Equip.	85,000	1,723	32,740	39%	
Fuel & Oil	12,000	1,004	9,782	82%	
Lab Testing	24,500	11,312	29,728	121%	TSO & changes in water quality
Office Supplies	3,000	291	1,574	52%	
Parks & Recreation	500	32	314	63%	
Struct./Grnds.	6,500	1,680	5,179	80%	
Small Tools/Equip.	3,500	234	2,487	71%	
Supplies	6,000	617	5,000	83%	
Meters/Equip.	5,000	0	2,639	53%	Fluctuates based on activity
Vehicles	8,500	395	4,459	52%	
<b>TOTAL MAINT. &amp; SUPPLY EXPENSE</b>	<b>\$230,500</b>	<b>\$21,879</b>	<b>\$163,364</b>	<b>71%</b>	



**HERITAGE RANCH COMMUNITY SERVICES DISTRICT - CONSOLIDATED BUDGET**  
**2018/19 Budget**

<b>GENERAL &amp; ADMINISTRATION</b>	<b>Budget FY 18/19</b>	<b>Actual April</b>	<b>Actual Year to Date</b>	<b>Percentage Year to Date</b>	<b>Variance Explanation</b>
Ads./Advertising	1,500	0	1,040	69%	Fluctuates based on activity
Alarm/Answering Service	3,275	579	2,900	89%	
Audit	6,000	0	6,000	100%	
Bank Charges/Fees	2,000	-28	1,991	100%	
Consulting/Engineering	40,000	3,719	7,669	19%	
Dues/Subscription	12,000	433	8,063	67%	
Elections	1,000	0	549	0%	
Insurance	22,525	0	25,768	114%	Paid Annually
LAFCO	8,000	0	7,015	88%	Paid Annually
Legal/Attorney	17,000	1,925	10,439	61%	
Licenses/Permits	26,000	0	19,226	74%	
Plan Check & Inspection	10,000	1,216	2,174	22%	
Postage/Billing	20,000	2,147	15,308	77%	
Professional Service	16,000	3,671	12,342	77%	
Tax Collection	5,300	0	0	0%	
Staff Training & Travel	5,000	248	1,787	36%	
Board Training & Travel	1,500	0	241	16%	
<b>TOTAL G &amp; A</b>	<b>\$197,100</b>	<b>\$13,911</b>	<b>\$122,512</b>	<b>62%</b>	

**CAPITAL PROJECTS & EQUIPMENT**

Structures/Improvements	80,276	21,746	41,998	52%	
Equipment	73,000	82	6,656	9%	
<b>TOTAL CAPITAL EXPENSE</b>	<b>\$153,276</b>	<b>21,828</b>	<b>48,654</b>	<b>32%</b>	

**DEBT**

State Loan Payment	103,629	0	103,628	100%	paid semiannually
State Loan Payment Phase II	58,740	0	29,369	50%	paid semiannually
<b>TOTAL DEBT</b>	<b>\$162,369</b>	<b>\$0</b>	<b>\$132,998</b>		

FUNDED DEPRECIATION	\$288,000	\$24,000	\$240,000	83%	
UNFUNDED DEPRECIATION	\$0	\$0	\$0	0%	

<b>TOTAL EXPENSE</b>	<b>\$2,339,220</b>	<b>\$173,334</b>	<b>\$1,742,221</b>	<b>74%</b>	
----------------------	--------------------	------------------	--------------------	------------	--

CONNECTION FEES TRANSFER	\$70,250	\$0	\$47,398	67%
SOLID WASTE FEES TRANSFER	\$29,222	\$3,808	\$26,576	91%

<b>FUND TOTAL</b>	<b>(\$4,295)</b>	<b>\$146,655</b>	<b>\$246,650</b>	
-------------------	------------------	------------------	------------------	--

## HERITAGE RANCH COMMUNITY SERVICES DISTRICT

### Manager Report For the Month of May 2019

In addition to normal operations and administrative duties, below are updates for several areas of work:

#### Administration

- Staff is in the budget preparation process for next fiscal year. Staff is awaiting final information for a couple of line items in order to publish a preliminary budget for approval by your Board in June.
- The Manager attended a CalPERS webinar.

#### Operations

- The Manager has been involved with settlement and patch paving issues near water service line repairs, and two issues regarding the locating of sewer laterals to properties.
- The Manager met with the property owner of land also known as the Village regarding an encroachment issue. The fence around Lift Station 2 which was installed by the District, encroaches onto his private property. The fence will be relocated.
- Additional updates regarding operations can be found in the Operations Report.

#### Solid Waste

- The Manager met with the HROA Manager to review the Board's decision regarding curbside service for Tract 447, as well as a few other topics.
- The Manager met with District Counsel to further discuss the topic of curbside collection service to Tract 447. No correspondence has been received from the HROA, but the Manager understands they are increasing the dues for Tract 447 properties to provide for the existing commercial bin service.

#### Reservoir Status

- As reported by Monterey County Water Resources Agency (MCWRA), as of May 8<sup>th</sup> the reservoir was at approximately 788 feet in elevation, 83% of capacity, or 314,160-acre feet of storage. MCWRA water releases were at 420 cfs.

### Capital Improvement Program (current FY)

- Office Tenant Improvement: Work is complete.
- Lift Station 3 Rehabilitation: On hold.
- Lift Station 5 Pumps & Controls: Work is complete.
- WTP Actuator Replacement: Staff is targeting the end of June to complete this project.
- Lift Station 1-5 Condition Assessment: The condition assessment inspections are complete. Staff is awaiting the inspection report from the vendor.
- Lift Station 1 Electrical Controls Repair: Work is complete.

### Development

- The applicant for Tract 2879 and Tract 3110 requested renewal of the previous conditional will serve letters issued by the District. See the related agenda items.

### Public Relations and Community

- The District is a participating agency in a Multi-Jurisdictional Hazard Mitigation Plan update. The Manager reviewed draft documents and responded to several requests for information from the County and their consultant performing the work. The Manager attended two Hazard Mitigation Planning Committee meetings in April.
- Staff met with and received a presentation from the SLO County Energy Watch consultant and CivicSpark fellows, and PG&E regarding energy efficiency opportunities.
- Staff participated in the Heritage Ranch Community Day on May 11.

### Human Resources

- The Manager attended a funding webinar related to clean vehicle rebates.
- No other items of significance available to report.

### Board Member Information and Learning Opportunities

- CSDA provides numerous trainings throughout the year. The Manager did not see any local opportunities in the near future. If you see a training or related event and would like to attend, please let staff know and we will assist you.

\* \* \*

# Operations Report

## April 2019

### **Water Treatment:**

11.5 Million gallons of water was treated.

The water treatment process has been challenging over the last several months due to the increase in reservoir level. Turbidity is a measurement of the clarity of the water. Staff measures turbidity of the Nacimiento River daily. Since February, turbidity has ranged from a high of ninety-three to a low of five. Turbidity increases like this are typical in the Nacimiento Reservoir during rapid fluctuations in level. Under normal operating conditions, the previously mentioned turbidity changes would not be a problem. Current operating conditions are not normal, the gallery well media was displaced during the 2017 high releases of over 8,000 cubic feet per second (CFS). The displaced media was sand and gravel which was placed above the gallery wells in the Nacimiento River. The sand provided turbidity removal of the river water prior to the treatment process. Without the media in place, the water being treated is much higher in turbidity than in the past.

Staff is currently able to treat the turbid water to meet water quality standards, but production rates are low. Higher turbidity means there is more to filter out of the water. The amount of turbidity filtered has a direct effect on the run time of the filter before the filter is taken out of service and backwashed. If the gallery well media was in place, the filter run times would be above forty hours. With the media loss and higher turbidity filter run times are approximately ten to twelve hours. The short filter run times drastically reduce water production rates. Reduced production is a concern going into the summer months when water demand is high.

The plate settler was designed to reduce incoming turbidity levels prior to filtration. Staff has struggled with the design and operation of the plate settler since installation. Mechanical failures have prolonged this process. Staff has tried several chemicals at different concentrations with little success. Over the last four years, staff has worked with three different engineering firms on the settling process and issues with no improvement. Currently, the plate settler is out of service due to a valve failure. Staff is working diligently to find help with the operational issues and increase production rates.

### **Wastewater Treatment:**

4 Million gallons of wastewater was treated

Staff submitted the 1<sup>st</sup> Quarter 2019 Time Schedule Order Report to the Regional Board. Operational efforts towards complying with ammonia, nitrate and copper limitations are ongoing.

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT  
APRIL 2019 OFFICE REPORT**

**Water & Sewer**

On May 1<sup>st</sup>, we processed 1,891 bills for a total dollar amount of \$124,472 for water and sewer user fees for the month of April. The number of Automatic Drafts processed was 519 for a total dollar amount of \$29,392. On April 26<sup>th</sup> we processed 239 Late Notices.

**San Miguel Garbage Franchise Fees**

Each month, the District receives franchise fees from the previous month. The breakdown is as follows:

Month of March

Garbage Collection (10%) - \$ 5,485.17

Roll-Off Collection (10%) - \$ 138.65

Total Franchise Fees Collected - \$ 5,623.82

**Service Orders Completed**

Staff completed a total of 64 service orders for the month of April. Below is a breakdown by job code.

Call-Out	9	Occupant Change	14
Misc. Meter Info.	3	Pressure Check	2
Leak	1	Home Inspection	1
Lock Meter	10	Unlock Meter	11
Hydrant Meter	1	USA	9
Sewer Problem	2	Courtesy Turn-Off	1

## HERITAGE RANCH COMMUNITY SERVICES DISTRICT

### MEMORANDUM

**TO:** Board of Directors

**FROM:** Scott Duffield, General Manager  
Tim Holmes, Kenwood Energy

**DATE:** May 16, 2019

**SUBJECT:** Photovoltaic System Project Kickoff Meeting

#### Discussion

At the April meeting your Board approved a professional services agreement with Kenwood Energy to assist the District in developing and delivering a Photovoltaic System Project. This item is the opportunity for Board Members to participate in the Photovoltaic System Project Kickoff Meeting.

#### Kickoff Meeting Agenda

- Introductions
- Lines of Communication
- Energy Use and PV needs
- Location of District utility services
- District Installation wish-list and special considerations
- Q & A

FILE: Projects\_PVS