

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors
FROM: Scott Duffield, General Manager
DATE: December 19, 2019
SUBJECT: Request to elect a Board President and Vice President for 2020.

Recommendation

It is recommended that the Board of Directors:

1. Nominate and elect a Director to the position of Board President for 2020; and
2. Nominate and elect a Vice President for 2020.

Background

District Code of Ordinance states:

2.110 – Officer Election and Term of Officer

The President and Vice President of the Board shall be elected by the members of the Board for a one-year term pursuant to a rotation policy. The election shall be held at any time during the December meeting.

Discussion

The above Code reflects your Board's desire to have one-year terms for all Board Officers during their four-year term in office with a customary arrangement during the nomination period that provides for any serving Board member to be offered the president position based on seniority. Thus, the Board will normally rotate the presidency and vice presidency amongst the Directors. The rotation policy is not a written policy but only a customary practice.

Traditionally the next senior Board member has been offered the office of Vice President before their turn as President.

The District's current Board officers and projected 2020 officers pursuant to the rotation policy are shown in Attachment A.

Attachments: Attachment A – Board of Directors and Officers

File: BOD

**Heritage Ranch Community Services District
Board of Directors and Officers**

Officers	2013	2014	2015	2016	2017
President	Bill Barker	Bill Barker	Tony Foti	Dan Burgess	Reg Cousineau
VP	Ralph Allison	Tony Foti	Dan Burgess	Reg Cousineau	Martin Rowley
					Bill Barker
					Dan Burgess
					Devin Capps
Officers	2018	2019	2020	2021	2022
President	Martin Rowley	Bill Barker	Dan Burgess		
VP	Bill Barker	Dan Burgess	Devin Capps		
	Dan Burgess	Devin Capps	Reg Cousineau		
	Devin Capps	Reg Cousineau	Martin Rowley		
	Reg Cousineau	Martin Rowley	Bill Barker		

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors

FROM: Scott Duffield, General Manager
Robert Crosby, District Auditor

DATE: December 19, 2019

SUBJECT: Request to accept and direct staff to file the Independent Auditor's Report and Financial Statements for the Year Ended June 30, 2019, prepared by Crosby Company.

Recommendation

It is recommended that the Board of Directors accept and direct staff to file the Independent Auditor's Report and Financial Statements for the Year Ended June 30, 2019, (audit) prepared by Crosby Company.

Background

Government Code Section 61118 requires that the Board of Directors shall provide for regular audits of the district's accounts and records, and shall provide for the annual financial reports to the State Controller.

Discussion

The annual audit is attached for your Board's review and comment. The audit was performed by Robert Crosby, Certified Public Accountant, with information provided from Kristen Gelos, Office Supervisor. Mr. Crosby will present the audit and answer any questions from your Board.

Fiscal Considerations

The cost for preparation of the audit is included in the FY 2019/20 Budget.

Results

By providing for the annual financial reports to be filed with the State Controller, the District continues to provide municipal services in a fiscally responsible manner and in accordance with applicable law.

Attachment: Independent Auditor's Report and Financial Statements for the Year Ended June 30, 2019

File: Audit FY2018/19

**HERITAGE RANCH COMMUNITY
SERVICES DISTRICT**

**Independent Auditor's Report and
Financial Statements**

For the Year Ended
June 30, 2019

HERITAGE RANCH COMMUNITY SERVICES DISTRICT
INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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CROSBY COMPANY, CERTIFIED PUBLIC ACCOUNTANT

1457 MARSH STREET, SUITE 100 - SAN LUIS OBISPO, CA 93401

PHONE: (805)543-6100 FAX: (805)858-9505

Independent Auditor's Report

To the Board of Directors
Heritage Ranch Community Services District
Paso Robles, California 93446

Report on the Financial Statements

I have audited the accompanying financial statements of the business-type activities of the Heritage Ranch Community Services District (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position the business-type activities of the District, as of June 30, 2019, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT

(Continued)

Emphasis of Matter

Implementation of New Accounting Standards

As disclosed in Note 1 to the financial statements, the District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No.68*, during the fiscal year 2019. The District also implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages *i* through *ix*, and the Schedule of Funding Progress, Schedule of the District's Proportionate Share of the Net Pension Liability, and Schedule of Contributions, listed on pages 25 through 27, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Heritage Ranch Community Services District basic financial statements. The combining financial statement schedules listed in the table of contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



CROSBY COMPANY
Certified Public Accountant
San Luis Obispo, California

November 8, 2019

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS

Fiscal Year Ending June 30, 2019

The Management Discussion and Analysis of the Heritage Ranch Community Services District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should review the discussion and analysis in conjunction with the basic financial statements as well as the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2019 are as follows:

- The District's operating revenue increased by \$65,770 or 4.4% from last year.
- The District's non-operating revenue increased by \$66,289 or 10.5% from last year.
- Water Fund user fee revenue increased by \$34,820 or 3.8% from last year.
- Sewer Fund user fee revenue increased by \$30,019 or 5.3% from last year.
- Water and Sewer Fund capacity charge revenue decreased by \$7,791 or -8.1% from last year.
- Solid Waste Fund franchise revenue increased by \$12,677 or 22.0%.
- Total operating expenses decreased by \$283,009 or 11.5% from last year.
- Capital assets (less depreciation) decreased by \$345,550 or 5.2%.
- A depreciation expense of \$439,218 is included in the financial statements.
- The District incurred a positive change in net position of \$154,515 after all revenues, expenses and contributions.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. These statements then proceed to provide an increasingly detailed look at specific financial activities. This annual report consists of two parts – management's discussion and analysis (this section) and the basic financial statements. The basic financial statements include two kinds of statements that present different views of the District:

- The first statements are the *government-wide financial statements* that provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the government, reporting the District's operations in more detail than the *government-wide statements*.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The following explains the structure and content of each of the statements.

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS

Fiscal Year Ending June 30, 2019

Government-wide and fund financial statements

The government-wide financial statement (i.e. the statements of net assets and activities) reports information on all the activities of the District. Business-type activities, which rely to a significant extent on fees and charges for support, are the only type of statement reported by the Heritage Ranch Community Services District.

The government-wide statement reports the District's net assets and how they have changed. Net assets are the difference between the District's assets and liabilities and are one of the ways to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional non-financial factors, such as increases in the District's customer base, facility condition, and other factors.

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending.

The District's proprietary funds are the water fund, sewer fund, solid waste fund, and the general fund.

- **Water Fund.** This fund provides for the operation, maintenance, and improvements to the District's water system. The system includes the two million gallons per day water treatment plant, plate settler, five storage tanks, six pump stations, and over sixteen miles of pipeline. As of June 30, 2019, there were 1,955 paid water connections; of these 1,916 were active. The water fund receives revenue from user fees, standby charges, property taxes, and interest earnings.
- **Sewer Fund.** This fund provides for the operation, maintenance, and improvements to the District's sewer system. The system includes ten lift stations, one pump station, two initial treatment ponds, two secondary treatment areas, and many miles of pipeline. As of June 30, 2019, there were 1,763 paid sewer connections; of these 1,727 were active. The sewer fund receives revenue from user fees, standby charges, property taxes, and interest earnings.
- **Solid Waste Fund.** This fund administers and acts as the Franchiser pursuant to a Franchise Agreement. The fund supports the Franchisee, San Miguel Garbage Company, for solid waste services within the District. The solid waste fund receives 10% of the net revenue from all solid waste fees.

HERITAGE RANCH COMMUNITY SERVICES DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
 Fiscal Year Ending June 30, 2019

Financial Analysis of the District as a Whole

Table 1 provides a summary of the District's net position for fiscal year 2019 compared to 2018.

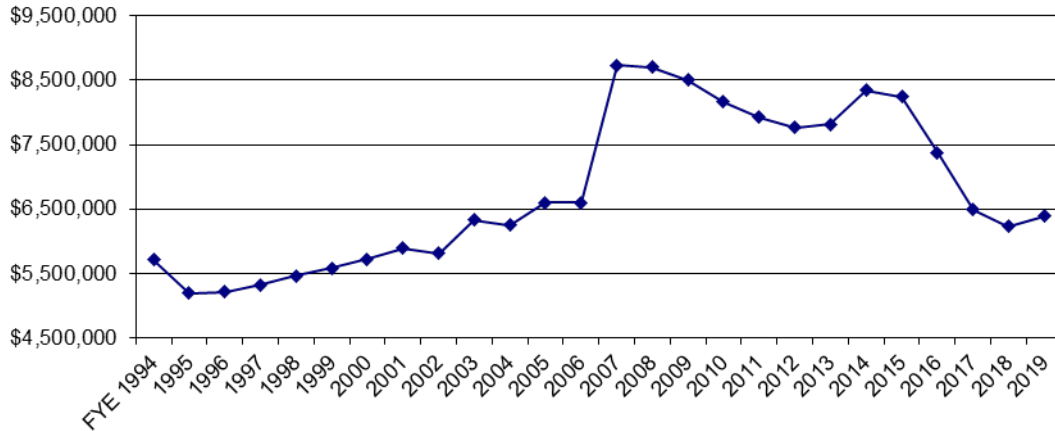
Table 1 Net Position

Table 1 - Net Position			
	FYE 2018	FYE 2019	% Change
Assets			
Cash and equivalents	\$3,086,911	\$3,495,536	13.24%
Restricted cash and equivalents	112,666	112,948	0.25%
Accounts receivable (net)	252,431	220,080	-12.82%
Other	53,356	64,402	20.70%
Capital assets (net of depreciation)	6,607,230	6,261,680	-5.23%
Total Assets	10,112,594	10,154,646	0.42%
Liabilities			
Net OPEB Liabilities	1,040,408	1,055,773	1.48%
Net Pension Liabilities	772,630	944,816	22.29%
Long-term liabilities	1,717,937	1,597,795	-6.99%
Current liabilities	317,830	280,313	-11.80%
Total Liabilities	3,848,805	3,878,697	0.78%
Deferred Inflows of Resources			
Deferred Pensions	32,456	38,734	19.34%
Net Position			
Net Invested in Capital Assets	4,772,237	4,543,743	-4.79%
Restricted for Debt Service	112,666	112,948	0.25%
Restricted by Resolution	1,346,430	1,580,524	17.39%
Deferred outflows of resources	-	148,633	
Total Net Position	\$6,231,333	\$6,385,848	2.48%

HERITAGE RANCH COMMUNITY SERVICES DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
 Fiscal Year Ending June 30, 2019

Total net position increased between fiscal years 2018 and 2019, by 2.48% to \$6,385,848. This is an increase from the fiscal year 2017 to 2018 decrease of 3.90%. All the District's net assets are restricted either by the purposes they can be used for or are invested in capital assets. Figure 1 illustrates the change in net position over time.

Figure 1 Change in Net Position



Enterprise Activities

Operating revenues increased in fiscal year 2019 by 4.41%. Non-Operating revenues increased by 10.47%. Total expenses decreased by 11.45% partially due to savings from less maintenance on the sewer system this year as well as a change in operations staff from a vested employee to an entry level employee. Total net position increased by \$154,515. The water, sewer, and solid waste funds all experienced increases in revenue. All funds continue to experience high operating expense and will require capital improvements and other operational enhancements to meet new regulatory compliance. A water and sewer rate increase was implemented in fiscal year 2018, and further solutions are needed and should be considered to lower operating costs. Table 2 provides a summary of enterprise activities, and Figure 2 illustrates revenues and expenses as percentages.

HERITAGE RANCH COMMUNITY SERVICES DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
 Fiscal Year Ending June 30, 2019

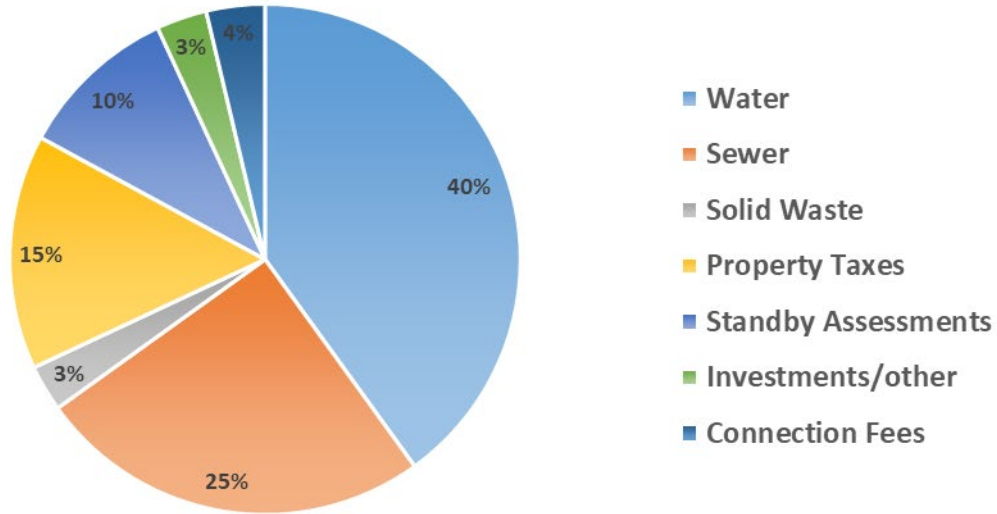
Table 2 Enterprise Activities - Revenues, Expenses, and Change

Table 2 Enterprise Activities			
Revenues, Expenses and Change in Net Assets			
	FYE 2018	FYE 2019	% Change
Operating Revenues			
Water fund	\$920,306	\$955,126	3.78%
Sewer fund	567,488	597,507	5.29%
General fund	2,126	3,057	43.79%
Total operating revenues	1,489,920	1,555,690	4.41%
Non-Operating Revenues			
Water fund	371,279	409,866	10.39%
Sewer fund	152,998	165,925	8.45%
Franchise fees	57,532	70,209	22.03%
General fund	51,129	53,227	4.10%
Grant Income	0	0	
Total non-operating revenues	632,938	699,227	10.47%
	\$2,122,858	\$2,254,917	
Capital Contributions			
Capital contributions all funds	0	0	0.00%
Connection fees water & sewer funds	96,400	88,609	-8.08%
Total capital contributions	96,400	88,609	-8.08%
Operating Expenses			
Water fund	\$1,119,907	\$1,052,565	-6.01%
Sewer fund	791,789	575,670	-27.30%
General fund	560,324	560,776	0.08%
Total expenses	2,472,020	2,189,011	-11.45%
Increase (decrease) in net assets	-252,762	154,515	-161.13%
Total net assets – beginning (as restated)	\$6,484,095	\$6,231,333	-3.90%
Total net assets – end	\$6,231,333	\$6,385,848	2.48%

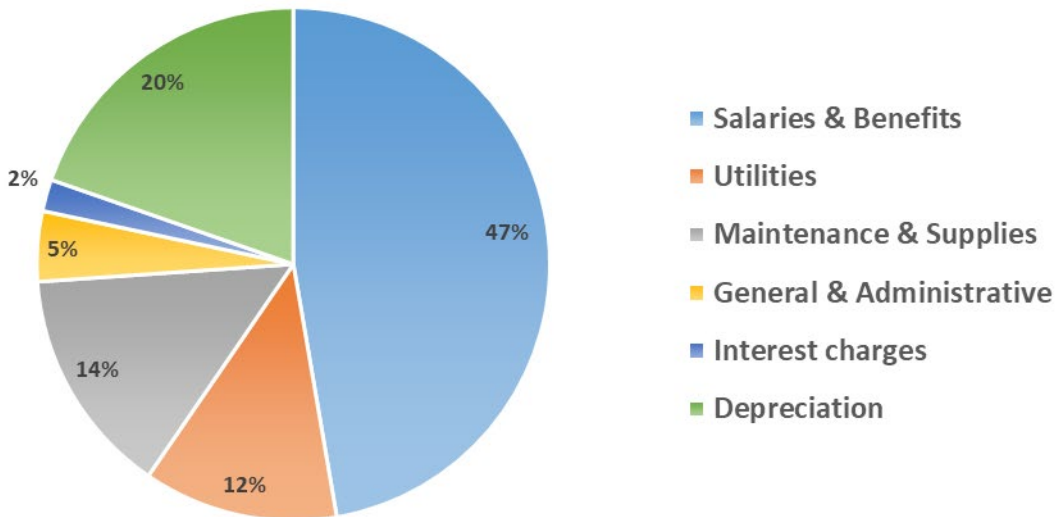
HERITAGE RANCH COMMUNITY SERVICES DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
 Fiscal Year Ending June 30, 2019

Figure 2 Revenues and Expenses

Revenues



Expenses



HERITAGE RANCH COMMUNITY SERVICES DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS

Fiscal Year Ending June 30, 2019

Capital Assets and Debt Administration

At the end of fiscal year 2019, the District had invested \$6,261,680 in a broad range of capital assets, including land, equipment, buildings, and infrastructure net of depreciation. This amount represents a net decrease (including additions and deletions) of \$345,550 or 5.2% over last fiscal year.

Table 3 Capital Assets at June 30, 2019

Table 3 Capital Assets at June 30, 2019			
	FYE 2018	FYE 2019	% Change
Land	\$56,938	\$56,938	0.00%
Construction in progress	9,625	59,154	514.59%
Total non depreciable	66,563	116,092	74.41%
Buildings	919,594	942,702	2.51%
Plants and facilities	13,440,410	13,461,441	0.16%
Vehicles and equipment	2,008,898	2,008,898	0.00%
Total depreciable	16,368,902	16,413,041	0.27%
Less accumulated depreciation	-9,828,235	-10,267,453	4.47%
Net capital assets	\$6,607,230	\$6,261,680	-5.23%

The fiscal year ending June 30, 2019, included projects, equipment replacement, and professional services projects. The following is a summary of those funded during the year:

- \$15,000 – Paso Robles Basin GSP
- \$55,000 – WTP Actuator Replacement
- \$8,000 – Lift Station 5 Pumps & Controls
- \$10,000 – Lift Station 1-5 Condition Assessment
- \$10,000 – Lift Station 1 Electrical Controls Repair
- \$25,000 – Office Tenant Improvement
- \$27,800 – Photovoltaic System Project

The District's fiscal year 2020 capital budget projects spending a total of \$355,529 for capital projects and equipment purchases, not including the construction of the Photovoltaic System Project. Continued implementation of the 2018 rate increases will assist in funding capital projects pursuant to the rate increase study and the approved Capital Improvement Plan. More detailed information about the District's capital assets is presented in Note 4 to the financial statements.

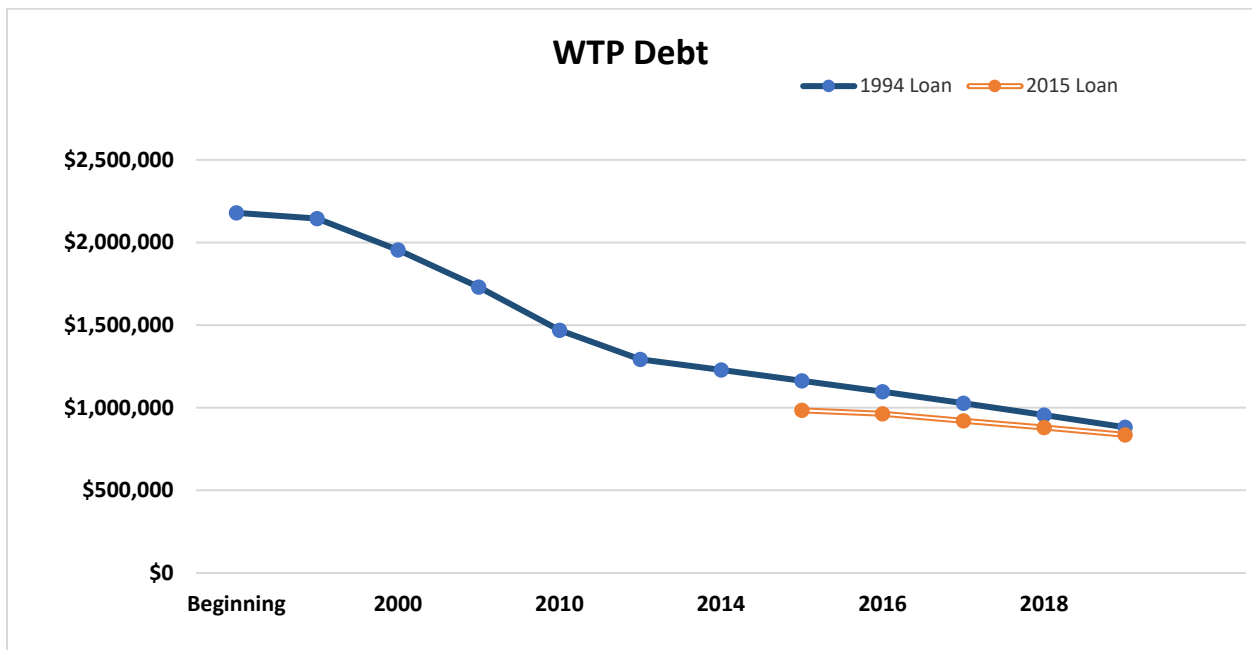
HERITAGE RANCH COMMUNITY SERVICES DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
Fiscal Year Ending June 30, 2019

Long-Term Debt

In 1994 the District obtained a \$2,179,398 loan from the State of California Department of Water Resources under the Safe Drinking Water Bond Law for the construction of a water treatment plant and modifications to the well and booster pumps. The loan is payable over 35 years with a maturity date of 2029 and bears interest at 3.1775% per annum. The June 30, 2019, principal balance is \$881,815.

In 2015 the District obtained a \$984,090 loan to finance water treatment plant improvements. The debt is through a Safe Drinking Water State Revolving Fund. The loan is payable over 20 years with a maturity date of 2036 and bears interest at 1.788% per annum. The June 30, 2019, principal balance is \$836,122. More detailed information about the District's long-term liabilities is presented in Note 6 of the basic financial statements. Figure 3 illustrates the water treatment plant debt over time.

Figure 3 Water Treatment Plant Debt



Current Financial Issues and Concerns

The District is financially stable despite increasing costs, limited revenues, and new regulatory requirements. The District remains dependent on both property taxes and standby charges to fund the water and sewer operations. Cost increases are projected for labor, utilities, maintenance, and supplies in future years. The District increased its water and sewer rates and charges in recent years but must continue to look for ways to lower operating costs to meet future operating and capital fund stability. The District currently has \$2,007,477 in long-term principal and interest payments due on two water treatment plant construction and improvement loans. This debt will be closely monitored before further debt is incurred.

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS

Fiscal Year Ending June 30, 2019

Contacting the District's Financial Management

This report is designed to provide our ratepayers with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Scott Duffield, General Manager, Heritage Ranch Community Services District, at 4870 Heritage Road, Paso Robles, CA 93446, the phone number is (805) 227-6230.

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

BOARD OF DIRECTORS

June 30, 2019

<u>NAME</u>	<u>TERM EXPIRES</u>
Bill Barker, Jr., President	December, 2022
Dan Burgess, Vice President	December, 2020
Martin Rowley, Director	December, 2022
Devin Capps, Director	December, 2020
Reginald Cousineau, Director	December, 2022

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

As of June 30, 2019

ASSETS		
Current assets:		
Cash and cash equivalents	\$	3,495,536
Taxes receivable		9,908
Accounts receivable		220,080
Interest receivable		21,582
Inventory		32,912
Total current assets		3,780,018
Noncurrent assets:		
<i>Investments:</i>		
Restricted cash and cash equivalents		112,948
<i>Capital assets:</i>		
Land and construction in progress		116,092
Property plant and equipment, net accumulated depreciation		6,145,588
Total noncurrent assets		6,374,628
Total assets		\$ 10,154,646
Deferred Outflows of Resources:		
Deferred pensions	\$	148,633
LIABILITIES		
Current liabilities:		
Accounts payable	\$	42,280
Accrued payroll expenses		-
Interest payable		7,281
Compensated absences		110,510
Deposit		100
Note payable - current portion		120,142
Total current liabilities		280,313
Noncurrent liabilities:		
Net OPEB liability		1,055,773
Net pension liability		944,816
Note payable - less current portion		1,597,795
Total noncurrent liabilities		3,598,384
Total liabilities		\$ 3,878,697
Deferred Inflows of Resources:		
Deferred pensions	\$	38,734
NET POSITION		
Net investment in capital assets	\$	4,543,743
Restricted for debt service		112,948
Restricted by resolution		1,729,157
Total net position		\$ 6,385,848

The accompanying notes are an integral part of the financial statements

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS As of June 30, 2019

Operating revenues:	
Charges for services	\$ 1,552,633
Miscellaneous	3,057
Total revenue	1,555,690
Operating expenses:	
Salaries and wages	630,044
Employee benefits and taxes	327,524
Publicity	1,784
Chemicals and gases	72,402
Engineering	31,572
Fuel and oil	14,500
Lab testing	36,440
Licenses and fees	29,803
Repairs and maintenance	91,051
Small tools and supplies	34,088
Uniforms and laundry	2,436
Alarm	3,472
Dues and publications	8,063
Insurance	25,768
Office expense	19,082
Professional services	37,904
Telephone and utilities	274,292
Training	2,590
Travel	3,000
Tax collection	5,286
Depreciation	439,218
Total operating expenses	2,090,319
Operating loss	(534,629)
Non-operating revenues (expenses):	
Taxes and assessments	354,847
Standby assessments	242,585
Franchise fees	70,209
Investment income	76,322
Annual required contributions for post employment benefits	(98,692)
Interest expense	(44,736)
Total non-operating revenues (expenses)	600,535
Income (loss) before grant income and capital contributions	65,906
Capital contributions - connection fees	88,609
Change in net assets	154,515
Net position-beginning	6,231,333
Net position-ending	\$ 6,385,848

The accompanying notes are an integral part of the financial statements

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

As of June 30, 2019

Cash flows from operating activities:	
Receipts from customers and users	\$ 1,588,041
Payments to suppliers	(1,049,525)
Payments to employees	(653,225)
Net cash used by operating activities	(114,709)
Cash flows from non-capital financing activities:	
Taxes and assessments	354,847
Standby assessments	242,585
Franchise fees	70,209
Net cash provided by non-capital and related financing activities	667,641
Cash flows from capital and related financing activities:	
Change in net OPEB liability	15,365
Change in net pension liability	29,831
Principal paid on capital debt	(117,056)
Interest paid on capital debt	(44,736)
Acquisition of capital assets	(93,668)
Capital contributions	88,609
Other nonoperating capital activities	(98,692)
Net cash used by capital and related financing activities	(220,347)
Cash flows from investing activities:	
Investment income	76,322
Net cash provided by investing activities	76,322
Net change in cash and cash equivalents	408,907
Total cash and cash equivalents-beginning	3,199,577
Total cash and cash equivalents-ending	3,608,484
Less: Restricted cash and cash equivalents-ending	(112,948)
Total unrestricted cash and cash equivalents-ending	\$ 3,495,536
Reconciliation of operating income to net cash used by operating activities:	
Operating loss	\$ (534,629)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	439,218
Change in operating assets and liabilities	
Decrease in taxes receivable	2,986
Decrease in accounts receivable	32,351
Increase in interest receivable	(7,566)
Increase in inventory	(6,466)
Decrease in accounts payable	(4,185)
Decrease in accrued payroll	(36,787)
Decrease in interest payable	(576)
Increase in compensated absences	13,606
Decrease in deposits	(12,661)
Net cash used by operating activities	\$ (114,709)

The accompanying notes are an integral part of the financial statements

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Heritage Ranch Community Services District (District) is a multi-purpose special district and began operations on February 26, 1990. The District is a political subdivision of the State of California and operates under the direction of a board of directors who are elected by the residents of Heritage Ranch. The District provides water, wastewater, solid waste services, and recreational services.

The District complies with U.S. Generally Accepted Accounting Principles (GAAP) and all relevant U.S. Governmental Accounting Standards Board (GASB) pronouncements. These technical pronouncements establish criteria for determining the organization's activities and functions that are included in the financial statements of a governmental unit. The proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

Reporting Entity

For financial reporting purposes, the District would include in this report all funds and account groups of all agencies and boards that are controlled by, or dependent upon, the District's legislative body. The criteria of control is determined on the basis of financial accountability, imposition of will, and financial benefit or burden.

There are no component units included in this report which meet the criteria of GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39.

The District is a member of the Special District Risk Management Authority Joint Powers Agency, which was organized for the purpose of providing general liability, workers compensation, automobile, errors and omissions, and property loss insurance coverage to special districts. This organization is financed through premium charges to each member. This organization does not meet the aforementioned reporting entity criteria and therefore is not included in the accompanying financial statements.

Proprietary Fund Financial Statements

The accounts of the District are organized into proprietary/enterprise funds. Enterprise funds use the economic resources measurement focus. The accounting objectives are a determination of net income, financial position, and cash flows. All assets and liabilities associated with an enterprise fund's activities are included on the balance sheet.

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

The enterprise funds of the District are accounted for using the accrual basis of accounting. Revenues, including user fees and service charges, are recognized when earned, and expenses are recognized when incurred.

Budgets and Budgetary Accounting

An annual budget is adopted by the Board of Directors at the start of each fiscal year. Any changes or revisions to that budget throughout the year must be approved by the Board of Directors.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Operating Revenues and Expenses

Operating revenues, such as charges for services (water and wastewater fees) result from exchange transactions associated with the principal activities of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as property taxes and investment income, result from non-exchange transactions or ancillary activities in which the District gives (receives) value without directly receiving (giving) equal value in exchange.

Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All expenses not meeting this definition are reported as non-operating expenses.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable

The District did not experience any significant bad debt losses and therefore a zero provision has been made for doubtful accounts. Accounts receivable is shown at full value.

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2019, are recorded as prepaid expenses.

Capital Assets

All capital assets are valued at historical cost or fair value if actual costs are not available. Other donated capital assets are valued at their estimated fair market value on the date received. The capitalization threshold for all capital assets is \$5,000. Depreciation has been provided over the estimated useful life of the asset using the straight-line method. Estimated useful lives range from 5 to 100 years.

Inventory

The inventories maintained by the water utility consist primarily of water pipe, valves, and fittings. Inventory is valued at cost, determined on a first-in, first-out basis.

Compensated Absences

Accumulated unpaid employee vacation and sick leave benefits are recognized as liabilities of the District. The amounts are included in current liabilities under accruals.

Annual Appropriations Limit

The District is exempt from the annual appropriations limit required by Senate Bill 813 (Chapter 1025, Statutes of 1987), in accordance with California Constitution Article XIII B. This exemption is based on a tax rate not greater than 12.5 cents per \$100 of the assessed valuation in 1978 when the District was operated as a San Luis Obispo County Service Area.

Interfund Transactions

Transactions that constitute a reimbursement from one fund to another are recorded as an expense in the reimbursing fund and an expense reduction in the fund being reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property Taxes

The County of San Luis Obispo bills and collects property taxes for the District. The County charges the District for these services. Tax revenues are recognized by the District in the year received.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Effect of New Governmental Accounting Standards Board (GASB) Pronouncements

Effective This Fiscal Year:

GASB Statement #68 – In June 2012, GASB issued Statement #68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement #27*. This Statement replaces the requirements of Statements #27 and #50 related to pension plans that are administered through trust or equivalent arrangements. The requirements of Statements #27 and #50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014. The District implemented this statement effective July 1, 2015.

GASB Statements #74 and #75 – In June 2015, GASB issued both Statement #74 and #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. These Statements replace the requirements of Statements #43 and #45 related to Other Postemployment Benefit Plans (OPEB) that are administered through trust or equivalent arrangements. The requirements of Statements #43 and #45 remain applicable for OPEBs that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2017. The District implemented these statements effective July 1, 2017.

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE 2: CASH AND CASH EQUIVALENTS

The value of cash and cash equivalents at June 30, 2019 is summarized as follows:

Cash on hand and in banks	\$	233,323
Cash and investments with the Local Agency Investment Fund (LAIF)		3,375,161
Total cash and cash equivalents	\$	3,608,484

The California Government Code requires California banks and savings and loan associations to secure a district's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of a district's deposits. California law also allows financial institutions to secure district deposits by pledging first trust deed mortgage notes having a value of 150% of a district's total deposits. The District may waive collateral requirements for deposits which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC).

Credit Risk, Carrying Amount, and Market Value

Cash is classified in three categories of credit risk as follows:

- Category 1 - insured or collateralized with securities held by the entity or by its agent in the entity's name;
- Category 2 - collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name; and
- Category 3 - uncollateralized.

Investments in pools managed by other governments (LAIF) or in mutual funds are not required to be categorized.

At June 30, 2019, the carrying amount of the District's cash deposits was \$233,323. The bank's balance was \$279,695. This difference is due to the normal deposits in transit and outstanding checks. District cash deposits by category as of June 30, 2019, are as follows:

	<u>1</u>	<u>Category</u> <u>2</u>	<u>3</u>	<u>Bank</u> <u>Balance</u>	<u>Carrying</u> <u>Amount</u>
Bank accounts	\$ <u>279,695</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>279,695</u>	\$ <u>233,323</u>

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE 3: INVESTMENTS

Investments Authorized by the District's Investment Policy

The District is authorized to invest in the following institutions:

1. County pooled funds (California Government Code Section 61730)
2. The Local Agency Investment Fund (LAIF) created by the California State Treasury (California Government Code Section 16429.1)
3. One or more FDIC insurance banks and/or savings and loan associations that are designated as District depositories by resolution of the Board of Directors (California Government Code Section 61737.02)
4. Such other financial institutions or securities that may be designated by the Board of Directors from time to time in compliance with California and Federal law.

The District's investment policy does contain specific provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk.

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustee and governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The table below identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>
Money Market Mutual Funds	N/A

Disclosure Relating to Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The weighted average maturity of the investment contained in the LAIF investment pool is approximately 9 months.

Information about the sensitivity of the fair values of the District's investment to market interest rate fluctuations is provided by the following table that shows the maturity date of each investment:

		<u>Maturity Date</u>
State investment pool	\$ <u>3,375,161</u>	9 months average maturity

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE 3: INVESTMENTS (continued)

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the entity's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized costs basis.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF does not have a rating provided by a nationally recognized statistical rating organization.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by the state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit).

The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgages notes having a value of 150% of the secured public deposits.

The custodial risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE 3: INVESTMENTS (continued)

Concentration of Risk

The District's investment policy does not contain various limitations on the amounts that can be invested in any one governmental agency or non-governmental issuer as stipulated by the California Government Code. As of June 30, 2019, the District's deposit portfolio with government agencies, LAIF, was 100%.

NOTE 4: PROPERTY, PLANT, EQUIPMENT AND CONSTRUCTION IN PROGRESS

A summary of capital assets by major classifications is as follows:

	June 30, <u>2018</u>	<u>Additions</u>	<u>(Deletions)</u>	June 30, <u>2019</u>
<u>Non-depreciable:</u>				
Land	\$ 56,938	\$ -	\$ -	\$ 56,938
Construction in progress	<u>9,625</u>	<u>49,529</u>		<u>59,154</u>
Total non-depreciable	<u>66,563</u>	<u>49,529</u>		<u>116,092</u>
<u>Depreciable:</u>				
Buildings and structures	919,594	23,108		942,702
Plant and facilities	13,440,410	21,031		13,461,441
Vehicles and equipment	<u>2,008,898</u>			<u>2,008,898</u>
Total depreciable	16,368,902	44,139		16,413,041
Accumulated depreciation	<u>(9,828,235)</u>	<u>(439,218)</u>		<u>(10,267,453)</u>
Net depreciable assets	<u>6,540,667</u>	<u>(395,079)</u>		<u>6,145,588</u>
Net capital assets	<u>\$ 6,607,230</u>	<u>\$ (345,550)</u>	<u>\$</u>	<u>\$ 6,261,680</u>

Depreciation expense for the period ended June 30, 2019 was \$439,218.

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE 5: RESTRICTED ASSETS

Certain proceeds of the enterprise funds are classified as restricted on the statement of net position because their uses are limited. For the fiscal year ended June 30, 2018, the following amounts are restricted:

Cash with fiscal agent	\$	112,948
Restricted by enabling legislation		<u>3,495,536</u>
 Total restricted	 \$	 <u><u>3,608,484</u></u>

The monies with the fiscal agent are limited by the note payable agreement with the Department of Water Resources. The additional amounts were restricted by resolution.

NOTE 6: LONG-TERM DEBT

Long-term debt consisted of the following:

	<u>Balance at June 30, 2018</u>	<u>Balance at June 30, 2019</u>
<p>The District obtained a \$2,179,398 loan from the State of California – Department of Water Resources (DWR) in 1994, under the Safe Drinking Water Bond Law of 1984, for the construction of a water treatment plant and modifications to its well and booster. The loan is payable over 35 years and bears interest at 3.1775% annually. In October of 1994 the District began making semi-annual payments of principal and interest. Remaining semi-annual principal and interest payments of \$51,814 will be made in October and April through fiscal year 2029.</p>	955,657	881,815
<p>The District obtained a \$984,090 loan from the State of California – State Water Resources Control Board in 2015, for the District’s plant construction and modification. The loan is payable over 20 years and bears interest at 1.788% annually. In July of 2016 the District began making semi-annual principal and interest payments. Remaining semi-annual payments of \$29,370 will be made in July and January through fiscal year 2036.</p>	<u>879,336</u>	<u>836,122</u>
<p>Total long-term debt</p> <p>Less current maturities</p>	<p>1,834,993</p> <p><u>117,056</u></p>	<p>1,717,937</p> <p><u>120,142</u></p>
<p>Total long-term maturities</p>	<p>\$ <u><u>1,717,937</u></u></p>	<p>\$ <u><u>1,597,795</u></u></p>

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE 6: LONG-TERM DEBT (continued)

The aggregate maturities of long term debts are as follows:

<u>Fiscal year ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Debt service</u>
2020	\$ 120,142	\$ 42,226	\$ 162,368
2021	123,478	38,690	162,368
2022	126,750	35,618	162,368
2023	130,168	32,200	162,368
2024	133,650	28,718	162,368
2025-2029	724,825	87,017	811,842
2030-2034	272,399	22,293	294,692
2035-2036	<u>86,525</u>	<u>2,578</u>	<u>89,103</u>
Total	\$ <u>1,717,937</u>	\$ <u>289,540</u>	\$ <u>2,007,477</u>

NOTE 7: NET POSITION

The business-type activity fund financial statements utilize a net position presentation. Net position is categorized as invested capital assets (net of related debt), restricted, and unrestricted.

Invested in Capital Assets, Net of Related Debt – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors, laws, or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents net assets of the District, not restricted for any project or other purpose.

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE 8: JOINT POWERS AUTHORITY

The District is a member of the Special District Risk Management Authority (S.D.R.M.A.), an intergovernmental risk sharing joint powers authority, created pursuant to California Government code Sections 6500 et.seq. In becoming a member of the S.D.R.M.A., the District elected to participate in the risk financing program(s) listed below for the program period July 1, 2018 through June 30, 2019.

Property Loss: Special District Risk Management Authority, coverage number PROP SDRMA 201819. This policy covers the replacement cost for property on file, \$1 billion per occurrence.

Boiler and Machinery: Special District Risk Management Authority, coverage number PROP SDRMA 201819. This covers \$100,000,000 per occurrence.

Pollution: Special District Risk Management Authority, coverage number PPC SDRMA 201819. This covers \$2,000,000 per occurrence.

Cyber: Special District Risk Management Authority, coverage number CYB SDRMA 201819. Limits are on file.

Mobile Equipment: Special District Risk Management Authority, coverage number LCA SDRMA 201819. This policy covers the replacement cost for property on file, \$1 billion per occurrence.

General Liability: Bodily Injury, Property Damage, Employment Benefits, Employees/Public Officials Errors and Omissions, Employment Practices Liability: Special District Risk Management Authority, coverage number LCA SDRMA 201819. This covers \$2,500,000 per occurrence.

Public Officials Personal: Special District Risk Management Authority, coverage number LCA SDRMA 201819, \$500,000 per occurrence.

Employee/Public Officials Dishonesty: Special District Risk Management Authority, coverage number EDC SDRMA 201819. This policy includes a \$1,000,000 Public Employees Dishonesty.

Uninsured/Underinsured Motorists: Special District Risk Management Authority, coverage number UMI SDRMA 201819. Limits are on file.

Auto Physical Damage/Trailer: Special District Risk Management Authority, coverage number LCA SDRMA 201819. Limits are on file.

Workers' Compensation: Special District Risk Management Authority, coverage number WCP SDRMA 201819. The policy covers \$5,000,000 per occurrence.

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE 8: JOINT POWERS AUTHORITY (continued)

Members are subject to dividends and/or assessments, in accordance with Second Amended Joint Powers Agreement and amendments thereto, on file with the District. No such dividends have been declared, nor have any assessments been levied.

The annual member contribution was \$25,768 for the Package Program and \$19,924 for the worker's compensation program. Members are subject to dividends and/or assessments, in accordance with Fourth Amended Joint Powers Agreement and amendments thereto, on file with the District. No such dividends have been declared, nor have any assessments been levied. Presently, there are no known refunds or credits due to the District. There has been no reduction in insurance coverage from the prior year. Insurance settlements have not exceeded insurance coverage for each of the past three fiscal years.

Condensed financial information for S.D.R.M.A. for the most recent year available is as follows:

	<u>June 30, 2018</u>
Total assets	\$ 112,001,700
Deferred outflows of pensions	823,568
Total liabilities	(57,903,143)
Deferred inflows of pensions	<u>(337,392)</u>
Total net position	<u>\$ 54,584,733</u>
Total revenues	\$ 68,937,153
Total operating expenses	(64,541,691)
Total non-operating income	<u>96,961</u>
Change in net position	<u>\$ 4,492,423</u>

Complete audited financial statements on the S.D.R.M.A. are on file with the general manager of the District.

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE 9: DEFINED BENEFIT PENSION PLAN

A. General Information about the Pension Plans

Plan Descriptions - All qualified regular and introductory employees of the District participate in a cost-sharing multiple employer defined benefit pension plans, administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. New members employed after January 1, 2013 are designated as PEPRM Miscellaneous and are subject to the provisions of California Government Code 7522 et seq. and AB 197. All other members employed prior to January 1, 2013 are designated as Miscellaneous First Tier Plan or Miscellaneous Second Tier Plan.

Contributions - Section 208149(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2018, depending on the plan, the active employee contribution rate ranges between 6.75% and 8.0% of annual pay, and the employer's contribution rate ranges between 6.985% and 11.432% of annual payroll.

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2019, the District reported net pension liabilities of \$944,816 for its proportionate shares of the net pension liability of the Plan.

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE 9: DEFINED BENEFIT PENSION PLAN (continued)

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2019 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2015 through June 30, 2018 were as follows:

		<u>Amount</u>
Proportion – June 30, 2015	\$	615,781
Proportion – June 30, 2016	\$	757,076
Proportion – June 30, 2017	\$	772,630
Proportion – June 30, 2018	\$	944,816

For the year ended June 30, 2018, the District recognized pension expense of \$145,640. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		<u>Deferred Outflows for Resources</u>		<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$	0	\$	0
Differences between actual and expected experience		148,633		38,734
Change in employer's proportion and differences between the employer's contributions and employer's proportionate share of contributions		<u>0</u>		<u>0</u>
Total	\$	<u>148,633</u>	\$	<u>38,734</u>

\$148,633 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense.

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE 9: DEFINED BENEFIT PENSION PLAN (continued)

C. Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2018 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2017 total pension liability. Both the June 30, 2017 total pension liability and the June 30, 2018 total pension liability were based on the following actuarial assumptions:

Actuarial Cost Method:	Entry Age Normal in accordance with the requirements of GASB Statement #68
Actuarial Assumptions:	
Discount Rate	7.0%
Inflation	2.65%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.0% Net of Pension Plan Investment and Administration Expenses; Includes Inflation
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.65% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.65% thereafter

All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the fiscal years, including updates to salary increase, mortality and retirement rates.

D. Discount Rate

The discount rate used to measure the total pension liability was 7.0% for the 2018/2019 fiscal year actuarial computations.

For subsequent fiscal years, starting in the 2018/2019 fiscal year, it was determined that the discount rate should be phased down to 7.0% for all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle. This determination was made during a scheduled CalPERS review completed February 2018.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE 9: DEFINED BENEFIT PENSION PLAN (continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the actual CalPERS asset class allocation at June 30, 2018.

Asset Class	Strategic Allocation
Global Equity	48.8%
Global Fixed Income	22.5%
Inflation Sensitive	5.9%
Private Equity	7.7%
Real Estate	10.8%
Liquidity	3.3%
Other	1.0%
Total	100%

E. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 7.0%, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.0% or 1% point higher (8.0%) than the current rate

	Discount Rate 1% (6.0%)	Current Discount Rate (7.0%)	Discount Rate 1% (8.0%)
Plans' Net Pension Liability/(Asset)	\$ 1,151,659	\$ 944,816	\$ 778,022

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE 9: DEFINED BENEFIT PENSION PLAN (continued)

F. Post-employment Benefits

In addition to pension benefits, the District provides post-retirement health care benefits through the California Public Employees' Retirement System. Employees who retire on or after attaining age 50 and are vested, are eligible for District paid health insurance.

For employees hired prior to February 1, 2006, the District's financial obligation is to pay 100% of the cost of coverage for the eligible retiree and any eligible dependents. For employees hired on or after February 1, 2006, the District's contribution percentage is based on the employee's years of CalPERS eligible service at retirement starting at 50% for employees with 10 years increasing by 5% per year of service up to 100%.

The District's maximum contribution is based on the applicable contribution percentage applied to the average weighted premium rates established annually by CalPERS. As of July 1, 2018 the maximum contribution is 90% of the lowest cost plan available in San Luis Obispo. The District also pays administrative fees equal to 0.33% of total premiums.

On July 1, 2018, the District conducted an actuarial valuation based on the Alternative Measurement Method to determine the required funding for this health care benefits program.

The actuarial accrued liability for the District's retiree health benefits program on this measurement date was determined to be \$1,456,130. This value is based on a discount rate of 6.5% and an inflation rate of 3.0%. The District's funding policy is to fund 100% of the annual required contribution determined through the California Employers' Retiree Benefit Trust (CERBT). Based on this valuation, the District contributed \$83,327 to an irrevocable trust to meet the current obligations of this program. Currently, five retired employees and their dependents are receiving 100% paid health care benefits totaling \$6,944 per month.

Below are the required disclosures for this plan:

Number of active participants		13
Employer's actuarially required contributions	\$	102,560
Employer's actual contributions	\$	98,692
Accrued Liability(AL)	\$	1,456,130
Actuarial Valuation of Assets(AVA)	\$	400,357
Unfunded Accrued Liability(UAL)=(AL less AVL)	\$	1,055,773
Funded Ratio(AVA/AL)		27%
Estimated Payroll	\$	645,139
UAL as a Percentage of Covered Payroll		163.7%

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

NOTE 10: SUBSEQUENT EVENTS

The District has evaluated events subsequent to June 30, 2019, to assess the need for potential recognition or disclosures in the financial statements. Such events were evaluated through November 8, 2019, the date these financial statements were available to be issued. Based upon this evaluation, it was determined that no other subsequent events occurred that require recognition or additional disclosure in the financial statements.

**REQUIRED SUPPLEMENTARY
INFORMATION**

HERITAGE RANCH COMMUNITY SERVICES DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
As of June 30, 2019

	<u>June 30,</u> <u>2015</u>	<u>June 30,</u> <u>2016</u>	<u>June 30,</u> <u>2017</u>	<u>June 30,</u> <u>2018</u>
Proportion of the net pension liability	0.024051%	0.024900%	0.02558%	0.02507%
Proportionate share of the net pension liability	\$615,781	\$757,076	\$805,086	\$834,917
Covered-employee payroll	\$600,300	\$686,124	\$588,355	\$630,044
Proportionate Share of the net pension liability as percentage of covered-employee payroll	102.58%	110.34%	136.83%	132.52%
Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	80.5%	78.1%	87.1%	86.97%
Proportionate Share of Aggregate Employer Contributions	\$93,706	\$99,444	\$103,627	\$115,809

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact.

* Fiscal year 2019 was the 4th year of implementation, therefore only four years are shown. Additional years will be presented as they become available.

HERITAGE RANCH COMMUNITY SERVICES DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS

As of June 30, 2019

	<u>2014 – 2015</u>	<u>2015 – 2016</u>	<u>2016 – 2017</u>	<u>2017 – 2018</u>
Actuarially determined contributions	\$ 93,706	\$ 99,444	\$ 103,627	\$ 115,809
Contributions in relation to the actuarially determined contributions	(93,706)	(99,444)	(103,627)	(115,809)
Contribution deficiency (excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Covered-employee payroll	\$ 600,300	\$ 686,124	\$ 588,355	\$ 630,044
Contributions as a percentage of covered-employee payroll	15.6%	14.5%	17.6%	18.4%

Notes to Schedule:

Valuation date:	6/30/2014	6/30/2015	6/30/2016	6/30/2017
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Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll
Asset valuation method	Market value
Inflation	3.0%
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.0% net of pension plan investment expense, including inflation

* Fiscal year 2019 was the 4th year of implementation, therefore only four years are shown. Additional years will be presented as they become available.

HERITAGE RANCH COMMUNITY SERVICES DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND EXPENSE
As of June 30, 2019

	GASB 75	
	Blended Rate	
	<u>July 1, 2017*</u>	
Discount Rate	6.5%	6.5%
Present Value of Future Benefits		
Fiscal year June 30,	<u>2018</u>	<u>2019</u>
Active	\$ 789,734	
Retired	937,993	
Total	<u>\$ 1,727,727</u>	<u>\$ 1,727,727</u>
Total OPEB Liability (Actuarial Liability)		
Active	\$ 450,681	
Retired	937,993	
Total	<u>\$ 1,388,674</u>	<u>\$ 1,456,130</u>
Plan Fiduciary Net Position (Plan Assets)	<u>\$ 348,266</u>	<u>\$ 400,357</u>
Net OPEB Liability (Unfunded Actuarial Liability)	<u>\$ 1,040,408</u>	<u>\$ 1,055,773</u>
Components of Net OPEB Expense for		
Fiscal year June 30,	<u>2018</u>	<u>2019</u>
Service Cost at Year-End	\$ 34,503	\$ 35,538
Interest Cost	88,082	90,665
Expected Return on Assets	(22,637)	(23,643)
Subtotal	<u>100,983</u>	<u>102,560</u>
Current year actuarial liability adjustment	190,467	(3,868)
Total	<u>\$ 291,450</u>	<u>\$ 98,692</u>

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF OPEB FUNDING PROGRESS

As of June 30, 2019

OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN

The schedule of funding progress below shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded actuarial accrued liability (UAAL)

FUNDED PROGRESS OF THE OPEB PLAN

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) Entry Age	Actuarial Value of Assets	Unfunded Liability (Excess Assets) (UAAL)	Funded Status	Annual Estimated Covered Payroll	UAAL as a Percentage of Payroll
7/1/2019	\$ 1,456,130	\$ 400,357	\$ 1,055,773	28%	\$ 645,139	163.7%
7/1/2017	\$ 1,388,674	\$ 348,266	\$ 1,040,408	25%	\$ 588,355	176.8%
7/1/2015	\$ 1,112,465	\$ 279,760	\$ 832,705	25%	\$ 600,300	138.7%
7/1/2013	\$ 1,321,029	\$ 224,197	\$ 1,096,832	17%	\$ 575,000	190.8%
7/1/2011	\$ 1,013,658	\$ 133,768	\$ 879,890	13%	\$ 598,600	147.0%
2/24/2010	\$ 657,360	-	\$ 657,360	0%	\$ 564,000	116.6%

The schedule of employer contributions below shows the recent history of the OPEB annual required actuarial contributions and the percentage actually contributed to the District's OPEB plan.

EMPLOYER CONTRIBUTIONS TO THE OPEB PLAN

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2019	\$ 98,692	100.0%
2018	\$ 100,983	100.0%
2017	\$ 84,736	59.4%
2016	\$ 84,366	73.0%
2015	\$ 89,669	100.0%
2014	\$ 89,422	100.0%
2013	\$ 85,140	100.0%

SUPPLEMENTARY INFORMATION

HERITAGE RANCH COMMUNITY SERVICES DISTRICT SCHEDULE 1

COMBINING STATEMENT OF NET POSITION

PROPRIETARY FUNDS

As of June 30, 2019

	Business Type Activities - Enterprise Funds				
	Water Fund	Sewer Fund	Solid Waste Fund	General Fund	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1,578,069	\$ 1,790,732	\$ 126,735	\$ -	\$ 3,495,536
Taxes receivable	8,224	1,684			9,908
Accounts receivable	163,979	56,101			220,080
Interest receivable	16,402	5,180			21,582
Inventory	32,912				32,912
Total current assets	1,799,586	1,853,697	126,735	-	3,780,018
Noncurrent assets:					
Investments:					
Restricted cash	112,948				112,948
Capital assets:					
Land and construction in progress	105,786	10,306			116,092
Property plant and equipment, net accumulated depreciation	4,818,837	1,226,348		100,403	6,145,588
Total noncurrent assets	5,037,571	1,236,654	-	100,403	6,374,628
Total assets	\$ 6,837,157	\$ 3,090,351	\$ 126,735	\$ 100,403	\$ 10,154,646
Deferred Outflows of Resources:					
Deferred pensions	\$ 59,453	\$ 32,699	\$ -	\$ 56,481	\$ 148,633
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 23,443	\$ 15,659	\$ -	\$ 3,178	\$ 42,280
Accrued payroll expenses					-
Interest payable	7,281				7,281
Compensated absences	52,397	34,932		23,181	110,510
Deposits	100				100
Notes payable - current portion	120,142				120,142
Total current liabilities	203,363	50,591	-	26,359	280,313
Long-term liabilities					
Net OPEB liability	422,309	232,270		401,194	1,055,773
Net pension liability	377,926	207,860		359,030	944,816
Notes payable, less current portion	1,597,795				1,597,795
Total noncurrent liabilities	2,398,030	440,130	-	760,224	3,598,384
Total liabilities	\$ 2,601,393	\$ 490,721	\$ -	\$ 786,583	\$ 3,878,697
Deferred Inflows of Resources:					
Deferred pensions	\$ 15,494	\$ 8,521	\$ -	\$ 14,719	\$ 38,734
NET POSITION					
Net investment in capital assets	3,206,686	1,236,654	-	100,403	4,543,743
Restricted for debt service	112,948				112,948
Restricted by resolution	960,089	1,387,154	126,735	(744,821)	1,729,157
Total net position	\$ 4,279,723	\$ 2,623,808	\$ 126,735	\$ (644,418)	\$ 6,385,848

See Auditor's report

HERITAGE RANCH COMMUNITY SERVICES DISTRICT SCHEDULE 2
 COMBINING STATEMENT OF REVENUES, EXPENSES AND PAGE 1 OF 2
 CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 As of June 30, 2019

Business Type Activities - Enterprise Funds					
	Water Fund	Sewer Fund	Solid Waste Fund	General Fund	Totals
Operating revenues:					
Utility sales	\$ 949,246	\$ 595,437	\$ -	\$ -	\$ 1,544,683
Turn-on fees	2,180	1,470			3,650
Hook-up fees	3,700	600			4,300
Late charges and miscellaneous				3,057	3,057
Total operating revenues	955,126	597,507	-	3,057	1,555,690
Operating expenses:					
Salaries and wages	236,946	157,964		235,134	630,044
Employee benefits and taxes	144,475	71,039		112,010	327,524
Publicity				1,784	1,784
Chemicals and gases	51,394	21,008			72,402
Engineering	27,320	4,252			31,572
Fuel and oil	8,700	5,800			14,500
Lab testing	12,636	23,804			36,440
Licenses and fees	11,464	8,881		9,458	29,803
Repairs and maintenance	49,466	37,723		3,862	91,051
Small tools and supplies	11,441	7,022		15,625	34,088
Uniforms and laundry	1,462	974			2,436
Alarm	868	868		1,736	3,472
Dues and publications	909	82		7,072	8,063
Insurance	10,823	8,246		6,699	25,768
Office expense				19,082	19,082
Professional services	9,552	6,678		21,674	37,904
Telephone and utilities	183,178	81,064		10,050	274,292
Training	194	783		1,613	2,590
Travel				3,000	3,000
Tax collections				5,286	5,286
Depreciation	285,591	136,102		17,525	439,218
Total operating expenses	1,046,419	572,290	-	471,610	2,090,319
Operating income (loss)	(91,293)	25,217	-	(468,553)	(534,629)

HERITAGE RANCH COMMUNITY SERVICES DISTRICT SCHEDULE 2
 COMBINING STATEMENT OF REVENUES, EXPENSES AND PAGE 2 OF 2
 CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 As of June 30, 2019

Business Type Activities - Enterprise Funds					
	Water Fund	Sewer Fund	Solid Waste Fund	General Fund	Totals
Non operating revenues (expenses):					
Taxes and assessments	195,166	106,454		53,227	354,847
Standby assessments	201,345	41,240			242,585
Franchise fees			70,209		70,209
Investment income	58,091	18,231			76,322
Interest expense	(44,736)				(44,736)
Annual required contributions for post employment benefits	(6,146)	(3,380)		(89,166)	(98,692)
Operating transfers in (out)	(261,248)	(201,087)	(40,382)	502,717	-
Total non operating revenues (expenses)	142,472	(38,542)	29,827	466,778	600,535
Income (loss) before contributions	51,179	(13,325)	29,827	(1,775)	65,906
Capital contributions - connection fees	53,206	35,403			88,609
Net income (loss)	104,385	22,078	29,827	(1,775)	154,515
Fund equity-beginning balance (as restated)	4,175,338	2,601,730	96,908	(642,643)	6,231,333
Fund equity-ending balance	\$ 4,279,723	\$ 2,623,808	\$ 126,735	\$ (644,418)	\$ 6,385,848

HERITAGE RANCH COMMUNITY SERVICES DISTRICT SCHEDULE 3
COMBINING STATEMENT OF CASH FLOWS PAGE 1 OF 2
PROPRIETARY FUNDS
As of June 30, 2019

Business Type Activities - Enterprise Funds					
	Water Fund	Sewer Fund	Solid Waste Fund	General Fund	Total
Cash flows from operating activities:					
Receipts from customers and users	\$ 989,100	\$ 595,884	\$ -	\$ 3,057	\$ 1,588,041
Payments to suppliers	(545,646)	(285,874)	-	(218,005)	(1,049,525)
Payments to employees	(244,398)	(162,931)		(245,896)	(653,225)
Net cash provided (used) by operating activities	199,056	147,079	-	(460,844)	(114,709)
Cash flows from non-capital and related financing activities:					
Taxes and assessments	195,166	106,454		53,227	354,847
Standby assessments	201,345	41,240			242,585
Franchise fees			70,209		70,209
Net transfer (to) from other funds	(261,248)	(201,087)	(40,382)	502,717	-
Net cash provided (used) by non-capital and related financing activities	135,263	(53,393)	29,827	555,944	667,641
Cash flows from capital and related financing activities:					
Change in net OPEB liability	6,146	3,380		5,839	15,365
Change in net pension liability	11,932	6,564		11,335	29,831
Principal paid on capital debt	(117,056)				(117,056)
Interest paid on capital debt	(44,736)				(44,736)
Acquisition of capital assets	(46,165)	(24,395)		(23,108)	(93,668)
Capital contributions	53,206	35,403			88,609
Other nonoperating capital activities				(98,692)	(98,692)
Net cash provided (used) by capital and related financing activities	(136,673)	20,952	-	(104,626)	(220,347)
Cash flows from investing activities:					
Investment income	58,091	18,231			76,322
Net cash provided by investing activities	58,091	18,231	-	-	76,322
Net increase (decrease) in cash and cash equivalents	255,737	132,869	29,827	(9,526)	408,907
Cash and cash equivalents - beginning	1,441,426	1,661,243	96,908	-	3,199,577
Cash and cash equivalents - ending	\$ 1,697,163	\$ 1,794,112	\$ 126,735	\$ (9,526)	\$ 3,608,484
Reconciliation to statement of net position:					
Total cash and cash equivalents	\$ 1,697,163	\$ 1,794,112	\$ 126,735	\$ (9,526)	\$ 3,608,484
Restricted cash and cash equivalents	(112,948)				(112,948)
Unrestricted cash and cash equivalents	\$ 1,584,215	\$ 1,794,112	\$ 126,735	\$ (9,526)	\$ 3,495,536

See Auditor's report

HERITAGE RANCH COMMUNITY SERVICES DISTRICT SCHEDULE 3
COMBINING STATEMENT OF CASH FLOWS PAGE 2 OF 2
PROPRIETARY FUNDS
As of June 30, 2019

Business Type Activities - Enterprise Funds					
	Water Fund	Sewer Fund	Solid Waste Fund	General Fund	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (91,293)	\$ 25,217	\$ -	\$ (468,553)	\$ (534,629)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities					
Depreciation	285,591	136,102	-	17,525	439,218
Change in operating assets and liabilities:					
(Increase) decrease in taxes receivable	(1,132)	2,184		1,934	2,986
(Increase) decrease in accounts receivable	33,974	(1,623)			32,351
Increase in interest receivable	(5,750)	(1,816)			(7,566)
Increase in inventory	(6,466)				(6,466)
Increase (decrease) in accounts payable	4,821	(8,018)		(988)	(4,185)
Decrease in accrued payroll	(9,149)	(6,099)		(21,539)	(36,787)
Decrease in interest payable	(576)				(576)
Increase in compensated absences	1,697	1,132		10,777	13,606
Decrease in deposits	(12,661)				(12,661)
 Net cash provided (used) by operating activities	 \$ 199,056	 \$ 147,079	 \$ -	 \$ (460,844)	 \$ (114,709)

See Auditor's report

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors

FROM: Scott Duffield, General Manager
Steve Tanaka, District Engineer
Tim Holmes, Kenwood Energy

DATE: December 19, 2019

SUBJECT: Request to approve draft Design-Build contract documents for the Photovoltaic System Project and direct staff to advertise for proposals.

Recommendation

It is recommended that the Board of Directors approve draft Design-Build contract documents for the Photovoltaic System Project (Project) and direct staff to advertise for proposals.

Background

Your Board previously approved Design-Build contract documents and a Request for Proposals (RFP) for the Project which were published on September 20, 2019. There were four proposals submitted; however, due to potential changes to the Project all Design-Build proposals were rejected by your Board at the November 21st meeting.

Discussion

Your Board directed staff to evaluate potential changes to the Project that have been identified and return to the Board with updated Design-Build contract documents and RFP as soon as possible. The proposed changes to the Project are due to changes to PG&E time-of-use rates and rules, and potential upgrades to existing electrical infrastructure at the Water Treatment Plant that came into question during the previous proposal review process.

In summary the proposed changes to the Project are:

- Increased desired size of WWTP site to 162 kW DC (Notice page 1; RFP page 6; TS page 1)
- Increased desired size of WTP site to 385 kW DC (Notice page 1; RFP page 6; TS page 1)
- Included an explicit request for budgetary estimate to upgrade existing panel at the WTP if necessary to accommodate the desired 385 kW DC (RFP page 5-6; Proposal Cost Sheets; TS page 1)

- Included base proposal option for a system at the WTP that does not exceed the existing rating of the panel, estimated to be ~249 kW DC (RFP page 6; Proposal Cost Sheets; TS page 1)
- Included that Design-Builder shall include PG&E coordination as part of their services (TS page 2)
- Revised the modules to be Jinko HC 72M G2 or approved equal (TS page 6)
- Included information for existing electrical infrastructure at WTP site (TS Exhibit 3)

The complete Design-Build contract documents consist of three parts:

- Part I – Notice Inviting Proposals, Request for Proposals, and Agreement Forms
- Part II – Conditions of the Contract
- Part III – Technical Specifications

Staff recommends that your Board approve of the updated draft Design-Build contract documents for the Project and direct staff to advertise for proposals.

Fiscal Considerations

There are enough cash reserves to fund the Project and energy cost savings will also be realized.

As previously directed by your Board, staff is moving forward with applying for a private placement loan to partially fund the Project. The private placement loan process is like a project itself and includes the placement agent issuing a Request for Proposals to numerous banks, and usually takes about 45-60 days to complete once the RFP is issued. Your Board previously adopted a reimbursement resolution that allows pay back of the cash reserves with the private placement loan. The loan application will be brought to your Board for approval at a future meeting.

Next Steps

If your Board approves the updated Design-Build documents and directs staff to advertise for proposals, then the table below is the anticipated schedule based on previous direction to staff to return to the Board as soon as possible.

Advertise for Proposals	December 20, 2019	
Proposer Questions Due	December 30, 2019	
District Responses to Questions Due	January 2, 2020	
Addenda issued by	January 6, 2020	
Proposals Due	January 9, 2020	
Contract Award	January 16, 2020	

Attachments: Draft Design-Build Contract Documents for the Photovoltaic (PV) System Project

File: Projects_PVS

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

PHOTOVOLTAIC (PV) SYSTEM PROJECT

NOTICE INVITING PROPOSALS/REQUEST FOR PROPOSALS

NOTICE IS HEREBY GIVEN that the HERITAGE RANCH COMMUNITY SERVICES DISTRICT (Owner or District) hereby requests Design-Build proposals for the Owner's Photovoltaic (PV) System Project. Proposals must be received at:

WALLACE GROUP
612 CLARION COURT
SAN LUIS OBISPO, CA 93401

until Thursday January 9, 2020, at 5 pm (pacific standard time), or such later date as may be set by Addendum, at above mentioned time and address. Once received, proposals will be evaluated by Owner, and Owner may conduct interviews to further assess merits of the Design-Build Team. A summary of the Work is as follows:

- BASE PROPOSAL OF ~547 KW DC OF PV AT TWO DISTRICT SITES
- ADD-ALTERNATE – OPTION 1 OF ~50 KW DC AT 6 ADDITIONAL SITES
- ADD-ALTERNATE – OPTION 2 FOR MAINTENANCE AND CLEANING SERVICES (for base proposal only)

as specified herein and as further described in the Request for Proposals (RFP).

LOCATION OF THE WORK - The work is located at Heritage Ranch, on District-owned properties, 4870 Heritage Road, Heritage Ranch, CA, west of the City of Paso Robles near Lake Nacimiento.

AWARD OF CONTRACT- In accordance with California Government Code §4217.10, the OWNER intends to award a contract **to the selected design-build team/proposal, that best suits and meets the District's Project Objectives and provides the greatest overall value to the District.** Proposals will be based on merits, on a qualifications-based (QBS) approach, with consideration of overall Project costs. The District will conduct interviews with a short-list of the top three DB teams, and will enter into negotiations with the top ranked DB team. Refer to the RFP for further details.

FORM OF THE PROPOSAL - DB firms must submit proposals on the proposal bid forms provided, and shall follow all instructions set forth in the RFP. Incomplete proposals may not be considered by the District. Prospective DB teams may contact Owner's Consultant/District Engineer Steven Tanaka, Wallace Group, at (805) 544-4011 for additional information. Proposers may attend a non-mandatory site walk, scheduled for Monday, December 30, 2019, at 9 am, 4870 Heritage Road, Paso Robles (Heritage Ranch), CA. Proposers must RSVP to Steven Tanaka, Wallace Group, via email at stevent@wallacegroup, at least 24 hours prior to this scheduled date and time. If no proposers RSVP for this scheduled site walk, the site walk will be cancelled, so it is critical that Proposers confirm attendance as indicated above.

Proposers are advised that the District will receive questions pertaining to this RFP until 3 pm, December 30, 2019, and will respond to such questions no later than 3 pm, January 2, 2020.

Should questions warrant the issuance of an addendum, such addenda will be issued no later than 3 pm, Monday, January 6, 2020. All questions shall be submitted via email to Steven Tanaka, Wallace Group, at stevent@wallacegroup.us. Questions and responses to questions will be provided to all DB teams listed on the planholders list that is maintained by the District Engineer..

PERFORMANCE SECURITIES – The successful DB team will be required to furnish a payment bond and faithful performance bond in the full amount of the Contract price, and insurance with certificates and endorsements of insurance, as provided in the Contract Documents. The required bonds must be provided only by a surety insurer who is duly admitted by the Insurance Commissioner of the State of California.

DB CONTRACTOR LICENSING - In accordance with the provisions of California Public Contract Code Section 3300, Contractor(s) shall possess a valid California State contractor licenses for corresponding disciplines at the time of proposal issuance. Proposers shall state what licenses are required, and shall submit proof of licensure with the California State Licensing Board with the Proposal. Failure to possess such licenses shall render the Bid as non-responsive and shall act as a bar to award of the Contract to any bidder not possessing said license at the time of award. In the event of dispute over classification of the license required, the opinion of the California State License Board shall prevail.

WAGE RATE REQUIREMENTS - In accordance with the provisions of California Labor Code Sections 1770,1773, 1773.1, 1773.6 and 1773.7 as amended, the Director of the Department of Industrial Relations has determined the general prevailing rate of per diem wages in accordance with the standards set forth in Section 1773 for the locality in which the work is to be performed. A copy of said wage rates is on file at the office of the OWNER. It shall be mandatory upon the contractor to whom the work is awarded and upon any subcontractor under the contractor to pay not less than said specified rates to all workmen employed by them in the execution of the work.

DB CONTRACTOR REGISTRATION WITH DEPARTMENT OF INDUSTRIAL RELATIONS – In accordance with California Labor Code Section 1725.5, DB Contractors and Subcontractors (as defined by California Labor Code Section 1722.1) bidding on Public Works contracts in California shall be registered with the Department of Industrial Relations. DB Contractor shall verify that this requirement has been met, prior to award of Contract.

AGREEMENT TO ASSIGN - In accordance with Section 4552 of the California Government Code, the DB team shall conform to the following requirements: In submitting a bid to a public purchasing body, the bidder offers and agrees that if the bid is accepted, it will assign to the purchasing body all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act 15 U.S.C. 15, or under the Cartwright Act, Chapter 2.

DEPOSIT OF SECURITIES IN LIEU OF RETAINAGE - The DB Contractor may elect to receive 100 percent of payment due under the Contract Documents from time to time, without retention of any portion of the payment by the OWNER, by depositing securities of equivalent value with the OWNER in accordance with the provisions of Section 20300 of the California Public Contract Code. Such securities, if deposited by the Contractor, shall be valued by the OWNER, whose decision on valuation of the securities shall be final. Securities eligible for investment under this provision shall be limited to those listed in Section 16430 of the California Government Code or bank or savings and loan certificates of deposit.

The successful DB team must ensure that employees and applicants for employment are not discriminated against on the basis of age, color, race, national origin, ancestry, religion, sex, sexual preference, marital status, and shall comply with the Americans with Disabilities Act.

Date: _____

OWNER: _____
HERITAGE RANCH COMMUNITY SERVICES DISTRICT

END OF NOTICE INVITING PROPOSALS

**REQUEST FOR PROPOSALS
HERITAGE RANCH COMMUNITY SERVICES DISTRICT
PHOTOVOLTAIC (PV) SYSTEM PROJECT**

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REQUEST FOR PROPOSALS

HERITAGE RANCH COMMUNITY SERVICES DISTRICT PHOTOVOLTAIC (PV) SYSTEM PROJECT

ARTICLE 1 – DEFINITIONS; RFP DOCUMENTS

1.01 *Definitions*

- A. Terms used in this Request for Proposals (RFP) have the meanings indicated in the General Conditions and Supplementary Conditions. Additional terms have the meanings indicated below:
1. RFP Documents: This Request for Proposals; the RFQ Documents; and any forms, Project information, technical information, site information, budget information, proposed Contract Documents, or other documents issued with or incorporated by the RFP.
 2. RFQ Documents: The Advertisement or Invitation, Request for Qualifications, and any forms, Project information, technical information, site information, budget information, proposed Contract Documents, or other documents issued with or incorporated by the RFQ.
 3. Proposer: An entity that submits a Proposal to Owner.
 4. Statement of Qualifications: The document submitted by a Proposer in response to the RFQ, including any completed forms, attachments, and exhibits.
- B. In addition to terms specifically defined, terms with initial capital letters in the RFP include references to identified articles and paragraphs, and the titles of other documents or forms.

1.02 *Obtaining and Using RFP Documents*

- A. The RFP Documents may be downloaded from the District's website, www.heritageranchcsd.ca.gov, or such documents can be emailed by contacting Steven Tanaka, Wallace Group, at (805) 544-4011 or stevent@wallacegroup.us. If the RFP documents are downloaded from the District's website, and you desire to be placed on the planholders' list, you must contact Steven Tanaka, Wallace Group, at the above telephone and/or email address in order to ensure you receive updates, addenda and other important information pertaining to the Project. Owner will not assume any responsibility for prospective proposers not following these instructions. Hard copies of RFP documents will not be made available to prospective proposers.
- B. Proposers must use complete sets of RFP Documents in preparing the Proposal. Owner will not assume any responsibility for errors or misinterpretations resulting from the use of incomplete sets of RFP Documents.
- C. Copies of RFP Documents available on the above terms are only for the purpose of obtaining Proposals and do not confer a license or grant to Proposers for any other use.

ARTICLE 2 – PRE-PROPOSAL CONFERENCE

2.01 *Date, Location, and Terms of Pre-Proposal Site Walk*

- A. A non-mandatory pre-Proposal site walk will be scheduled for the date, time and location stated in the Notice Inviting Proposals. Representatives of Owner will be present to discuss the Project.

ARTICLE 3 – PROPOSER’S REPRESENTATIONS

3.01 *Representations: It is the responsibility of each Proposer before submitting a Proposal to:*

- A. Examine and carefully study the RFP Documents, and any data and reference items identified in the RFP Documents.
- B. Visit the Site, conduct a thorough, alert visual examination of the Site and adjacent areas, and become familiar with the general, local, and Site conditions that may affect cost, progress, and performance of the Work.
- C. Become familiar with all Laws and Regulations that may affect cost, progress, and performance of the Work.
- D. Note: District does not have reports of explorations and tests of subsurface conditions at or adjacent to the Sites. It is the responsibility of the successful DB team to conduct subsurface explorations the DB team deems necessary for the Work. Such services shall be included in the Proposed Fees for the PV Project, and no additional compensation will be provided to the DB Team therefore.
- E. Carefully study all available: drawings of physical conditions relating to existing surface or subsurface structures at the Sites, if any, that Owner has identified or made available to Proposer, especially with respect to Technical Data in such reports and drawings, and (2) reports and drawings relating to Hazardous Environmental Conditions, if any, at or adjacent to the Site that Owner has identified or made available to Proposer, especially with respect to Technical Data in such reports and drawings
- F. Consider the information known to Proposer itself, and to members of Proposer’s design-build team; information commonly known to design professionals, design-builders, and contractors doing business in the locality of the Site; information and observations obtained from visits to the Site; the RFP Documents; and the Site-related reports and drawings (if any) identified in the RFP Documents or otherwise made available to Proposer, with respect to the effect of such information, observations, and documents on (1) the cost, progress, and performance of the Work; (2) the project design; (3) the means, methods, techniques, sequences, and procedures of construction to be employed by Proposer; and (4) Proposer’s safety precautions and programs.
- G. Agree, based on the information and observations referred to in the preceding paragraph, that at the time of submitting its Proposal no further examinations, investigations, explorations, tests, studies, or data are necessary for the preparation of its Proposal for performance of the Work at the prices stated and within the times required, and in accordance with the other terms and conditions of the RFP Documents.
- H. Become aware of the general nature of the work to be performed by Owner and others at the Site that relates to the Work as indicated in the RFP Documents.

- I. Promptly give Owner written notice of all conflicts, errors, ambiguities, or discrepancies that Proposer discovers in the RFP Documents, and confirm that the written response from Owner is acceptable to Proposer.
- J. Determine that the RFP Documents are generally sufficient to indicate and convey understanding of all terms and conditions for the performance and furnishing of the Work.
- K. Agree that the submission of a Proposal will constitute an incontrovertible representation by Proposer that Proposer has complied with every requirement of this Article, that without exception the Proposal and all prices in the Proposal are premised upon performing and furnishing the Work required by the RFP Documents.

ARTICLE 4 – EXAMINATION OF SITE AND SITE-RELATED DOCUMENTS; OWNER’S SAFETY PROGRAM; OTHER WORK AT THE SITE

4.01 *Site and Other Areas*

- A. The Sites are identified in the RFP Documents. By definition, the Sites include rights-of-way, easements, and other lands furnished by Owner for the use of the Design-Builder. Any additional lands required for temporary construction facilities, construction equipment, or storage of materials and equipment, and any access needed for such additional lands, will be made available by the Owner. DB Contractor shall coordinate with District staff for suitable construction and staging areas. Refer to the Technical Specifications for additional information pertaining to Contractor's storage and laydown areas.

4.02 *Existing Site Conditions*

- A. Subsurface and Physical Conditions; Hazardous Environmental Conditions.
 - 1. The Supplementary General Conditions identify:
 - a. those reports known to Owner of explorations and tests of subsurface conditions at or adjacent to the Site.
 - b. those drawings known to Owner of physical conditions relating to existing surface or subsurface structures at the Site (except Underground Facilities).
 - c. reports and drawings known to Owner relating to Hazardous Environmental Conditions that have been identified at or adjacent to the Site.
 - d. Technical Data contained in such reports and drawings.
 - 2. Owner will make PDF copies of available reports and drawings referenced above available to any Proposer on request. These reports and drawings are not part of the Contract Documents, but the Technical Data contained therein upon whose accuracy Proposer is entitled to rely, as provided in the General Conditions, has been identified and established in the Supplementary General Conditions. Proposer is responsible for any interpretation or conclusion Proposer draws from any Technical Data or any other data, interpretations, opinions, or information contained in such reports or shown or indicated in such drawings. The District has made available the following listed documents, and such documents are available on the District's web site, www.heritageranchcsd.ca.gov. Proposers must email stevent@wallacegroup.us to acknowledge when these documents have been successfully downloaded and received.

- HRCSD Wastewater Treatment Plant Plans dated 1977.
 - Jim McWilliams Water Treatment Plant Plans dated 1992
 - Soils Engineering Report, Heritage Ranch Water Treatment Plant, dated January 31, 1992.
3. If the Supplementary General Conditions do not identify Technical Data, the default definition of Technical Data set forth in Article 1 of the General Conditions will apply. The DB Team shall provide necessary services to perform the Work, as described in the Technical Specifications and these Contract Documents.
- B. *Adequacy of Data:* Provisions concerning responsibilities for the adequacy of data furnished to prospective Proposers with respect to subsurface conditions, other physical conditions, and Underground Facilities, and possible changes in the RFP Documents due to differing or unanticipated subsurface or physical conditions appear in Paragraphs 5.03, 5.04, and 5.05 of the General Conditions. Provisions concerning responsibilities for the adequacy of data furnished to prospective Proposers with respect to a Hazardous Environmental Condition at the Site, if any, and possible changes in the Contract Documents due to any Hazardous Environmental Condition uncovered or revealed at the Site which was not shown or indicated in the Drawings or Specifications or identified in the Contract Documents to be within the scope of the Work, appear in Paragraph 5.06 of the General Conditions.
- 4.03 *Site Visit and Testing by Proposers*
- A. Refer to Notice Inviting Proposals.
- B. Proposer shall comply with all applicable Laws and Regulations regarding excavation and location of utilities, obtain all permits, and comply with all terms and conditions established by Owner or by property owners or other entities controlling the Site with respect to schedule, access, existing operations, security, liability insurance, and applicable safety programs.
- 4.04 *Owner's Safety Program*
- A. Site visits and work at the Site may be governed by an Owner safety program. As the General Conditions indicate, if an Owner safety program exists, it will be noted in the Supplementary Conditions.
- 4.05 *Other Work at the Site*
- A. Reference is made to Article 10 of the Supplementary General Conditions for the identification of the general nature of other work of which Owner is aware (if any) that is to be performed at the Site by Owner or others (such as utilities and other prime contractors) and relates to the Work contemplated by these RFP Documents. If Owner is party to a written contract for such other work, then on request, Owner will provide to each Proposer access to examine such contracts (other than portions thereof related to price and other confidential matters), if any.

ARTICLE 5 – INTERPRETATIONS AND ADDENDA

- 5.01 All questions about the meaning or intent of the Proposal Documents are to be directed to Owner's Consultant in writing (see Notice Inviting Proposals). Oral and other interpretations or clarifications will be without legal effect.

- 5.02 Addenda may be issued to clarify, correct, or change the Proposal Documents as deemed advisable by Owner.

ARTICLE 6 – TECHNICAL PROPOSAL

6.01 *Proposal Submission Requirements. Submit the following with the proposal:*

- A. Six (6) hard copies of the Proposal, plus one PDF on a thumb or jump drive (do not provide electronic copy of your fee proposal on the thumb drive).
- B. All Proposal Sheets
- C. Safety Program and Loss Experience for last three years (IIPP, OSHA 300 log, Fall Protection Training, etc.)
- D. Construction Schedule, Overall Project Schedule
- E. Product Data Sheets (see Part 3 of Technical Specifications)
- F. All information listed in Article 6.02 Proposal Format.
- G. Also provide information listed in Article 12.01.

6.02 *Proposal Format*

1. To Assist Owner's review of proposals, arrange proposals per the below suggested format and order. Proposals shall be brief, and shall not include an abundance of irrelevant information.
 - a. Letter of Transmittal. Provide a brief transmittal letter (2 pages maximum) transmitting the Proposal to the District.
 - b. Table of Contents.
 - c. Section 1. Project Understanding and Approach. Provide your team's understanding and approach to the overall project. Discuss issues and concerns, and express your ideas and methodology on how best to approach and execute the project to meet the District's project goals and objectives. Please provide an overview of what is involved if a panel upgrade at the Water Treatment Plant is necessary, including a summary of all materials and labor.
 - d. Section 2. Project Team/Qualifications. Provide organization chart showing the proposed team, team organization/lines of communication, and team member qualifications germane to this project. Clearly state your proposed project manager and corresponding qualifications. Differentiate between Overall Project Manager, and Project Manager during construction, if different team members. Include all subconsultants as part of the proposed team, describe their corresponding qualifications germane to the Project, and your past working relationships with each subconsultant. Full resumes shall be placed in Appendix A.
 - e. Section 3. Relevant Project Experience. Provide your team's relevant project experience as it relates to the nature of this project, including the experience of proposed subconsultants. Include projects of similar nature, magnitude and complexity to this project. Provide the year(s) the Work was performed, and identify key team members and their roles on the project. Projects listed should

be specifically relevant to key aspects of the District's Project. Provide three references for projects/project experience described in this Section. At least one of these references must be for a project managed by the proposed Project Manager, and at least one of the references must be for a public agency.

- f. Section 4. Scope of Services/Contract Exceptions. Provide a detailed scope of services for the project, embellishing upon the RFP requirements, District's Goals and Objectives, and requirements in the Technical Specifications. Provide a subsection for any proposed exceptions to the District's Agreement for Services (Owner/DB Team Contract).
- g. Section 5. Project Schedule. Provide a detailed project schedule, in graphic format, along with written explanation of assumptions, or specific details, issues or concerns regarding the proposed schedule. Show graphically and clearly indicate all schedule components, those schedule items for District and agency review, permitting, and other items as deemed necessary. Include in the schedule all anticipated time allotments for agency reviews, public participation, and other schedule provisions. Clearly state all assumptions and basis for the proposed schedule.
- h. Section 6. Financial Resources. Provide information on DB team's financial strength and integrity to complete Project, and including years in business. Provide for DB Contractor, financial audit report of most recent complete year.

6.03 *Technical Proposal Criteria*

A. Proposer shall submit a Technical Proposal that meets the following criteria:

- 1. Base Proposal Overview: The District is seeking proposals for PV systems at the water treatment plant and at the wastewater treatment plant that offset ~90% of the energy cost at the facility and adjoining accounts via the NEMA tariff. The installation at the water treatment plant may require upgrade of the electric panel to accommodate the preferred PV system size, and it is also possible that PG&E will be required to upgrade its transformer and the wire from its transmission and distribution system to the transformer; however, such determination will need to be made as part of the design-build effort. In consideration of this, the District is requesting your Proposal provide:
 - a. Base proposal for an ~ 162 kW DC PV system at the wastewater plant.
 - b. Base proposal for an ~385 kW DC PV system at the water treatment plant (assuming no upgrades to the panel, transformer, and wiring at the water treatment plant are required).
 - c. Budgetary estimate of cost to upgrade the existing panel at the Water Treatment Plant if necessary to accommodate the desired ~385 kW DC PV system. Please be sure to provide a narrative describing what is expected for upgrading the panel and the materials involved. Include this budgetary estimate as a separate line item in your Base Proposal for the Water Treatment Plant.
 - d. Optional base proposal for a PV system at the water treatment plant that does not exceed the existing 300 amp rating of the panel, estimated to be ~249 kW DC. This is the PV system the District may contract for if the cost of the panel upgrade

(item c) and/or PG&E's costs to upgrade the transformer and the transformer interconnection is determined by the District to be cost prohibitive.

2. PV system aesthetics will be a consideration in final selection, and the selected DB team shall present aesthetic considerations in the proposal. DB teams will be required to design PV system to meet the aesthetic aspects included in their corresponding proposal.
 3. PV systems shall be designed to meet the technical specification requirements included as Part III Technical Specifications, and considering site constraints at the PV locations shown in Exhibit 1 included at the end of these referenced Technical Specifications.
 4. Overall project implementation schedule will be a key factor in the selection of the successful DB team.
- B. Add-Alternate Scope Option 1: The District may consider including the projects in Table 2 at its discretion.

Table 2

	Estimated kW DC
SCADA	~10
Lift Station 2	~12
Lift Station 3	~9
Lift Station 10	~8
Pump Station 6	~6
Lift Station 1	~6
Total	~51

6.04 Add-Alternate Scope Option 2: Provide pricing for the operations and maintenance described in Part 8, for the Base Proposal items only. Refer to the Part III Technical Specifications.

6.05 *Ownership Rights*

- A. An unsuccessful Proposer shall retain an ownership and property interest in the Technical Proposal. Such documents are not intended or represented to be suitable for use or reuse by Owner or others on the Project or on any other project. Any such use or reuse will be at Owner's sole risk and without liability or legal exposure to unsuccessful Proposer, and Owner shall indemnify and hold harmless unsuccessful Proposer from all claims, damages, losses and expenses including attorneys' fees arising out of or resulting from any such use or reuse.

6.06 *Deviations from Conceptual Documents*

- A. Technical Proposals may include deviations from the Conceptual Documents provided that such deviations are called to the Owner's attention in a clear, express manner.

6.07 *Evaluation of Technical Proposals*

A. ***Proposals will be evaluated by Owner based on overall merits and meeting Project objectives, with consideration of overall cost. The basis of award of the Project will be based on the Base Proposal Items of Work. Criteria for evaluating and ranking proposals will be as follows:***

1. Proposal: Completeness; Clarity; Addresses issues detailed in RFP and Technical Specifications; Correct number of hard copies and electronic copies; Value added benefits; Reference Checks; etc.
2. Proposer's Finances: Strength; Years in Business; Clarity of audited Financials; Assets sufficient to complete the Project, etc.
3. Engineering: Meets technical requirements of the RFP and Technical Specifications; details that address engineering challenges, etc.
4. Overall project schedule and timeliness of completion.
5. Experience/Qualifications: meets the requirements outlined in the RFP; Provides details of projects similar in scope; Experience working with public agencies, etc.
6. Financial Return: Meets the design criteria of the RFP, and provides the greatest lifetime value/rate of return to the Owner.

ARTICLE 7 – PRICE PROPOSAL

7.01 *Base Price Proposal with Alternates*

- A. Proposers shall submit a Price Proposal on a stipulated price basis for the base price, and include a separate price for each alternate described in the RFP and Contract Documents, and as provided for in the Price Proposal Forms. The price for each alternate will be the amount added to or deleted from the base price if Owner selects the alternate.
- B. In the comparison of Price Proposals, Owner will evaluate Base Proposal costs on a life cycle/rate of return basis. Costs for alternates will be considered for addition to the Contract, at the sole discretion of the Owner.

ARTICLE 8 – PROPOSAL SECURITY - NOT USED (NOT REQUIRED)

ARTICLE 9 – CONTRACT TIMES

9.01 *Completion of the Work*

- A. Proposer shall set forth in the Proposal the time by which Proposer shall achieve Substantial and Final Completion, subject to the restrictions established in Paragraph 2.03 of the Agreement. The Owner will take Proposer's time commitment regarding Substantial and Final Completion into consideration during the evaluation of Proposals, and it will be necessary for the apparent Successful Proposer to satisfy Owner that it will be able to achieve Substantial Completion within the time such Proposer has designated in the Proposal. The Successful Proposer's time commitments will be entered into the Agreement (or incorporated in the Agreement by reference to the specific terms of the Proposal).

ARTICLE 10 – LIQUIDATED DAMAGES

10.01 *Late Completion*

- A. Provisions for liquidated damages, if any, for failure to timely attain a Milestone, Substantial Completion, or completion of the Work in readiness for final payment, are set forth in the Agreement.

ARTICLE 11 – FORMAL REQUIREMENTS

11.01 *Proposal Execution Requirements*

- A. A Proposal by a corporation shall be executed in the corporate name by a corporate officer (whose title must appear under the signature), accompanied by evidence of authority to sign. The corporate address and state of incorporation shall be shown.
- B. A Proposal by a limited liability company shall be executed in the name of the firm by a member or other authorized person and accompanied by evidence of authority to sign. The state of formation of the firm and the official address of the firm shall be shown.
- C. A Proposal by an individual shall show the Proposer's name and official address.
- D. A Proposal by a joint venture shall be executed by an authorized representative of each joint venturer in the manner indicated on the Proposal Form. The official address of the joint venture shall be shown.
- E. All names shall be printed in ink below the signatures.
- F. The Proposal shall contain an acknowledgment of receipt of all Addenda, the numbers of which shall be filled in on the Proposal Form.
- G. Postal and e-mail addresses and telephone number for communications regarding the Proposal shall be shown.

ARTICLE 12 – SUBCONTRACTORS, DESIGN PROFESSIONALS, SUPPLIERS, AND OTHERS

12.01 *Supplementing the Proposal*

- A. Proposer shall supplement its Proposal by furnishing the names and relevant information regarding key players of the design-build team. Refer to Article 6 of this RFP.
- B. Submit:
 - 1. Experience Qualification sheet with DB Contractor's experience as indicated
 - 2. DB Contractor's Licensing Statement
 - 3. List of Subcontractors

ARTICLE 13 – SUBMITTAL OF PROPOSALS

- 13.01 Proposals, including all their component parts, shall be submitted no later than the date, time and at the location specified in the Notice Inviting Proposals.
- 13.02 A Proposal shall be enclosed in a plainly marked package stating the Project title, and the name and address of Proposer. The Price Proposal shall be included in the package, and shall itself be

enclosed in a separate sealed envelope marked "Price Proposal." The Proposal must be accompanied by all other required documents. If a Proposal is sent by mail or other delivery system, the sealed envelope containing the Proposal shall be enclosed in a separate mailing or delivery package plainly marked on the outside with the notation "PROPOSAL ENCLOSED." A mailed Proposal shall be addressed to the location specified in the Notice Inviting Proposals. ELECTRONIC SUBMITTALS (ONLY) OF PROPOSALS SHALL NOT BE ALLOWED.

- 13.03 Proposals received after the date and time prescribed for the opening of Proposals, or not submitted at the correct location or in the designated manner, will not be accepted and will be returned to the Proposer unopened.

ARTICLE 14 – MODIFICATION AND WITHDRAWAL OF PROPOSAL

- 14.01 A Proposal may be withdrawn by an appropriate document duly executed in the same manner that a Proposal must be executed and delivered to the place where Proposals are to be submitted prior to the date and time for the opening of Proposals. Upon receipt of such notice, the unopened Proposal will be returned to the Proposer.
- 14.02 If a Proposer wishes to modify its Proposal prior to Proposal opening, Proposer must withdraw its initial Proposal in the manner specified in Paragraph 16.01 and submit a new Proposal prior to the date and time for the opening of Proposals.
- 14.03 If within 24 hours after Proposals are opened any Proposer files a duly signed written notice with Owner and promptly thereafter demonstrates to the reasonable satisfaction of Owner that there was a material and substantial mistake in the preparation of its Proposal, that Proposer may withdraw its Proposal. Thereafter, if the Work is rebid, that Proposer will be disqualified from further bidding on the Work.

ARTICLE 15 – OPENING OF PROPOSALS

- 15.01 Proposals will be opened privately. The District will rank proposals based on technical qualifications and merit, with consideration of overall cost.

ARTICLE 16 – PROPOSALS TO REMAIN SUBJECT TO ACCEPTANCE

- 16.01 All Proposals will remain subject to acceptance for the period of time stated in the Proposal Form, but Owner may, in its sole discretion, release and return any Proposal prior to the end of that period.

ARTICLE 17 – INTERVIEWS WITH PROPOSERS

- 17.01 *Interviews*
- A. Interviews may be conducted by the District at their sole discretion. If such interviews are conducted, the District will coordinate directly with DB teams to be interviewed, and such interviews would take place prior to January 16, 2020 (at District's Administration Office). Proposers shall endeavor to maintain schedules available for anticipated interviews during this time.

ARTICLE 18 – EVALUATION OF PROPOSALS

- 18.01 *Technical Proposals:* The procedures applicable to evaluating and scoring the Technical Proposal are set forth in Article 6 of this RFP.
- 18.02 *Price Proposals:* The procedures applicable to evaluating and ranking the Price Proposals are as follows:
- A. Owner will evaluate price proposals with respect to meeting overall project objectives, reasonableness of costs, anticipated life cycle costs, and anticipated rates of return. DB Team selection will not be based solely on pricing. Refer to Notice Inviting Proposals, "AWARD OF CONTRACT".
- 18.03 In evaluating a Proposal, Owner may consider whether the Proposal complies with the RFP and includes any prescribed documents and other data requested in the RFP.
- 18.04 Owner may conduct such investigations as Owner deems necessary to assist in the evaluation of any Proposal and to establish the responsibility, qualifications, and financial ability of Proposers and proposed engineers, Project Design Professionals, Construction Subcontractors, Suppliers, and other individuals and entities to perform and furnish the Work in accordance with the Contract Documents.

ARTICLE 19 – REJECTION OF ALL PROPOSALS; DISCREPANCIES

- 19.01 Owner reserves the right to reject any or all Proposals, including without limitation, nonconforming, nonresponsive, unbalanced, or conditional Proposals. Owner will reject the Proposal of any Proposer that Owner finds, after reasonable inquiry and evaluation, to not be responsible. If Proposer purports to add terms or conditions to its Proposal, takes exception to any provision of the RFP Documents, or attempts to alter the contents of the Contract Documents for purposes of the Proposal, then the Owner will reject the Proposal as nonresponsive; provided that Owner also reserves the right to waive all minor informalities not involving price, time, or changes in the Work.

ARTICLE 20 – AWARD OF CONTRACT

- 20.01 If the Contract is awarded, Owner will award the Contract to the Proposer whose Proposal is in the best interests of the Owner/Project, and pursuant to the procedures set forth in this RFP.
- 20.02 If the contract is awarded, Owner will give Successful Proposer a Notice of Award within 60 days after the day of the Proposal opening.

ARTICLE 21 – BONDS AND INSURANCE

- 21.01 Article 6 of the General Conditions, as may be modified by the Supplementary General Conditions, sets forth Design-Builder's requirements as to performance and payment bonds and insurance. When the Successful Proposer delivers the executed Agreement to Owner, it must be accompanied by the required Bonds.

ARTICLE 22 – SIGNING OF AGREEMENT

22.01 When Owner issues a Notice of Award to the Successful Proposer, it shall be accompanied by the unexecuted counterparts of the Agreement along with the other Contract Documents as identified in the Agreement. Within 15 days thereafter, Successful Proposer shall execute and deliver the required number of counterparts of the Agreement (and any bonds and insurance documentation required to be delivered by the Contract Documents) to Owner. Within ten days thereafter, Owner shall deliver one fully executed counterpart of the Agreement to Successful Proposer, together with printed and electronic copies of the Contract Documents as stated in Paragraph 2.02 of the General Conditions.

END REQUEST FOR PROPOSALS

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

PROPOSAL COST SHEETS

Complete all cost sheets, including for Add Alternates 1 and 2. Schedule of prices for construction of the **PHOTOVOLTAIC (PV) SYSTEM PROJECT** in accordance with the Contract Documents.

The receipt of the following addenda to the Specifications is acknowledged:

Addendum No. _____ Date _____ Addendum No. _____ Date _____

Addendum No. _____ Date _____ Addendum No. _____ Date _____

The representations made herein are made under penalty of perjury.

Dated: _____ DB Team/Proposer _____

By: _____

Contractor's License No. & Expiration Date: _____

Title: _____

BASE PROPOSAL

Base Proposal Overview: The District is seeking proposals for PV systems at the water treatment plant and at the wastewater treatment plant that will offset ~90% of the energy cost at the facility and adjoining accounts via the NEMA tariff. The installation at the water treatment plant may require upgrade of the electric panel to accommodate the preferred PV system size, and it is also possible that PG&E will be required to upgrade its transformer and the wire from its transmission and distribution system to the transformer; however, such determination will need to be made as part of the design-build effort. In consideration of this, the District is requesting your Proposal provide:

- a. Item 1. Base proposal for an ~ 162 kW DC PV system at the wastewater plant.
- b. Item 2. Base proposal for an ~385 kW DC PV system at the water treatment plant (assuming no upgrades to the panel, transformer and wiring at the water treatment plant are required).
- c. Item 3. Budgetary estimate of cost to upgrade the existing panel at the Water Treatment Plant if necessary to accommodate the desired ~385 kW DC PV system. Please be sure to provide a narrative describing what is expected for upgrading the panel and the materials involved. Include this budgetary estimate as a separate line item in your Base Proposal for the Water Treatment Plant.
- D. Item 2Alt. Optional base proposal for a PV system at the water treatment plant that does not exceed the existing 300 amp rating of the panel, estimated to be ~249 kW DC. This is the PV system the District may contract for if the cost of the panel upgrade (item c) and/or PG&E's costs to upgrade the transformer and the transformer interconnection is determined by the District to be cost prohibitive.

Item No.	Description	Total Price
1	Wastewater Treatment Plant and Office at ~ 162 kW	\$
2	Water Treatment Plant, Pump Station 1, and Pump Station 4 at ~385 kW	\$
3	Budgetary estimate of Water Treatment Plant electric panel upgrade if necessary	\$
2 Alt	Water Treatment Plant, Pump Station 1, and Pump Station 4 at ~249 kW DC (300 amps)	\$

BASE PROPOSAL DETAILS

Item 1 - Wastewater Treatment Plant and Office

Sub-Item No.	Description	Make and Model	Quantity	Unit Price	Total Price
1	PV Modules				\$
2	Inverters				\$
3	Mounting Structure				\$
4	Balance of Materials				\$
5	Construction Labor				\$
6	Professional Services				\$
7	Other:				\$
8	Other:				\$
9	Tax - required				\$

TOTAL BASE PROPOSAL PRICE - Item 1 \$ _____

Item 2 - Water Treatment Plant, Pump Station 1, and Pump Station 4 at ~ 385 kW DC

Sub-Item No.	Description	Make and Model	Quantity	Unit Price	Total Price
1	PV Modules				\$
2	Inverters				\$
3	Mounting Structure				\$
4	Balance of Materials				\$
5	Construction Labor				\$
6	Professional Services				\$
7	Other:				\$
8	Other:				\$
9	Tax - required				\$

TOTAL BASE PROPOSAL PRICE - Item 2 \$ _____

Item 2 Alternate - Water Treatment Plant, Pump Station 1, and Pump Station 4, at ~ 249 kW DC
(300 amps)

Sub-Item No.	Description	Make and Model	Quantity	Unit Price	Total Price
1	PV Modules				\$
2	Inverters				\$
3	Mounting Structure				\$
4	Balance of Materials				\$
5	Construction Labor				\$
6	Professional Services				\$
7	Other:				\$
8	Other:				\$
9	Tax - required				\$

TOTAL BASE PROPOSAL PRICE - Item 2 \$ _____

Item 3 – Budgetary Estimate for Water Treatment Plant Panel Upgrade if necessary

Sub-Item No.	Description	Make and Model	Quantity	Unit Price	Total Price
1	Panel				\$
2	Breakers				\$
3	Balance of Materials				\$
4	Construction Labor				\$
5	Professional Services				\$
6	Other:				\$
7	Other:				\$
8	Tax - required				\$

TOTAL BASE PROPOSAL PRICE - Item 3 \$ _____

ADD ALTERNATE – OPTION 1

Item No.	Description	Total Price
1	SCADA	\$
2	Lift Station 2	\$
3	Lift Station 3	\$
4	Lift Station 10	\$
5	Pump Station 6	\$
6	Lift Station 1	\$

TOTAL PROPOSAL PRICE - Add Alternate - Option 1 **\$**

TOTAL PROPOSAL PRICE IN WORDS: _____

Item 1 - SCADA

Sub-Item No.	Description	Make and Model	Quantity	Unit Price	Total Price
1	PV Modules				\$
2	Inverters				\$
3	Structure				\$
4	Balance of Materials				\$
5	Construction Labor				\$
6	Professional Services				\$
7	Other:				\$
8	Other:				\$
9	Tax				\$

TOTAL ADD ALTERNATE 1 PROPOSAL PRICE - Item 1 **\$** _____

Item 2 - Lift Station 2

Sub-Item No.	Description	Make and Model	Quantity	Unit Price	Total Price
1	PV Modules				\$
2	Inverters				\$
3	Canopy Structure				\$
4	Balance of Materials				\$
5	Construction Labor				\$
6	Professional Services				\$
7	Other:				\$
8	Other:				\$
9	Tax				\$

TOTAL ADD ALTERNATE 1 PROPOSAL PRICE - Item 2 \$ _____

Item 3 - Lift Station 3

Sub-Item No.	Description	Make and Model	Quantity	Unit Price	Total Price
1	PV Modules				\$
2	Inverters				\$
3	Racking				\$
4	Balance of Materials				\$
5	Construction Labor				\$
6	Professional Services				\$
7	Other:				\$
8	Other:				\$
9	Tax				\$

TOTAL ADD ALTERNATE 1 PROPOSAL PRICE - Item 3 \$ _____

Item 4 - Lift Station 10

Sub-Item No.	Description	Make and Model	Quantity	Unit Price	Total Price
1	PV Modules				\$
2	Inverters				\$
3	Canopy Structure				\$
4	Balance of Materials				\$
5	Construction Labor				\$
6	Professional Services				\$
7	Other:				\$
8	Other:				\$
9	Tax				\$

TOTAL ADD ALTERNATE 1 PROPOSAL PRICE - Item 4 \$ _____

Item 5 - Pump Station 6

Sub-Item No.	Description	Make and Model	Quantity	Unit Price	Total Price
1	PV Modules				\$
2	Inverters				\$
3	Racking				\$
4	Balance of Materials				\$
5	Construction Labor				\$
6	Professional Services				\$
7	Other:				\$
8	Other:				\$
9	Tax				\$

TOTAL ADD ALTERNATE 1 PROPOSAL PRICE - Item 5 \$ _____

Item 6 - Lift Station 1

Sub-Item No.	Description	Make and Model	Quantity	Unit Price	Total Price
1	PV Modules				\$
2	Inverters				\$
3	Racking				\$
4	Balance of Materials				\$
5	Construction Labor				\$
6	Professional Services				\$
7	Other:				\$
8	Other:				\$
9	Tax				\$

TOTAL ADD ALTERNATE 1 PROPOSAL PRICE - Item 6 \$ _____

**ADD-ALTERNATE – OPTION 2
OPERATIONS AND MAINTENANCE
(FOR BASE PROPOSAL ONLY)**

Operation and Maintenance for 1 Year

Item No.	Description	Total Price
1	Cleaning	\$
2	Maintenance and Data Collection	\$

TOTAL ADD ALTERNATE 2 PROPOSAL PRICE \$

TOTAL PROPOSAL PRICE IN WORDS: _____

**PROVIDE A COPY OF YOUR FIRM'S PUBLISHED RATES AND CHARGES
FOR ADD ALTERNATE - OPTION 2**

CLEANING

Item No.	Description	Qty	Unit Price per Site per Year	Total Price
1	Wastewater Treatment Plant and Office	2	\$	\$
2	Water Treatment Plant, Pump Station 1, and Pump Station 4	2	\$	\$

TOTAL \$

COMMENTS

MAINTENANCE AND DATA COLLECTION

Item No.	Description	Qty	Unit Price per Site per Year	Total Price
1	Wastewater Treatment Plant and Office	1	\$	\$
2	Water Treatment Plant, Pump Station 1, and Pump Station 4	1	\$	\$

TOTAL **\$**

COMMENTS

PART III

TECHNICAL SPECIFICATIONS

Heritage Ranch

Community Services District

Photovoltaic (PV) System Project



Prepared by
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Kenwood Energy
PO Box 692
Kenwood, CA 95452

PART 1 INTRODUCTION

- 1.1 Heritage Ranch Community Services District, (“the District” or “Owner”) is seeking proposals for a photovoltaic (PV) system to offset energy use at various District facilities. Refer to the RFP for all proposal requirements, project goals/objectives and criteria for evaluating proposals.
- 1.2 The District has identified preapproved installation areas that are included in Exhibit 1.
- 1.3 Base Proposal Overview: The District is seeking proposals for PV systems at the water treatment plant and at the wastewater treatment plant that will offset ~90% of the energy cost at the facility and adjoining accounts via the NEMA tariff. The installation at the water treatment plant may require upgrade of the electric panel to accommodate the preferred PV system size, and it is also possible that PG&E will be required to upgrade its transformer and the wire from its transmission and distribution system to the transformer; however, such determination will need to be made as part of the design-build effort. In consideration of this, the District is requesting your Proposal provide:
 - a. Item 1. Base proposal for an ~ 162 kW DC PV system at the wastewater plant.
 - b. Item 2. Base proposal for an ~385 kW DC PV system at the water treatment plant (assuming no upgrades to the panel, transformer and wiring at the water treatment plant are required).
 - c. Item 3. Budgetary estimate of cost to upgrade the existing panel at the Water Treatment Plant if necessary to accommodate the desired ~385 kW DC PV system. Please be sure to provide a narrative describing what is expected for upgrading the panel and the materials involved. Include this budgetary estimate as a separate line item in your Base Proposal for the Water Treatment Plant.
- 1.4 Item 2Alt. Optional base proposal for a PV system at the water treatment plant that does not exceed the existing 300 amp rating of the panel, estimated to be ~249 kW DC. This is the PV system the District may contract for if the cost of the panel upgrade (item c) and/or PG&E’s costs to upgrade the transformer and the transformer interconnection is determined by the District to be cost prohibitive.
- 1.5 Additional Information:
 - A 15 minute interval data is available upon request.
 - B The tariff for each account is:

SEWER TREATMENT PLT	1009500061	E19S
WATER TREATMENT PLANT	90401T	A10S
Scada EQUIP-WATER	1009129977	A1X
SEWER LIFT STN #2	1009464993	A1X
SEWER LIFT STN #3	1009465668	A1X
SEWER LIFT STN #10	1009464994	A1X
752 WATER P.S. #6	1009465648	A1X

SEWER LIFT STN #1	1010070351	A1X
WATER P.S. #1	1010099148	A10S
WATER P.S. #4	1009516573	A10SX
OFFICE & MTCE BLDG	1003919664	A1X

C The District will be responsible for any costs associated with any required upgrade of PG&E owned equipment.

D Fence setbacks shall be 15 feet.

E By definition, "or equal" is an equivalent product that meets the same design intent specified.

PART 2 GENERAL

- 2.1 The Design-Builder is responsible for confirming the proper size of each PV system, accounting for site-specific conditions, applicable utility rates, etc.
- 2.2 The Work shall include all materials, labor, equipment, structures, fencing and gates, trenching, paving, electric panels, breakers, services, and incidentals necessary to install a complete and functional PV system including, but not limited to, the work included in these Technical Specifications, the RFP, Design-Builder's Proposal, and all other Contract Documents defined in the Agreement.
- 2.3 At a minimum, the Project shall consist of the design, supply, and installation of equipment, mounting structures, terminal and combiner boxes, DC wiring, DC disconnect, grid-connected inverter, AC disconnect, AC wiring, all utility grade metering equipment, all designed to interconnect with the facilities' electrical systems.
- 2.4 Design-Builder shall include PGE coordination as part of the services included in the Base Proposal.
- 2.5 The Design-Builder is responsible for all efforts related to ensuring that all NEMA paperwork is submitted and each PV system is interconnected to the proper accounts and locations.
- 2.6 It is the Design-Builder's responsibility to review all available drawings and visit the jobsite to collect and document existing conditions and determine conduit and wiring runs. The Design-Builder is also responsible for identifying all underground obstructions in the working area via District approved Underground subcontractor. The District will support the Design-Builder by providing all available drawings and institutional knowledge that is available. No allowance shall be made for any additional costs incurred by the Design-Builder due to failure to properly understand site conditions. Design-Builder shall notify USAAlert at 811, a minimum of two working days prior to excavation work, and allow Utility Companies to field locate/mark utilities in the Project Areas.
- 2.7 The Design-Builder must provide Civil, Soils, Geotechnical, and Structural

engineering analyses and documentation, stamped and signed by a Civil or Structural Engineer registered in the State of California, certifying that the mounting structures can support any loads resulting from local applicable seismic and wind-load activity. All mounting canopies shall have a safety factor of at least 1.5.

- 2.8 Complete all required utility paperwork for the interconnection agreements and rate changes.
- 2.9 All current California Building Codes and all other applicable codes shall apply.
- 2.10 The systems shall be designed to meet all local applicable seismic and wind-load requirements.
- 2.11 The Design-Builder is responsible for securing, and for compliance with, all permits (building, fire, etc), final sign off, and final utility sign off. A County of San Luis Obispo Building Department Permit will be required as part of this Project.
- 2.12 The Design-Builder is responsible for Commissioning the system per manufacturer's requirements and providing documentation of proper operation.

PART 3 SUBMITTALS

3.1 SUBMITTALS DUE WITH THE PROPOSAL

A Refer to Article 6.01 of the RFP.

3.2 SUBMITTALS DUE WITH EXECUTION OF THE AGREEMENT:

A Refer to General Conditions, Supplemental General Conditions, Agreement and Notice of Award

3.3 PRE-CONSTRUCTION SUBMITTALS

A 50% design plans including support structure details, mounting details, placement and installation, conduit raceways, conduit sizes, spacing, inverter location, equipment data sheets, etc.

B Plan Drawings for review prior to submittal to the permitting jurisdiction.

C PV Panel flash test results in Excel.

D Professional Engineer (registered in the State of California) verification that the systems, buildings, and the mounting structures meet all local applicable seismic and wind-load requirements per the Specification.

E Professional Engineer (registered in the State of California) shall verify that existing structures upon which PV systems be installed are capable of supporting the proposed system.

F Certified warranty documentation.

G Installation instructions and Operation and Maintenance (O & M) manuals for all equipment.

H Utility interconnection applications.

I Copies of permits.

J Fire jurisdiction approval for fire access.

3.4 POST CONSTRUCTION SUBMITTALS

A Prepare an as-built binder in hard copy and on flash drive in AutoCAD and PDF:

- 1 As-built drawings showing the final placement of all panels, combiner boxes, connections, and conduit placement, electrical plans, including three line diagrams, and elevation drawings showing the final placement of the electrical equipment.
- 2 Copies of all start-up procedure measurements.
- 3 Copies of all testing data and reports.
- 4 Copies of Utility Operation Approval.
- 5 Lien releases from all subcontractors.

PART 4 WARRANTIES

- 4.1 All equipment and materials used in the construction of the system shall be warranted against degradation as defined in approved product submittals, for the life of the systems.

4.2 QUALITY ASSURANCE

A All generating equipment shall be certified by Underwriter Laboratories (“UL”). The system shall be comprised of UL listed components or in cases where a UL listed component is not available, the component shall be listed by another OSHA recognized National Recognized Testing Laboratory (“NRTL”).

B All installations shall meet or exceed Cal-OSHA requirements for equipment access.

C The installation shall not void the warranty or UL Listing of any existing equipment or electric panels

PART 5 DESIGN-BUILDER EXPERIENCE

- 5.1 Installation Contractor and Subcontractors must hold appropriate licenses as required by California State Licensing Board, and be approved by the Manufacturer to install the system.
- 5.2 Subcontractors must hold licenses in the appropriate disciplines.
- 5.3 Electrical work shall be completed by a licensed electrical contractor.

PART 6 MATERIALS SPECIFICATION

6.1 GENERAL

A All components shall be new and direct from the manufacturer; no used or refurbished materials are permitted.

B All materials that are used outdoors shall be sunlight and UV resistant.

C PV Panel wiring and homeruns shall be attached to the mounting system. Wires and cables shall not droop, hang onto roof surfaces, or be exposed to sunlight.

D All systems shall meet the requirements of all California Building Codes.

E PV module attachment must be four-point equally distributed over the frame.

F Materials shall be designed to withstand the temperatures to which they are exposed.

G Dissimilar materials shall be isolated from one another using non-conductive shims, washers, or other methods.

H Any materials, equipment, and workmanship that is found defective, based on the acceptance tests or for any other reason, shall be reported to the Owner. Defective material, equipment, and workmanship shall be replaced at no cost to Owner.

I Metals shall be hot dipped galvanized steel, anodized aluminum, and stainless steel.

J Aluminum shall not be placed in direct contact with concrete materials.

K Only grade 316 or better stainless steel fasteners shall be used.

L All external electrical conduits shall be rigid schedule 40, galvanized and unpainted.

M All electrical equipment shall be rated for the current and voltage ratings necessary for the application.

N All required over-current protection devices shall be included and accessible for maintenance. Each shall have trip ratings no greater than the de-rated amperage of the conductor it protects.

O Drainage – The construction of, and permanent placement of the PV system shall not adversely affect water drainage.

6.2 PANEL MOUNTING SYSTEMS

A All systems shall meet the requirements of the all national and California building codes.

B All mounting systems shall result in the installation of a PV system that meets all local applicable seismic and wind-load requirements, with a safety factor of at least 1.5.

C Shade Structures

1 Minimum structure height of 10 feet.

2 All columns and beams shall be ASTM A-500 Grade B or better steel.

3 Designs shall meet the requirements of the specific application.

4 Finishes – All main structural support components must be painted, using an appropriate paint and a color chosen by the District. Paint shall be Sherman Williams B66-350 series semi-gloss and B66-310 Primer, or approved equal. Painting shall be completed per manufacturer specification and instructions. Color to be selected by the the District.

5 Lighting – The Design-Builder shall install energy efficient light fixtures that provide a minimum light level recommended for a parking lot by the IESNA. Light fixtures shall be vandal resistant fixtures with impact resistant (lexan) lenses and rated for wet locations. Fixtures shall be LED

with a minimum CRI of 80, and a temperature rating of 4100K.

D Metal roofs

- 1 The fastening system shall be approved for the application. A Professional Engineer in the appropriate discipline shall approve, sign, and stamp the design.
- 2 Minimum stand-off from the existing roof of 3 inches.

E Roof-rack roof-mounted

- 1 The rack and fastening system shall be approved for the application. A Professional Engineer in the appropriate discipline must approve, sign, and stamp the design.
- 2 The racking system shall result in the inclination and orientation specified in the Bid.
- 3 Ensure that roof penetrations do not void roof warranties or result in any leakage issues during the full lifespan of the roof.
- 4 Obtain approval of roof penetrations from the roof warranty company.

F Ground Mounted

- 1 Racking systems must be installed to create a level site-line across the top of the panels for the entire array.
- 2 Posts shall be installed plumb within the manufacturers' tolerances.
- 3 Minimum height of 2 feet.
- 4 Module tilt angle of 10 degrees.

6.3 MODULES

A JINKO HC 72M G2, or approved equal.

B Photovoltaic modules shall be tested in the factory for design performance.

6.4 INVERTER

A PV Inverter shall be SMA Sunny Tri-power or approved equal.

B The array shall have a dedicated inverter(s) with optimized performance.

C Each inverter shall be sized so that it can operate the PV arrays at a minimum of 90% of the array's kW rating.

D Installation shall meet all applicable UL 1741, IEEE Standard 929-2000 and standard 519, California electric code, and the latest applicable ANSI and FCC standards and addenda dated prior to the award of the purchase order for this procurement.

6.5 FENCING

A Fences are required around all ground mounted systems.

B 6 foot chain link with 1 inch barbs

C Galvanized with black coating

D Gates shall be lockable, and have a minimum 12 foot opening

6.6 ELECTRICAL ENCLOSURES AND BOXES

A Exterior enclosures and boxes shall be minimum 14 gauge type 316 stainless steel with seams continuously welded and ground smooth, and fast access door latches.

B Interior enclosures and boxes shall be minimum 14 gauge NEMA 3R.

C Exterior doors shall have provisions for locking enclosure with standard padlocks.

D A copper ground bus shall be provided in each enclosure or cabinet. It shall have provisions for connecting a minimum of ten grounding conductors.

E Provide thermoplastic data pockets mounted on inside door. The As-Built drawings for the electrical enclosure shall be placed in a watertight plastic wrap and shipped with the enclosure to the jobsite.

6.7 WIRE

A All conductors shall be copper, with a minimum conductivity of 98%, at all locations that interconnected with the District owned equipment.

B Wire shall be Class B stranded.

C Insulation of all conductors and cables shall be rated for the voltage of the system.

D Insulation type shall be moisture and heat resistant thermoplastic THWN, rated 90°C in dry locations and 75°C in wet locations, for #8 AWG and smaller. For #6 AWG and larger insulation shall be type XHHW.

E Wire identification - all wires, field and interior (non-field) to equipment, shall be identified with machine permanent ink printed sleeve markers or clip-on markers covered with clear plastic heat shrinkable tubing. Hand lettered wire labels are not acceptable and shall be replaced at the Design-Builder's expense. All wires that are electrically the same (connected to common termination points) and do not pass through a contact or other switching device shall have the same wire identification. The wire labeling code for each end of the same wire shall be identical. Tubing shall be sized for the wire and shrunk into place with the properly sized heat gun.

6.8 CIRCUIT BREAKERS

A Circuit Breakers shall be of the indicated type, providing ON, OFF and TRIPPED positions. Circuit breakers shall be quick make, quick break with thermal magnetic action and shall be compatible with existing breaker panel at the power feed facility. The use of tandem or dual circuit breakers in normal single pole space to provide the number of poles or spaces specified are not acceptable. All multiple-pole circuit breakers shall be designed so that an overload on one pole automatically causes all poles to open. Circuit breakers shall be manufactured by Square D or approved equivalent. Breakers shall be sized and have the minimum interrupting capacity as required.

6.9 CONCRETE

A Concrete shall conform to Caltrans 2018 standard specification for minor concrete, Section 90-2.

B Concrete mix must exceed the compressive strength requirements of ASTM C 387.

C Type II Portland cement must be used.

D Aggregate shall be hard, durable, selected, graded, and free from foreign materials.

E Water shall be potable and free from foreign materials in amounts harmful to the concrete and embedded steel.

F Utilize standard designs incorporating mixtures that facilitate the workability, curing, and strength.

G Forms shall be sized to minimize air pockets and maximize strength.

6.10 ASPHALT AND CONCRETE CUTTING AND REPAIR

A Shall conform to the latest version of the District's specifications and drawings, and shall comply with County of San Luis Obispo Department of Public Works standards when in County right of way.

B Perform cutting and demolition by methods that prevent damage to other portions of the Work and provide proper surfaces to receive installation of repair and new work.

C Perform fitting and adjusting of products to provide finished installation complying with the specified tolerances and finishes.

D Cuts made through any paved surface must be repaired in a non-discernible fashion. Cuts through concrete must be repaired by replacing the section between the nearest two joints - either construction or expansion. Cuts through asphalt must be repaired so that depressions or humps do not develop in the asphalt surface. If they do, they will have to be corrected, at the Design-Builder's expense.

E Asphalt and base compaction by "normal traffic" is not permitted. Proper compaction for the depth of the cut is required.

F When cuts extend through pavement markings, the replaced pavement shall be marked to match the existing

PART 7 INSTALLATION SPECIFICATION

7.1 GENERAL INSTALLATION REQUIREMENTS

A All safety, electric, building, and labor code requirements at the national, state, and local levels shall be met.

B The installations shall be completed in a "workman like manner." The areas shall be kept clean and free of obstructions at all times.

C The installations shall be completed per each manufacturer's installation manual.

D All electrical connections and terminations shall be fully tightened, secured, and strain relieved as appropriate.

E All mounting equipment shall be installed to the manufacturer's specifications.

F All cables, conduit, exposed conductors, and electrical boxes shall be

secured and supported according to code requirements.

G All applicable environmental regulations shall be met.

H System switching and metering equipment shall have convenient access for resetting or repair during electrical outages, and regular monitoring for data retrieval.

I The Design-Builder shall employ personnel that are skilled and experienced in the installation and connection of all elements, equipment, devices, instruments, accessories, and assemblies. All installation labor shall be performed by qualified personnel who have had experience on similar projects.

J Ensure that all equipment and materials fit properly in their installations.

K Perform any required work to correct improper installations at no additional expense to the Customer.

L The Owner reserves the right to halt any work that is found to be substandard or being installed by unqualified personnel.

7.2 INSTALLATION STANDARDS

A System Installations shall conform to Manufacturers' Installation Manuals and approved project drawings and specifications.

B Mounting hardware shall be compatible with the site considerations and environment. Special attention shall be paid to minimizing the risk from exposed fasteners, sharp edges, and potential damage to the units or support canopies. Corrosion resistance and durability of the mechanical hardware shall be accomplished through the use of stainless steel fasteners, and aluminum support canopies are required. The use of ferrous metals, wood, or plastic components is not acceptable.

C The installations shall be completed with minimal impact on the environment.

7.3 WASTE DISPOSAL

A The Design-Builder shall ensure that a minimum of 90% of all waste shall be diverted from landfill (recycled, reused, returned). Any additional waste shall be disposed of offsite at the Design-Builder's expense.

B The Design-Builder shall implement a recycling program that addresses all returnable or recyclable components that are used in the packaging and delivery of all materials.

7.4 COORDINATION

A The Design-Builder shall coordinate the electrical work with the other trades, code authorities and Owner, with due regard to their work, and meeting the Contract Time. If any cooperative work must be altered due to lack of proper supervision of such, or failure to make proper provisions, then the Design-Builder shall bear expense of such changes as necessary to be made in work of others.

B The Design-Builder shall cease work at any particular point, temporarily, and transfer operations to such portions of work as directed, when in the judgment of the Owner it is necessary to do so.

C The Design-Builder shall schedule all the required work with the Owner, including each shutdown period. Each shutdown shall be implemented to minimize disruption of the existing operations. The Work to be provided under this Contract shall not disrupt any of the existing operations without prior approval.

- 1 The Design-Builder shall not have any unscheduled shutdowns.
- 2 Carry out scheduled shutdowns only after the time, date, and sequence of work proposed to be accomplished during shutdown has been favorably reviewed by the Owner. Submit shutdown plans at least 2 days in advance of when the scheduled shutdown is to occur.
- 3 The Owner reserves the right to delay, change, or modify any shutdown at any time, at no additional cost to the Customer, when the risk of such a shutdown would jeopardize the operation of the facility.

7.5 SUPERVISION

A The Design-Builder shall schedule all activities, manage all technical aspects of the project, coordinate submittals and drawings, and attend all project meetings.

B The Design-Builder shall supervise all work, including the electrical system general construction work, from the beginning to completion and final acceptance.

C The Design-Builder shall supervise and coordinate all work to ensure each phase of the project, submittal, delivery, installation, and acceptance testing, etc. is completed within the allowable scheduled time frames.

D The Design-Builder shall be responsible for obtaining, preparing, completing, and furnishing all paper work, which shall include transmittals, submittals, forms, documents, manuals, instructions, and procedures.

7.6 INSPECTIONS

A All work or materials covered by the Contract documents shall be subject to inspection at any and all times by the Owner. If any material does not conform to the Contract documents, or does not have a favorably reviewed submittal status; then the Design-Builder shall, within three days after being notified by the Owner, remove said material from the premises if directed by Owner to do so; and if said material has been installed, the entire expense of removing and replacing same, including any cutting and patching that may be necessary, shall be borne by the Design-Builder.

B The Design-Builder shall give the Owner 10 working days' notice of the dates and time for inspection. Date of inspection shall be as agreed upon by the Design-Builder, and Owner.

C Work shall not be closed in or covered over before inspection and approval by the Owner. All costs associated with uncovering and making repairs where non-inspected work has been performed shall be borne by the Design-Builder.

D The Design-Builder shall cooperate with the Owner and provide assistance at all times for the inspection of the electrical system under this Contract. The Design-Builder shall remove covers, provide access, operate equipment, and

perform other reasonable work that, in the opinion of the Owner, will be necessary to determine the quality and adequacy of the work.

E The permitting authority shall be notified to perform required inspection either prior to or concurrent with Owner's inspection in the close out process.

F Before request for final inspection is made, the Design-Builder shall submit to the Owner in writing, a statement that the Design-Builder has made his own thorough inspection of the entire project, enumerating punch list items not complete and that the installation and testing is complete and in conformance with the requirements of this Section.

G The Owner may arrange for a facility inspection by Cal-OSHA Consultation Service at any time. The Design-Builder shall make the necessary corrections to bring all work in conformance with Cal-OSHA requirements, all at no additional cost to the Customer.

H Design-Builder shall be Responsible for any Additional Cost for Overtime, Weekend Overtime or Differential Time, Expenses for Inspection of Defective Work that must be re-inspected.

7.7 JOB CONDITIONS

A The Design-Builder shall make all arrangements and pay the costs thereof for temporary services required during construction of the project, such as temporary, sanitation, water, electrical power, etc. Upon completion of the project, the Design-Builder must remove all temporary services, equipment, material and wiring from the site as the property of the Design-Builder.

B The Design-Builder shall provide adequate protection for all equipment and materials during shipment, storage and construction. Equipment and materials shall be stored in a location specified by the Owner and be completely covered with two layers of plastic and set on cribbing six inches above grade so that they are protected from weather, wind, dust, water, or construction operations. Equipment shall not be stored outdoors without the approval of the Owner. Where equipment is stored or installed in moist areas, such as unheated buildings, etc., provide an acceptable means to prevent moisture damage, such as a uniformly distributed heat source to prevent condensation.

C The normal outdoor, not in direct sunlight, ambient temperature range of the job site vary between 15 to 115 degrees Fahrenheit. All equipment shall be rated to operate in these temperature ranges or provisions for adequate heating and cooling shall be installed, at no additional cost to Customer.

7.8 SAFETY

A Testing shall conform to the respective manufacturer's recommendations. All manufacturers' safety precautions shall be followed.

B The procedures stated herein are guidelines for the intended tests, the Design-Builder shall be responsible to modify these tests to fit the particular application and ensure personnel safety. Absolutely no tests shall be performed that endanger personal safety.

C The Electrical Contractor shall have two or more Electricians present at all electrical field tests.

D California Electrical Safety Orders (“ESO”) and Occupational Safety and Health Act (“OSHA”): The Electrical Contractor is cautioned that testing and equipment shall comply with ESO and OSHA as to safety, clearances, padlocks and barriers around electrical equipment energized during testing.

E Field inspections and pre-energization tests shall be completed prior to applying power to equipment.

PART 8 SYSTEM OPERATIONS AND MAINTENANCE (ADD ALTERNATE PROPOSAL ITEM 2)

8.1 Logistics

A The vendor shall provide email notification of onsite work two weeks prior to implementation of the work.

B The vendor shall notify the District when each site work has been completed.

C The vendor shall complete and submit reports within two weeks of the work being completed.

D Vendor staff must meet District requirements for security clearances, etc.

E Onsite staff must check in at the office prior to beginning work, and must sign out when work is completed and they are leaving the premise.

8.2 Cleaning – twice per year.

A Clean the panels according to the manufacturer’s warranty and cleaning instructions, using deionized water. The District will determine cleaning times with input from the selected vendor.

B The contractor shall minimize the use of water, and shall properly manage and dispose of cleaning water.

C The Vendor shall complete cleaning within one week of the designated date.

D Cleaning includes the surface of the panels and the frame.

E Vendor shall clear the panels of all debris, including weeds, leaves, cobwebs, hornet nests, trash, etc.

F Meet all OSHA/District requirements for electrical, arc flash, and fall protection.

G Take photographs of the front and back of all arrays and sub arrays, before and after cleaning.

H Take photographs that show the condition of the arrays, sub-arrays, combiner boxes, and inverters upon arrival and after work is completed.

8.3 Maintenance and Data Collection – Once per Year

A Visually inspect the entire array, including the fronts and backs of all panels, racking, wiring, roof penetrations, combiner boxes, disconnects, inverters, roof penetrations, grounding, etc.

B Complete a drone fly-over of each system and capture IR images showing the array. The imagery must be of enough detail that individual panels are clearly identified.

C Complete all manufacturer recommended maintenance on the panels, inverters, combiner boxes, and disconnects. At a minimum, inverter maintenance shall include the replacement of filters, cleaning of heat sinks, cleaning air intakes, replacing fuses, replacing batteries, and re-torquing of the inverter lugs.

D Inspect and clean existing weather stations and data acquisition system equipment. Ensure that the Solar Radiance meter is at the proper angle to the array.

E Manage manufacturer warranty repairs.

F Inspect all bolts for tightness and tighten as appropriate.

G Identify all security issues

H Meet all OSHA/District requirements for electrical, arc flash, and fall protection.

I Complete data collection per the data collection sheet in Attachment 1.

1 All Strings

- a. Volts open circuit
- b. Volts closed circuit
- c. Amps closed circuit

2 Combiner boxes: Output voltage and amperage of all combined strings

3 Inverter

- a. Measure output voltage and amperage
- b. Record the following from the Inverter data screen if available
 - b1. Power output
 - b2. Voltage output
 - b3. Amperage
 - b4. Energy output for day and total

4 Collect the following data at least every fifteen minutes during the data collection

- a. Panel Temperature (via thermocouple securely attached to the back of a sample panel and allowed to normalize for at least 5 minutes).
- b. Solar Irradiance in the plane of the array being measured.
- c. Time.

J IR photos of all inverter and electric panel connections.

K Replace all blown fuses

8.4 Reporting

A Both work components (cleaning, maintenance and data collection) shall require a report within two weeks of the work being completed.

B Cleaning

- 1 Provide a narrative that includes a short paragraph each on: the system condition, the soiling prior to cleaning, and the success of the cleaning. Take pictures of the front and back of all arrays and sub arrays, before and after cleaning.
- 2 Summary of significant issues that were identified during the site visit, including code violations, wear and tear, etc.
- 3 Recommended actions to address issues.

C Maintenance and data Collection

1 Report Narrative Sections

- a. Visual Inspection: Note the condition of the PV system. Identify any broken panels and any deferred maintenance items. Note any inverters that were offline or in “alarm” or “error” mode.
- b. String measurements: Comment on all anomalies in data measurement. Provide recommendations on how to resolve issues, or how they were resolved.
- c. IR imaging of electrical connections: Comment any hot spots. (providing comments directly on images, or just below images may be sufficient).
- d. Drone Imaging: Provide comments on any hot spots, what the issues may be, and troubleshooting efforts to identify or resolve issues (providing comments directly on images, or just below images may be sufficient).
- e. Provide a summary of all maintenance actions taken.
- f. Provide a summary of maintenance actions that remain.

2 Images and data collection

- a. Pictures: provide current photos of the system in total, and the inverter installation area, and any other photos that will help to understand the condition of the system.
- b. IR Photos
- c. Drone Images
- d. Copy of data collection sheet in excel.

PART 9 METERS, MONITORING, AND DATA AQUISITION

9.1 PV DATA ACQUISITION SYSTEM (“DAS”)

A A DAS shall be provided as part of the System, and shall be Powertrack, provided by Also Energy, or approved equal. Monitoring and reporting must be included for the term of the agreement. A monitoring and reporting service is acceptable as long as the service options meet the following requirements. The DAS must have the ability to send e-mail and SMS alarms, and diagnostic data to the District’s designated maintenance persons. The DAS shall include instrumentation (with a stability < 2% change over a one year period) that

allows the measurement of:

- 1 The DAS shall capture and display performance information on a maximum of inverter level increments.
- 2 Ambient temperature - accuracy $\pm 2^{\circ}\text{C}$
- 3 PV module temperature - accuracy $\pm 2^{\circ}\text{C}$
- 4 Wind speed - starting threshold 2.98 mph & accuracy $< 5\%$
- 5 Plane of array solar irradiation (accuracy $\pm 5\%$)
- 6 A Net Energy package with the ability to monitor the energy used by the facility in all utility time-of-use periods.
- 7 Monitoring must provide string level output and alarms.
- 8 Inverter level monitoring.

B All measurement equipment must be "revenue" grade.

C AC Power/Energy (including current transformers): Accuracy $\pm 2\%$

D The DAS shall capture and store data on 15-minute intervals.

E Real-Time display shall provide the following information. This information can be viewed via the Internet for the entire term of the warranty period. The Design-Builder shall use a regression to establish the system rating at PV-USA Test Conditions as the basis for projecting system output.

- 1 Instantaneous system output in kW
- 2 Instantaneous irradiation in watts/square meter
- 3 Instantaneous ambient temperature in degrees Fahrenheit
- 4 Instantaneous wind speed
- 5 Daily and year-to-date system output in kWh
- 6 Data shall be provided in a format that easily facilitates graphing and analysis in third party database or spreadsheet programs.
- 7 Alarms shall be set up to automatically notify facility staff and the Owner of faulty operation. Specific Alarms shall include:
 - a. Inverter output is outside of projected output by more than 10% based on existing irradiance and temperature
 - b. Inverter shut down

PART 10 PROJECT CLOSEOUT

10.1 CLEANING AND TOUCH-UP

A Clean the solar Panels per the manufacturer's instructions using deionized water.

B Clean all work areas and remove any debris.

C Prior to startup and completion of the work, and subsequent to final acceptance, all parts of the installation, including all equipment, exposed conduit, devices, and fittings shall be cleaned and given touch up by Design-

Builder as follows:

- 1 Remove all grease and metal cuttings.
- 2 Any discoloration or other damage to parts of the building, the finish, or the furnishings shall be repaired. Thoroughly clean any exposed work requiring repairs.
- 3 Vacuum and clean the inside of all panel and electrical enclosures.
- 4 Clean all above and below ground pull boxes and junction boxes from all foreign debris prior to final acceptance.
- 5 Paint all scratched or blemished surfaces with the necessary coats of quick drying paint to match adjacent color, texture, and thickness. This shall include all primed painted electrical equipment, including enclosures, panels, poles, boxes, devices, etc.
- 6 Repair damage to factory finishes with repair products recommended by Manufacturer.
- 7 Repair damage to PVC or paint finishes with matching touchup coating recommended by Manufacturer.

10.2 FINAL ACCEPTANCE

A Final acceptance shall be given by the Owner after the equipment has passed the final acceptance trial period of one week, each deficiency has been corrected, final documentation has been provided, and all the requirements of design documents have been fulfilled.

B Upon completion of the project, prior to final acceptance, remove all temporary services, equipment, material, and wiring from the site.

C At the end of the project, following the completion of all of the field tests, and prior to final acceptance, the Design-Builder shall provide the following final documentation to the Owner:

- 1 A listing of warranty information.
- 2 Each "operation and maintenance" manual shall be modified or supplemented by the Design-Builder to reflect all field changes and as-built conditions.

D Acceptance by Owner shall be based on:

- 1 All operational tests performed to the satisfaction of Owner.
- 2 Receipt of all final documentations listed above.
- 3 Receipt of all spare parts.
 - a. 10 fuses for the inverter.
 - b. 10 fuses for combiner boxes, if applicable.
 - c. 10 spare panels.
 - d. 10 each of male and female panel connectors.
 - e. 20 each of panel mounting clamps with bolts, or bolts and nuts, if the design does not use clamps.

PART 11 SYSTEM START-UP

11.1 START-UP FORMS

A Complete start-up and testing forms included Exhibit 2.

B Bill of Materials: Include modules, inverters, disconnects, DAS, and combiner boxes.

C Power conductor test form: Design-Builder shall complete a megger test on all wiring at 500 volts for 10 seconds. Each reading shall be a minimum of 100 Meg-Ohms.

D Grounding system test form

1 Visual and Mechanical Inspection.

a. Verify ground system is in compliance with drawings and specifications.

2 Electrical Tests

a. Before making connections to the ground electrodes, and before placement of sidewalks, landscape and paving, measure the resistance of each electrode to ground using a ground resistance tester. Perform the test not less than two days after the most recent rainfall and in the afternoon after any ground condensation (dew) has evaporated.

b. After all individual ground electrode readings have been made, interconnect as required and measure the system's ground resistance.

c. Perform point-to-point tests to determine the resistance between the main grounding system and all major electrical equipment frames, system neutral, and/or derived neutral points.

d. The grounding test shall be in conformance with IEEE Standard 81.

e. Plots of ground resistance shall be made and submitted to the Owner for approval.

f. The current reference rod shall be driven at least 100 feet from the system under test.

g. Measurements shall be made at 10 foot intervals beginning 25 feet from the test electrode and ending 75 feet from it in a direct line between the system being tested and the test electrode.

3 Test Values

a. The resistance between the main grounding electrode and ground shall be no greater than five ohms for commercial or industrial systems per IEEE Standard 142.

b. Investigate point-to-point resistance values that exceed 0.5 ohms.

E System Visual and Mechanical Inspection Form: Complete Forms for all equipment listed below.

1 PV System: complete a form for the inspection of the PV system. Include

inspection of all DC connections, conduit, modules, etc.

- 2 Combiner Box: Complete a form for each combiner box.
- 3 Inverter: Complete a Form for each Inverter.
- 4 Disconnects: Complete a form for each AC Disconnect
- 5 Main Panel

F System Output Measurement Form: The design-build contractor shall establish the initial system output to demonstrate that the system is performing as designed, and to establish a baseline to be used for warranty.

- 1 The system output shall be verified after construction of the system has been completed, on a clear, sunny day, with a minimum insolation of 700 watts per square meter.
- 2 Data to be collected shall include:
 - a. Volts open circuit
 - b. Volts maximum power (use max of instantaneous reading)
 - c. Current at maximum power (use the min of instantaneous reading)
- 3 Voltages and currents shall be measured for each string, combiner box circuit, and the entire array.
- 4 Irradiance measurements shall be in the plane of the array.
- 5 Time, irradiance, and temperature measurements must be taken at a minimum of 15-minute intervals.

11.2 Start-up shall be per all manufacturers' instruction.

11.3 System start-up procedure shall be as outlined by the Manufacturer's installation manual and the inverter manual.

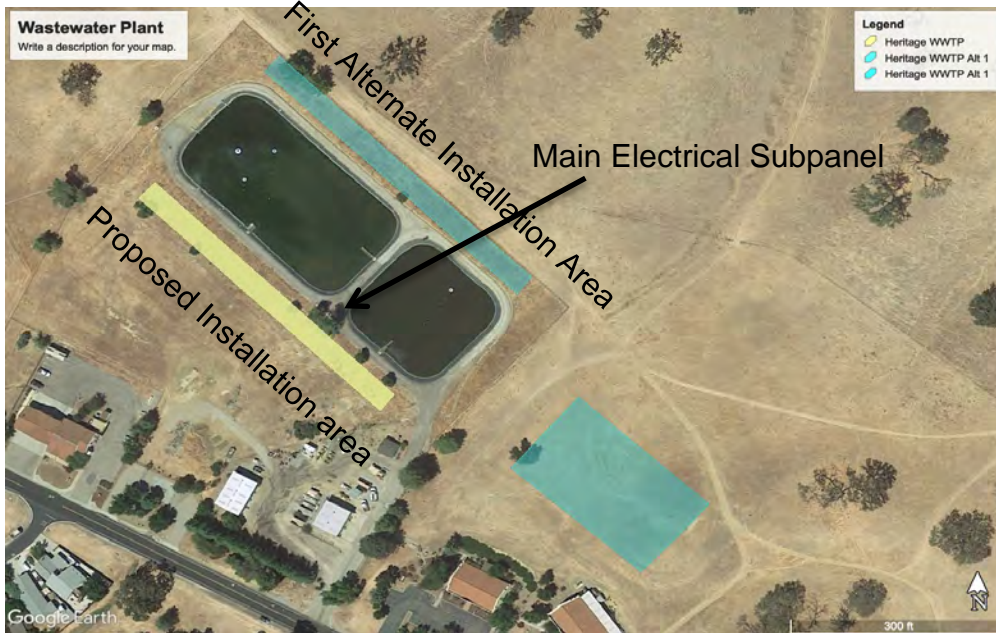
11.4 Commission inverters per factory instructions.

11.5 Start-up sheets per Exhibit 2.

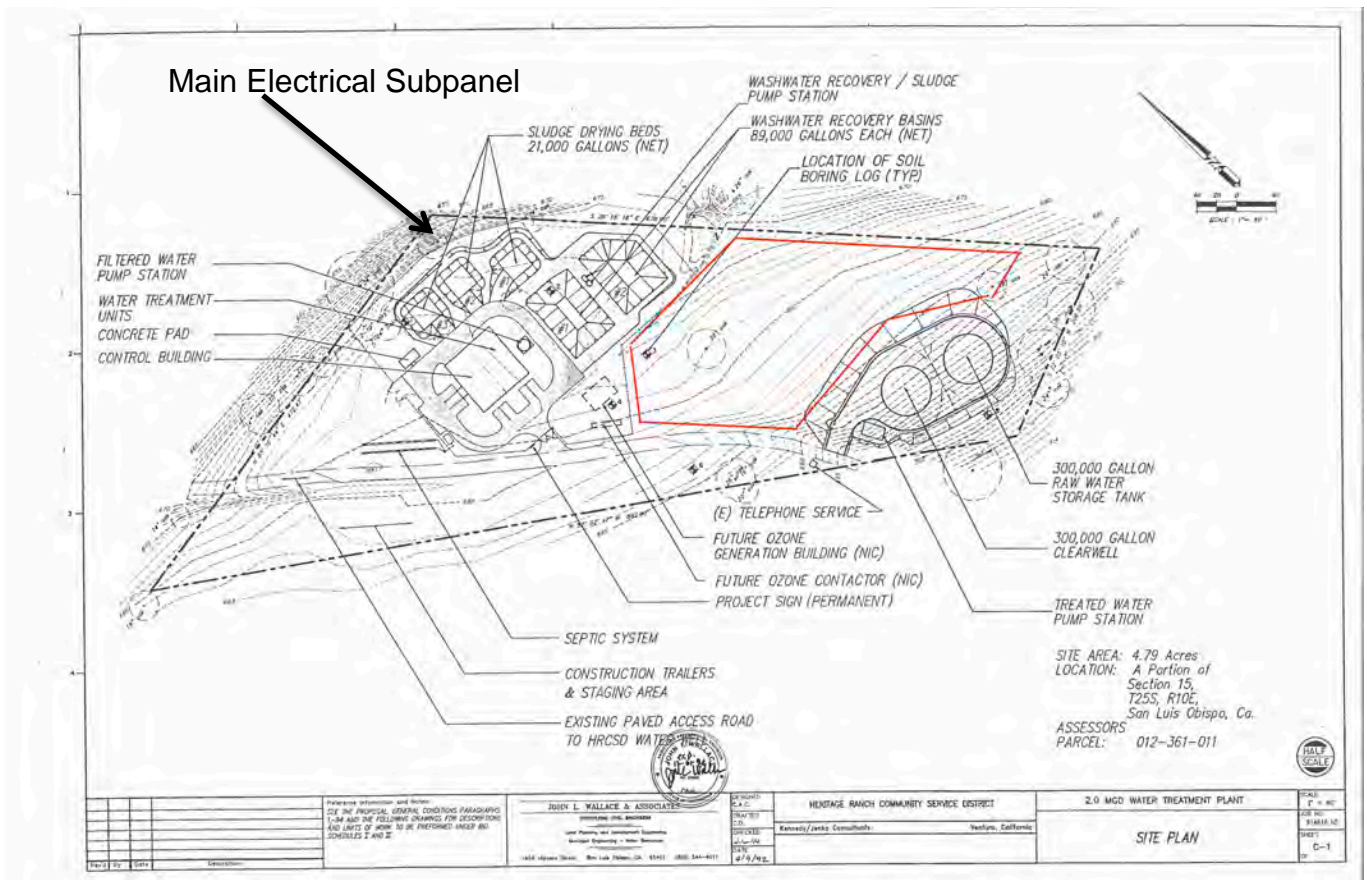
Exhibit 1

Potential Solar Locations Evaluated at the District

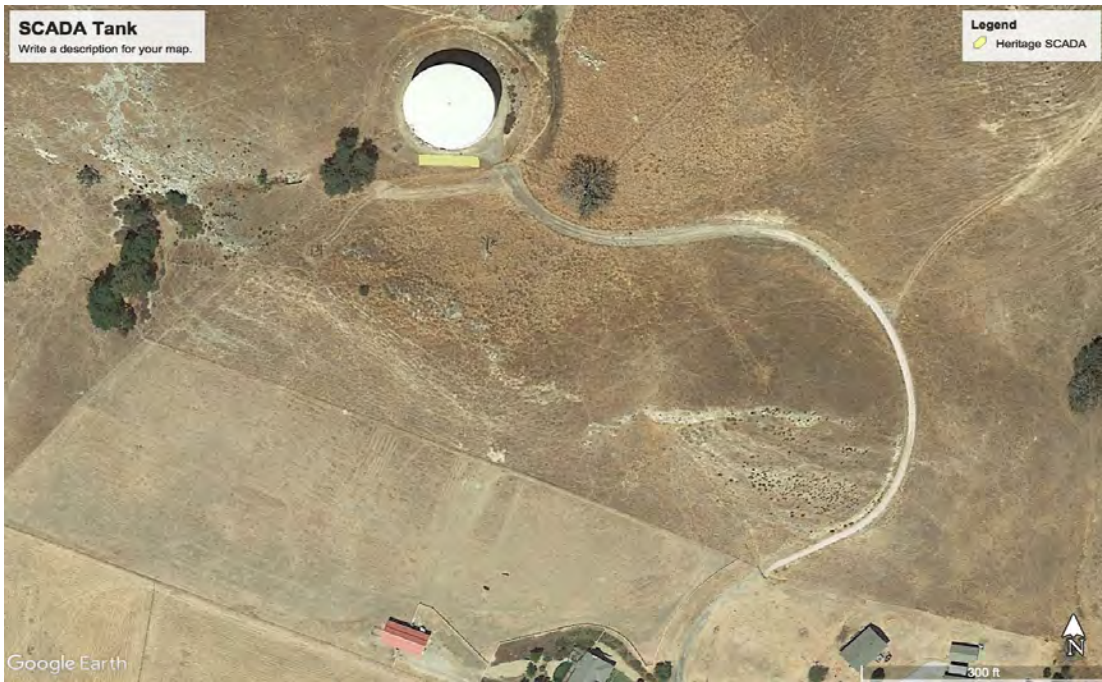
Wastewater Treatment Plant and Office



Water Treatment Plant, Pump Station 1, and Pump Station 4



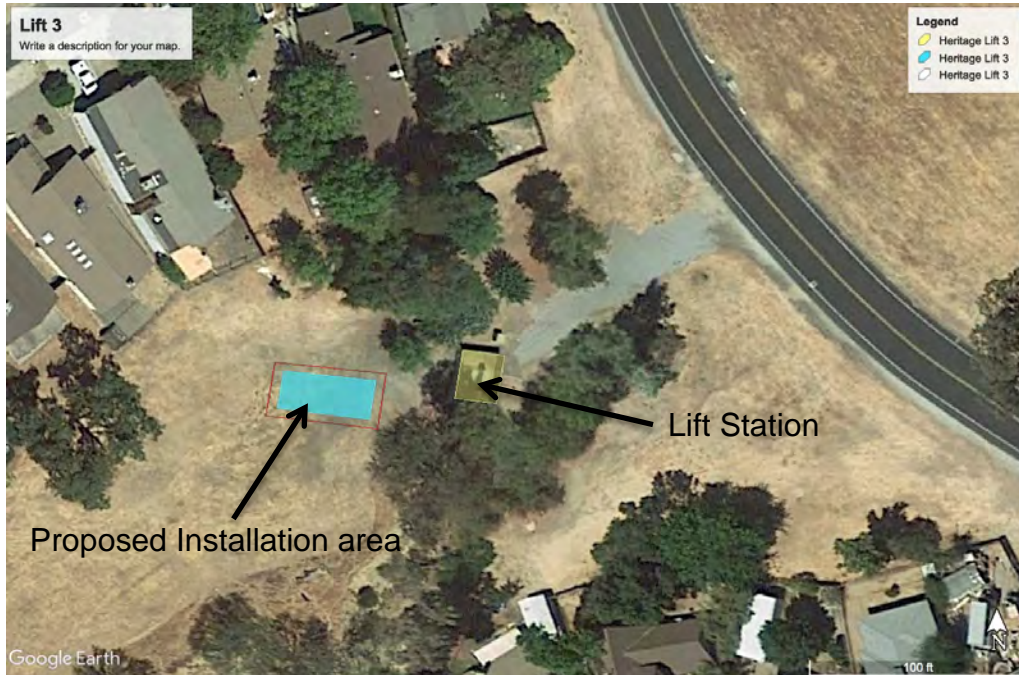
SCADA



Lift Station 2



Lift Station 3



Lift Station 10



Pump Station 6



Lift Station 1



WITNESS:	

GROUNDING SYSTEM TEST FORM					
TEST FORM (TF3)					
FALL IN POTENTIAL TEST					
MAIN GROUND LOCATION	APPLIED VOLTAGE V	MEASURED POINT VOLTAGE	MEASURED POINT 2 VOLTAGE	MEASURED POINT 3 VOLTAGE	CALCULATED RESISTANCE OHMS
TWO POINT TESTS					
EQUIPMENT NAME	EQUIPMENT #	CIRCUIT NUMBER	APPLIED CURRENT	MEASURED VOLTAGE	CALCULATED RESISTANCE
NOTES:					
TESTED BY:				DATE:	
WITNESSED BY:					

VISUAL AND MECHANICAL INSPECTION FORM	
EQUIPMENT NAME:	LOCATION:
NAMEPLATE DATA	
MFG:	SERIES #:
MODEL #:	U.L.#:
VOLTAGE:	PHASE:
AMPERAGE:	SERVICE:
GRD. BUS:	NEU. BUS:
INSPECTION CHECK LIST ENTER: A-ACCEPTABLE, R-NEEDS REPAIR OR REPLACEMENT, NA-NOT APPLICABLE	
TIGHTEN ALL BOLTS AND SCREWS	
TIGHTEN ALL CONDUCTOR AND BUS CONNECTIONS	
CHECK BUS BRACING AND CLEARANCE	
CHECK MAIN GROUNDING AND CONNECTION SIZE	
INSPECT GROUND BUS BONDING	
CHECK EQUIPMENT GROUNDS	
CHECK CONDUIT GROUNDS AND BUSHINGS	
INSPECT NEUTRAL BUS AND CONNECTIONS	
CHECK VENTILATION AND FILTERS	
CHECK FOR BROKEN/DAMAGED DEVICES	
CHECK DOOR AND PANEL ALIGNMENT	
INSPECT ANCHORAGE	
CHECK FOR PROPER CLEARANCES	
REMOVE ALL DIRT AND DUST ACCUMULATION	
INSPECT ALL PAINTED SURFACES	
CHECK FOR PROPER WIRE COLOR CODES	
INSPECT ALL WIRING FOR WIRE LABELS	
CHECK FOR PROPER TERMINATIONS	
CHECK FOR PROPER WIRE SIZES	
INSPECT ALL DEVICES FOR NAMEPLATES	
CHECK IF DRAWINGS MATCH EQUIPMENT	
CHECK ACCURACY OF OPERATION & MAINTENANCE	
TESTED BY:	DATE:
WITNESSED BY:	

Exhibit 3

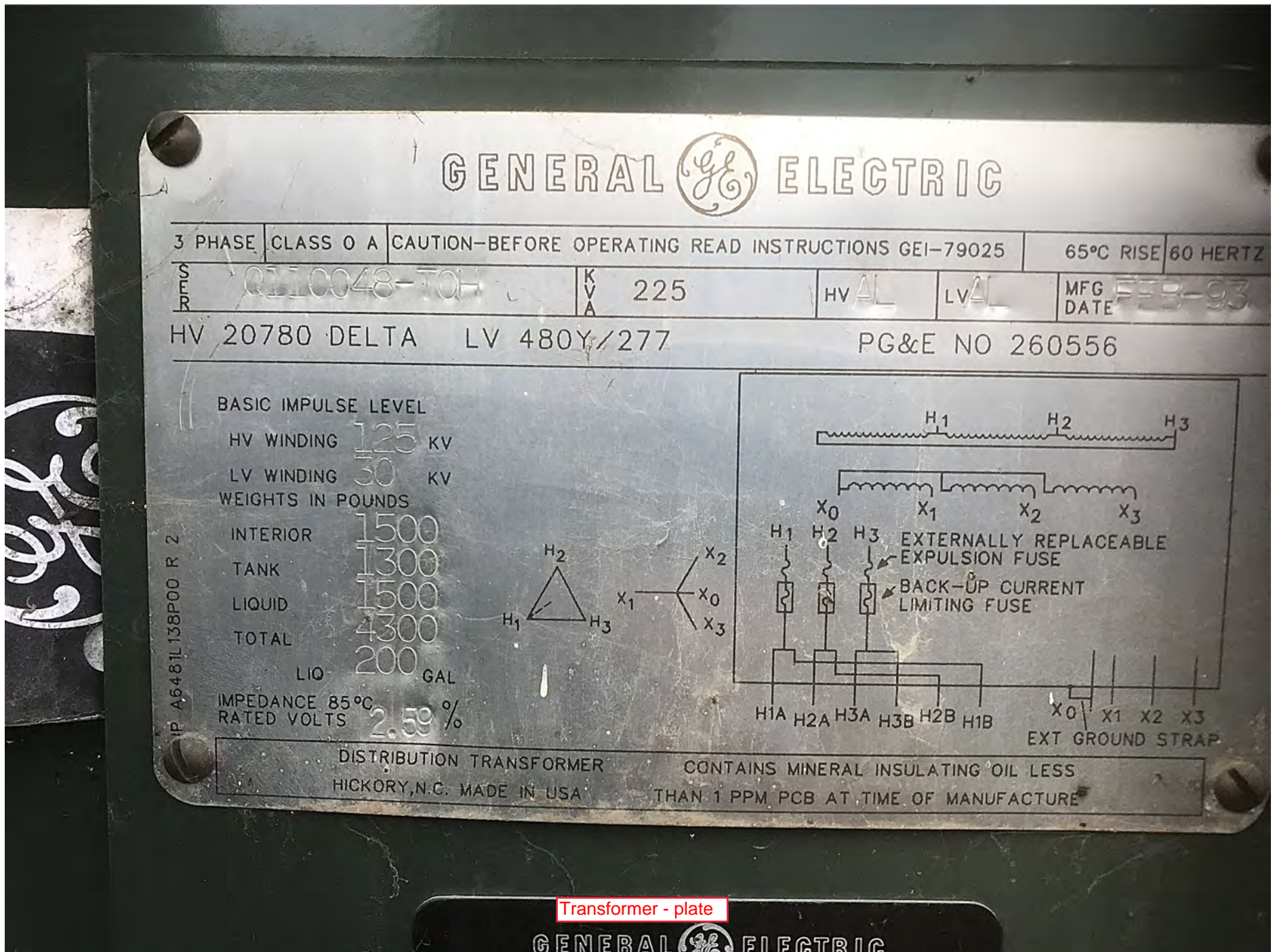
Water Treatment Plant Existing Electrical

Kenwood Energy

Exhibit 3 - Water Treatment Plant Existing Electrical



Exhibit 3 - Water Treatment Plant Existing Electrical



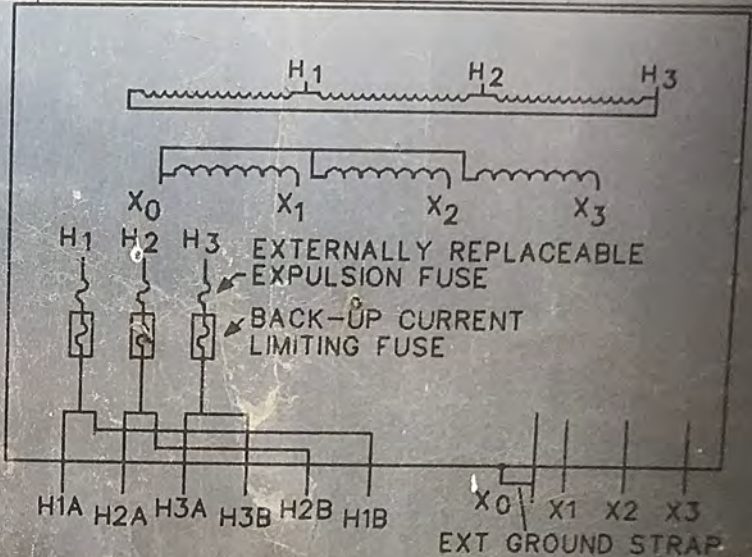
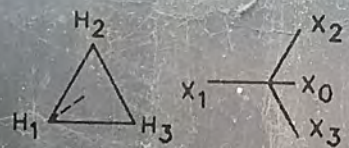
GENERAL  ELECTRIC

3 PHASE	CLASS 0 A	CAUTION-BEFORE OPERATING READ INSTRUCTIONS GEI-79025	65°C RISE	60 HERTZ
SERIAL NO. 0110048-TOH	KVA 225	HV Δ	LV Y	MFG DATE FEB-93

HV 20780 DELTA LV 480Y/277 PG&E NO 260556

BASIC IMPULSE LEVEL
 HV WINDING 125 KV
 LV WINDING 30 KV
 WEIGHTS IN POUNDS
 INTERIOR 1500
 TANK 1300
 LIQUID 1500
 TOTAL 4300
 LIO 200 GAL
 IMPEDANCE 85°C 2.59 %
 RATED VOLTS

IP A6481L138P00 R 2



DISTRIBUTION TRANSFORMER CONTAINS MINERAL INSULATING OIL LESS
 HICKORY, N.C. MADE IN USA THAN 1 PPM PCB AT TIME OF MANUFACTURE

Transformer - plate

Exhibit 3 - Water Treatment Plant Existing Electrical

GENERAL

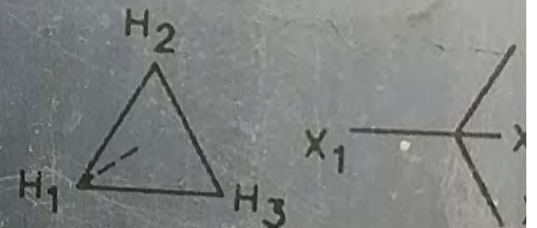
3 PHASE	CLASS 0 A	CAUTION-BEFORE OPERATING	
SER	Q110048-TOH	KVA	225
HV 20780 DELTA		LV 480Y/277	

BASIC IMPULSE LEVEL

HV WINDING 125 KV
LV WINDING 30 KV

WEIGHTS IN POUNDS

INTERIOR 1500
TANK 1300
LIQUID 1500
TOTAL 4300
LIQ 200 GAL



IP A6481L138P00 R 2

IMPEDANCE 85°C
RATED VOLTS 2.59 %

DISTRIBUTION TRANSFORMER
HICKORY, N.C. MADE IN USA
CO
THAN

Transformer - plate

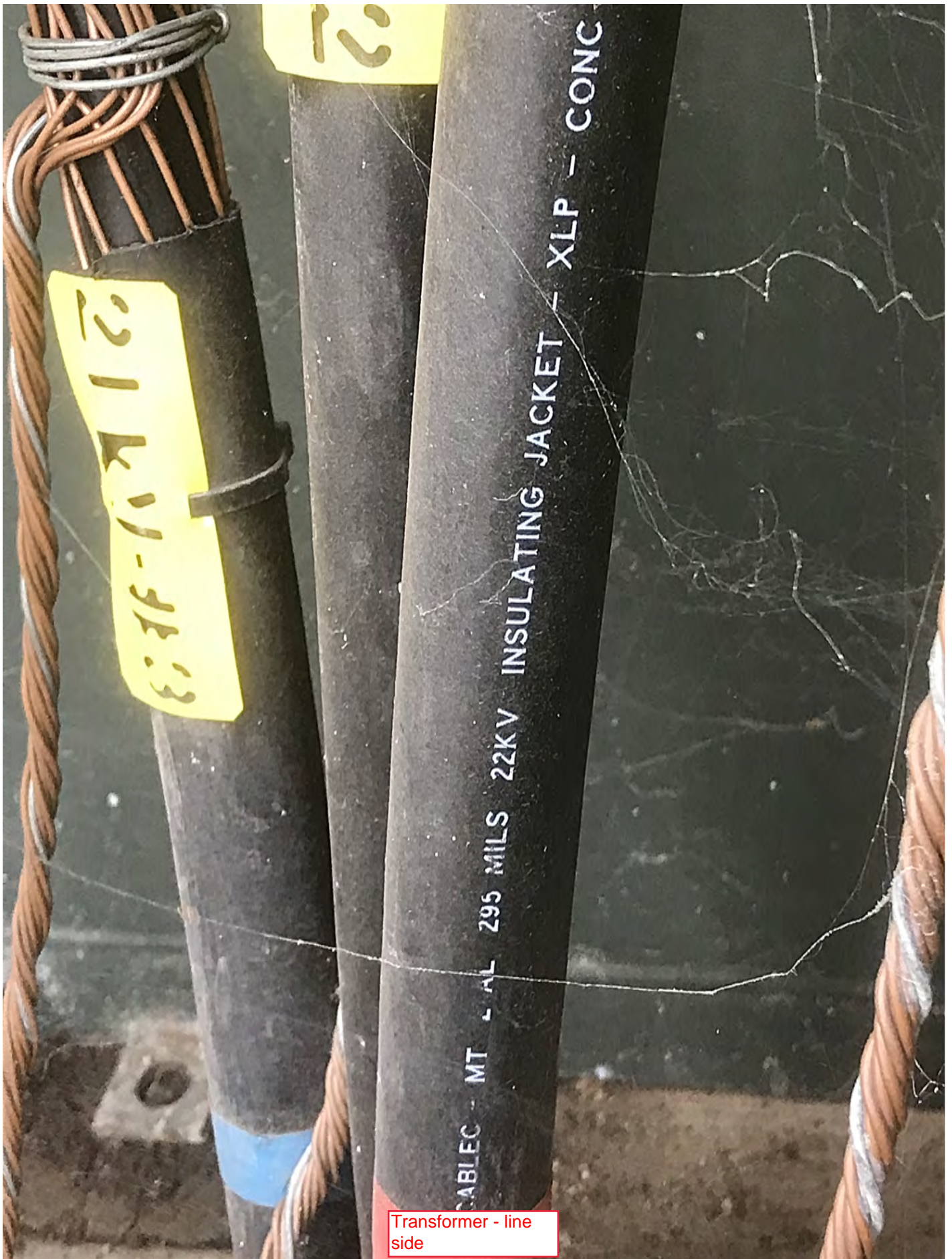
GENERAL

Exhibit 3 - Water Treatment Plant Existing Electrical



Transformer - line side

Exhibit 3 - Water Treatment Plant Existing Electrical



Transformer - line side

Exhibit 3 - Water Treatment Plant Existing Electrical



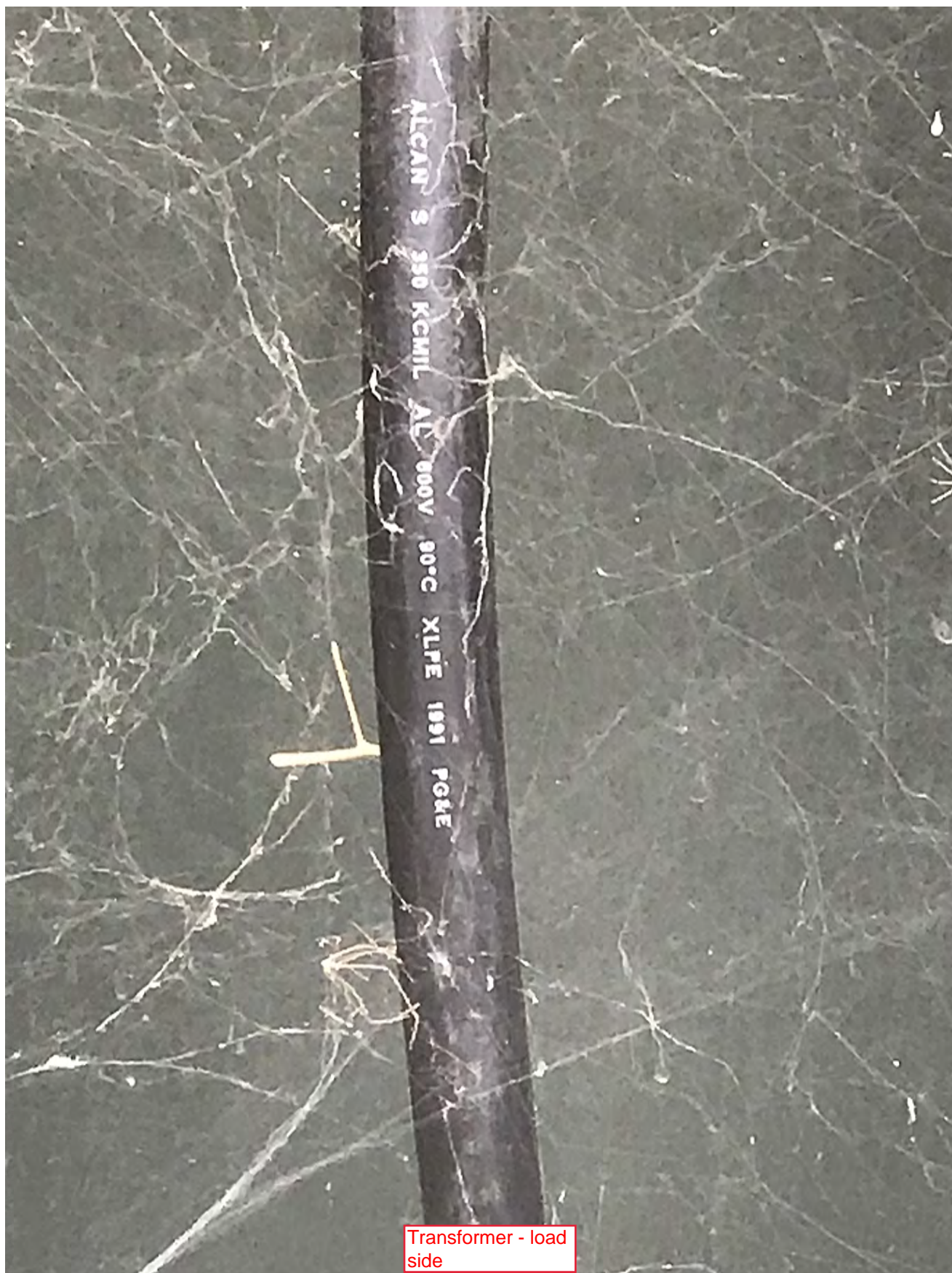
Transformer - line side

Exhibit 3 - Water Treatment Plant Existing Electrical



Transformer - load side

Exhibit 3 - Water Treatment Plant Existing Electrical



Transformer - load side

Exhibit 3 - Water Treatment Plant Existing Electrical



Transformer - length of wire to meter

Exhibit 3 - Water Treatment Plant Existing Electrical



Main breaker and meter

Exhibit 3 - Water Treatment Plant Existing Electrical



Exhibit 3 - Water Treatment Plant Existing Electrical



PGE feeder line
side of meter

Exhibit 3 - Water Treatment Plant Existing Electrical



PGE feeder line side of meter

Exhibit 3 - Water Treatment Plant Existing Electrical



PGE feeder line side of
meter

Exhibit 3 - Water Treatment Plant Existing Electrical



Main breaker

Exhibit 3 - Water Treatment Plant Existing Electrical

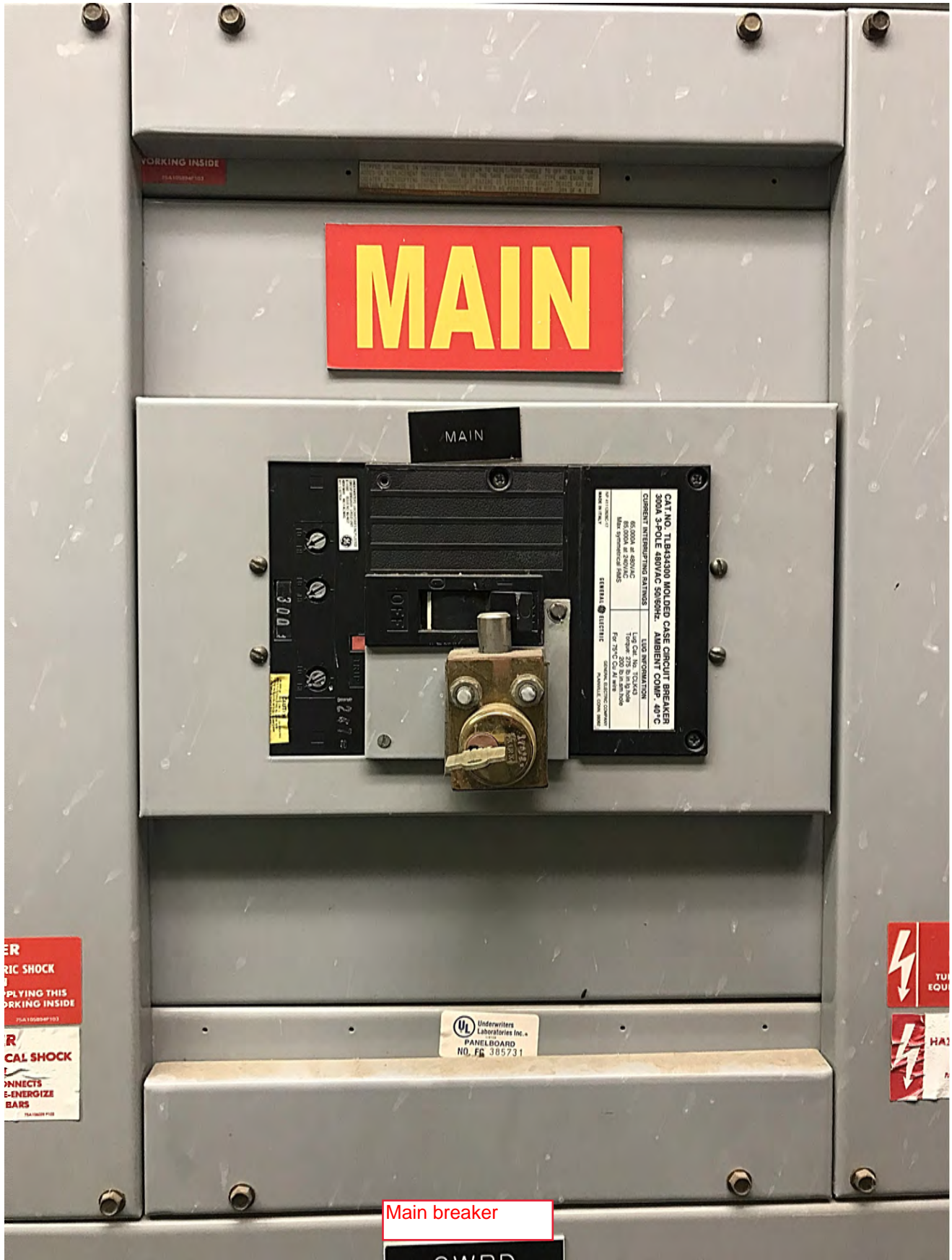
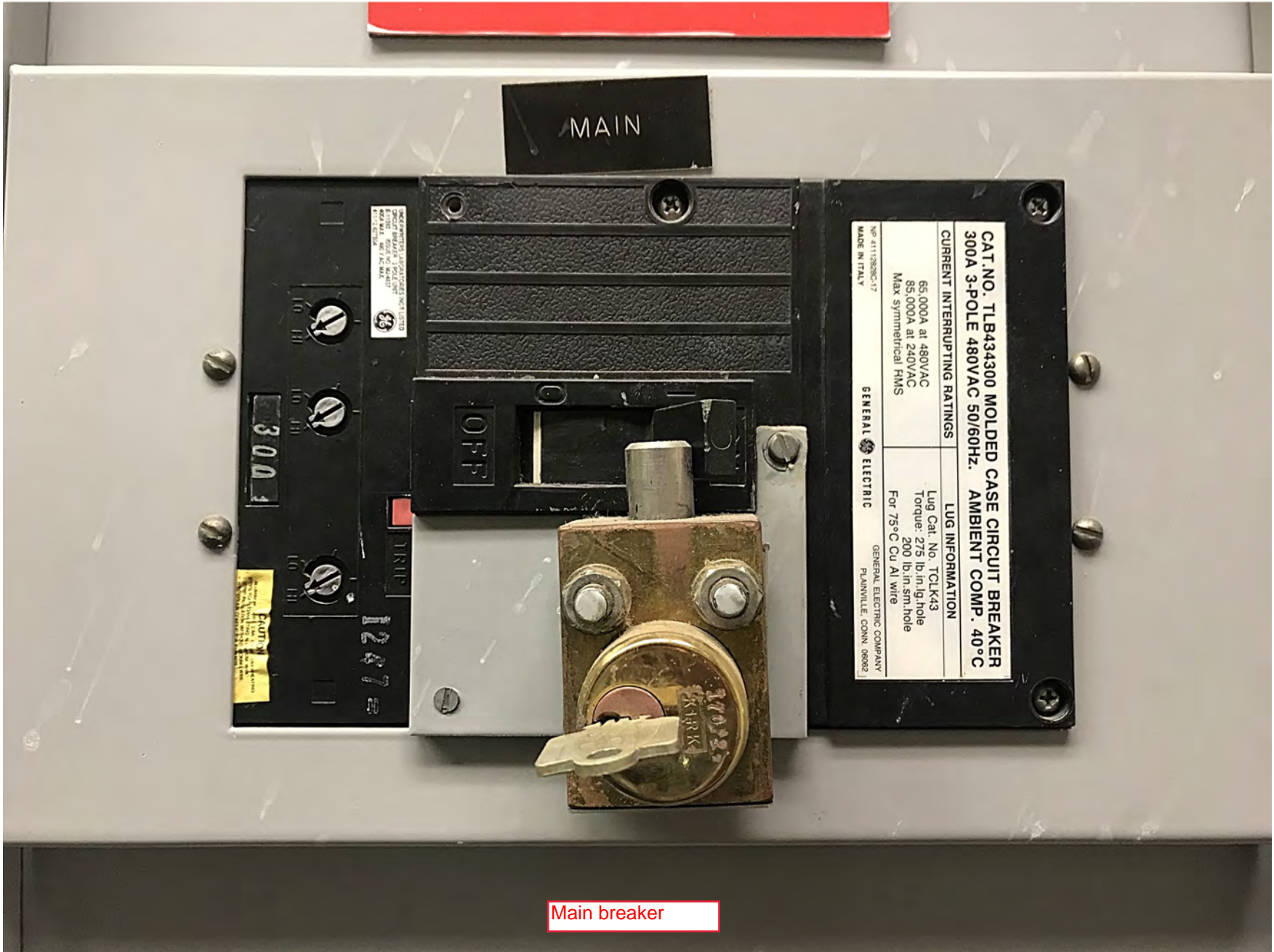


Exhibit 3 - Water Treatment Plant Existing Electrical



Main breaker

Exhibit 3 - Water Treatment Plant Existing Electrical



Main panel busbar

Exhibit 3 - Water Treatment Plant Existing Electrical



Main panel busbar

Exhibit 3 - Water Treatment Plant Existing Electrical



Main panel busbar

Exhibit 3 - Water Treatment Plant Existing Electrical

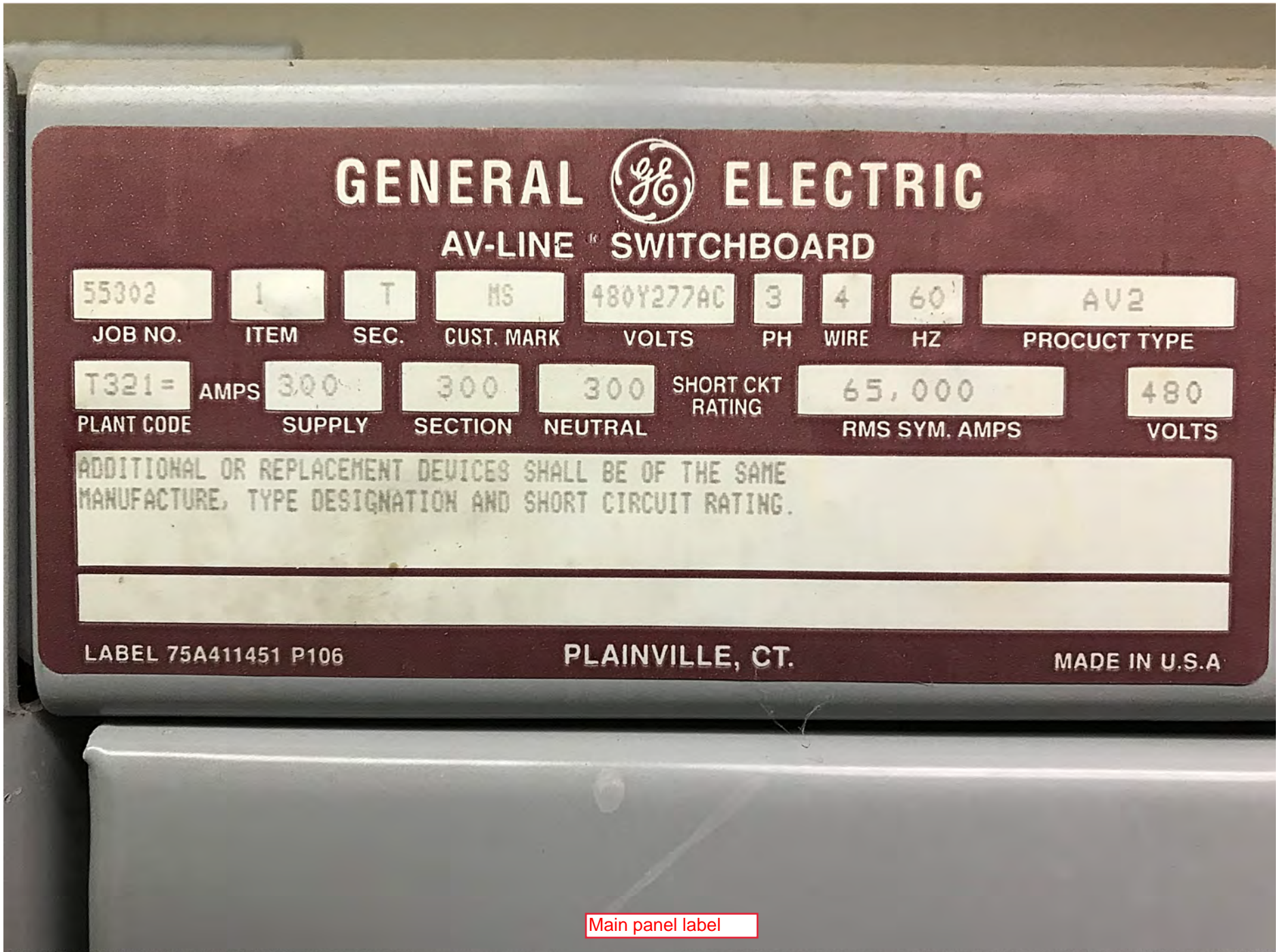
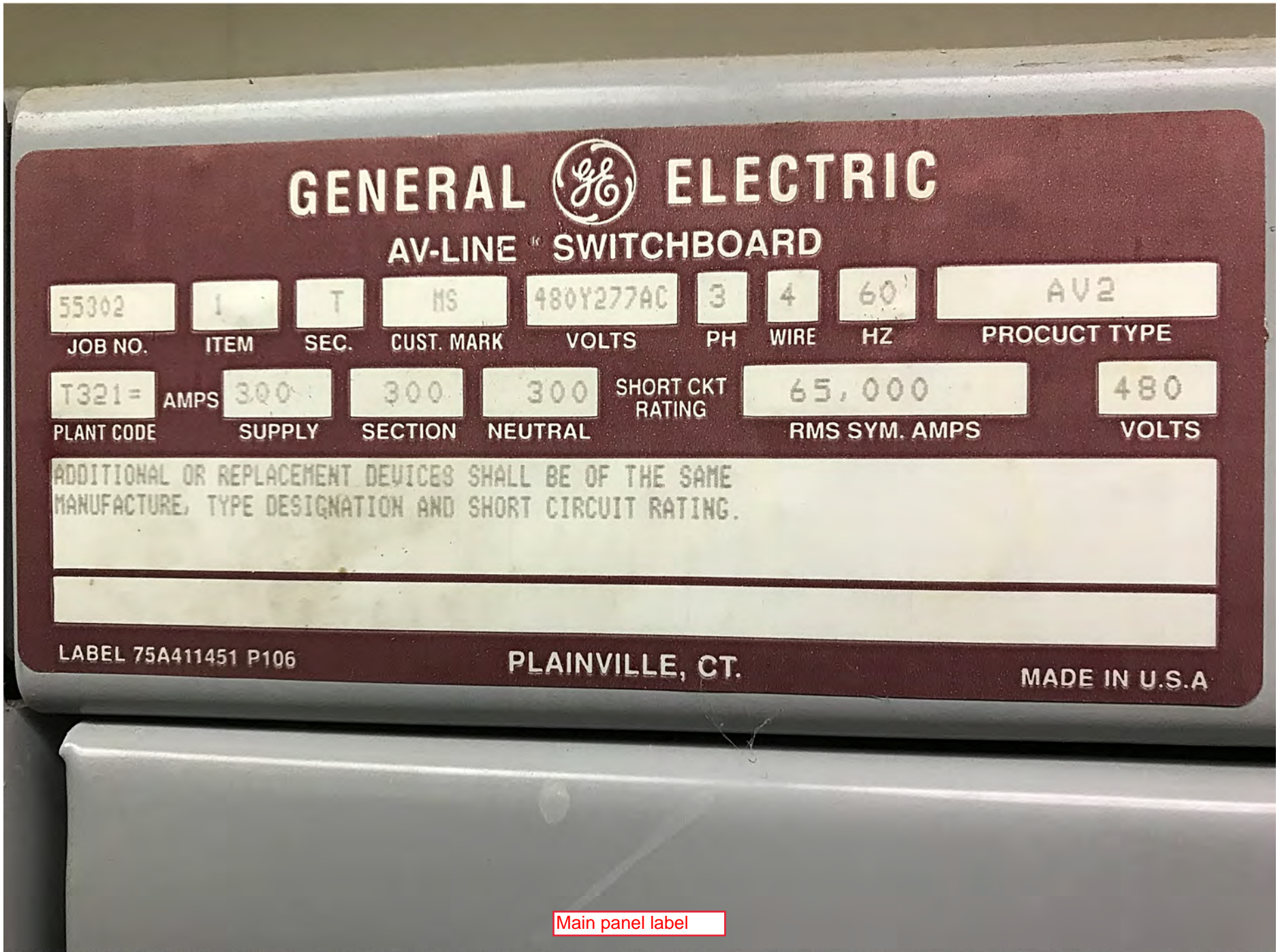


Exhibit 3 - Water Treatment Plant Existing Electrical



GENERAL  ELECTRIC

AV-LINE SWITCHBOARD

55302	1	T	HS	480Y277AC	3	4	60	AV2
JOB NO.	ITEM	SEC.	CUST. MARK	VOLTS	PH	WIRE	HZ	PRODUCT TYPE
T321=	AMPS	300	300	300	SHORT CKT RATING	65,000	480	
PLANT CODE	SUPPLY	SECTION	NEUTRAL			RMS SYM. AMPS	VOLTS	

ADDITIONAL OR REPLACEMENT DEVICES SHALL BE OF THE SAME MANUFACTURE, TYPE DESIGNATION AND SHORT CIRCUIT RATING.

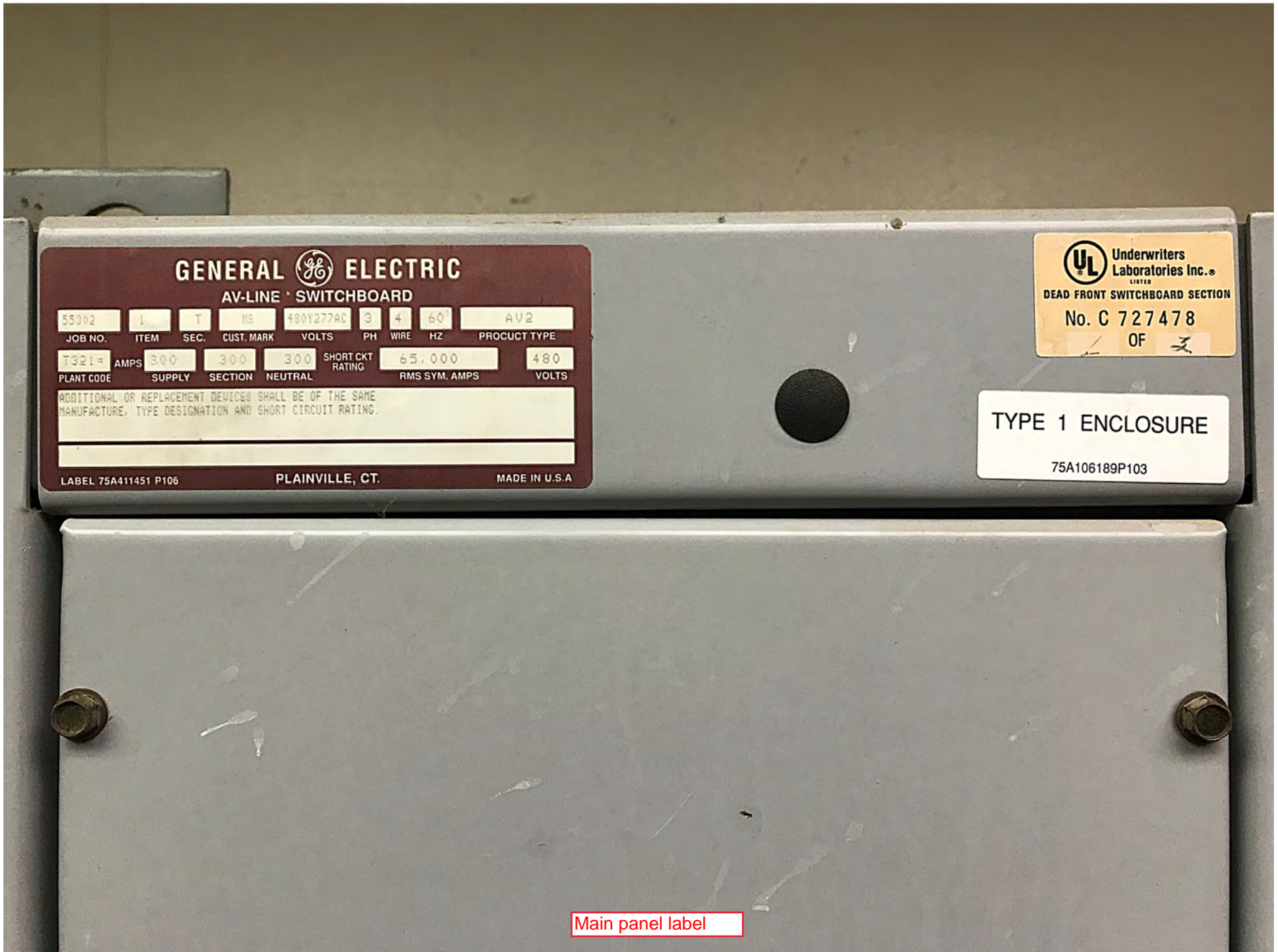
LABEL 75A411451 P106

PLAINVILLE, CT.


MADE IN U.S.A.

Main panel label

Exhibit 3 - Water Treatment Plant Existing Electrical



Main panel label


GENERAL  ELECTRIC
8000 LINE CONTROL CENTER

CAT. NO.

DIAGRAM NO.

AMPS SUPPLY SECT. SECT.

VOLTS PHASE WIRE HZ

 **UNDERWRITERS
LABORATORIES**
LISTED INC.®

MOTOR CONTROL CENTER SECTION
 OF

NO. PLANT

NP 302A3482 P1 MADE IN U.S.A.

MCC panel label

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors

FROM: Scott Duffield, General Manager

DATE: December 19, 2019

SUBJECT: Request to approve a lease agreement with the Heritage Ranch Owners' Association for the purpose of establishing parcel contiguity for the Photovoltaic System Project water treatment plant site.

Recommendation

It is recommended that the Board of Directors approve a lease agreement with the Heritage Ranch Owners' Association for the purpose of establishing parcel contiguity for the Photovoltaic System Project water treatment plant site and authorize the General Manager to sign.

Background

Your Board has approved development of the Photovoltaic System Project (Project), including utilizing the PG&E Net Energy Metering program, NEM2A.

Discussion

NEM2A is a program where multiple electric meters can be offset by a single array if certain conditions are met. One of those conditions is that the meters are on the same parcel, or they are on contiguous parcels as defined in the NEM2A electric schedule rules.

The array to be located at the wastewater treatment plant (WWTP) site is planned to offset energy from the WWTP and the administrative office meters. These two meters are on the same District-owned parcel and meet the NEM2A rules.

The array to be located at the water treatment plant (WTP) site is planned to offset energy from the WTP, Pump Station 1, and Pump Station 4 meters. These three meters are on three separate District-owned non-contiguous parcels. They do not meet the NEM2A rules since they are on non-contiguous parcels. However, pursuant to the NEM2A rules they can be made contiguous by establishing a lease the adjacent parcel(s). There is only one adjacent parcel between the three District-owned parcels and is owned by the Heritage Ranch Owners' Association (HROA).

District counsel and HROA counsel have coordinated to develop the attached lease agreement intended to meet the NEM2A rules for parcel contiguity. PG&E will still need to accept the lease agreement as part of their review of the interconnection application that will be submitted by the Project contractor. Staff has spoken with PG&E informally and believe the lease agreement will be acceptable.

Fiscal Considerations

There are no direct fiscal considerations associated with this item.

If the lease agreement is not executed the Project will need to be decreased to not include Pump Station 1 and Pump Station 4, thereby reducing the energy offset significantly. Thus, the indirect fiscal considerations would be less savings from reduced energy offset.

Results

Approval of the recommended action will provide a document for PG&E to review as part of the interconnection application that if approved will allow the District the opportunity to meet the Project objective.

Attachments: Lease Agreement

File: Projects_PVS

LEASE AGREEMENT

This Lease (“Lease”) is made and is effective as of _____, 2019, by and between the Heritage Ranch Owners’ Association (“Lessor” or “HROA”) and the Heritage Ranch Community Services District (“Lessee” or “District”).

RECITALS

A. WHEREAS, Lessor is the owner of certain real property located in the County of San Luis Obispo, State of California, as more particularly set forth in Exhibit “A”, attached hereto and incorporated herein by reference (the “HROA Property” or “Leased Premises”).

B. WHEREAS, District is the owner of certain real property located adjacent to the HROA Property as more particularly set forth in Exhibit “B”, attached hereto and incorporated herein by reference (the “District Property”).

C. WHEREAS, District Property consists of three (3) non-contiguous parcels separated in part by the HROA Property. The parcels are identified on Exhibit B as “Pump Station 1”, “Pump Station 4”, and the “Water Treatment Plant.”

D. WHEREAS, the District desires to develop a solar project on the District Property, as more particularly set forth in Exhibit “C” (the “Project”) in coordination with Pacific, Gas, and Electric Company which requires Pump Station 1, Pump Station 4, and the Water Treatment Plant to be either (1) on the same property; (2) on contiguous properties; or (3) connected by established contiguity of the parcels by lease. The District’s development of the Project shall be in accordance with all applicable governmental regulations, laws, and codes.

E. WHEREAS, the District has determined that installation of the Project is necessary and/or desirable in order (1) for it to continue providing its services, including to HROA members and residents, at a cost-effective price; (2) for the District to maintain a high level of efficiency and service for years to come; and (3) for the District to improve its services in an environmentally meaningful manner and based on the District’s necessity; therefore, the HROA is authorized pursuant to Article VII, Section 1, Part (i) of the HROA Master Declaration, to approve this Lease.

F. WHEREAS, Lessor has agreed to grant to Lessee access over the HROA Property (“Leased Premises”) for the purpose of establishing parcel contiguity, upon the terms and conditions set forth in this Lease.

AGREEMENT TO LEASE

NOW, THEREFORE, based on the above recitals and below listed terms and conditions, all of which are deemed a part of this Lease, Lessor grants access to Lessee under the following terms and conditions:

1. Recitals. The recitals stated above are incorporated herein by this reference and made a part of this Covenant as though fully set forth again.

2. Lease. Lessor hereby grants to Lessee access over, within, and through the Leased Premises as is necessary and convenient to satisfy the Lease Purposes, as defined in Section 3 of this Lease, subject to all matters and encumbrances of record affecting the HROA Property, on the terms and conditions set forth in this Lease.

3. Lease Purposes. "Lease Purposes" means the use of the HROA Property, as is necessary, desirable, convenient, or advisable for the use, maintenance, development, or inspection of the Project on the District Property by Lessee, its successors, assigns, and invitees.

4. Damage to Leased Premises. For as long as this Lease is in effect, the District shall be required to maintain, repair, and replace the Project at the District's sole expense. To the extent that the District's (including any of its successors', assigns' or invitees') access on, to, or through the Lease causes damage to same, except in cases of emergency in order to protect an imminent threat to person or property, HROA shall provide written notice of said damage along with an estimate for the costs to repair same. The District shall have ten (10) days to review and respond or otherwise to commence the repairs. In the event the District fails to commence the requested repairs within the ten (10) days, HROA shall thereafter be permitted to complete the repairs and the District shall promptly, within thirty (30) days, reimburse HROA for its costs associated with said repairs.

5. Character of Lease. The Lease is nonexclusive and includes the right of Lessee to use and control the Leased Premises for the Lease Purposes, which use must not be disturbed, interrupted, or impeded in any manner while this Lease is in effect.

6. Term. The Lease terms shall be twenty-five (25) years, with the right to renew upon the Parties' mutual agreement..

7. Consideration. In consideration of the grant of the Lease, Lessee will pay to Lessor the amount of One Dollar (\$1.00).

8. No Impediment to Use. During the term of this Lease, no walls, fences, or barriers of any sort or kind whatsoever that prevent or impair access to the Project, or the exercise or performance of any of the Lease Purposes, will be constructed, maintained, or permitted on the HROA Property, or any portion thereof, by Lessor or Lessee.

9. Assigns. Neither party shall have a right of assignment of this Lease without providing the other party with prior written notice and receipt of said party's written approval for said assignment, which such approval shall not be unreasonably withheld, conditioned, or delayed.

10. Indemnification. Lessee agrees to fully indemnify, defend, and hold harmless Lessor, its agents, directors, officers, employees, members, counsel, representatives, heirs, successors, and assigns against any and all claims, actions, or demands, costs or expense, including reasonable attorney's fees, arising out of or in any way connected to any activities of Lessee, its agents, directors, officers, employees, independent contractors, members, counsel, representatives, heirs, successors, assigns or invitees arising out of its use of the Lease, excluding therefrom claims resulting from the negligence or willful misconduct of Lessor.

11. Insurance. The District agrees, covenants and promises to maintain at all times herein and at the District's sole cost and expense, a General Liability insurance policy whereby the Association is added as an additional insured and entitled to advance notice of cancellation of at least thirty (30) days. Upon the Association's request, the District will promptly provide the Association with a Certificate of Insurance or other evidence of the District's insurance policies.

12. Notice. Any notice required or permitted under this Lease shall be in writing given by registered mail, return receipt requested, personally, or by a nationally recognized overnight courier, at the following addresses, but such address may be changed by written notice given by one party to the other from time to time, at the addresses listed below. The parties hereto may update the below listed contacts for notice by providing the other party written notice of same pursuant to the terms below listed. The notice party shall be deemed changed upon receipt of said change.

<u>District</u>	<u>HROA</u>
Board of Directors 4870 Heritage Road Paso Robles, CA 93446 Attn: General Manager	Board of Directors 3945 Heritage Rd. Paso Robles, CA 93446 Attn: General Manager

13. Attorney's Fees. If any legal action or proceeding arising out of or relating to this Lease is brought by either party to this Lease, the prevailing party will be entitled to receive from the other party, in addition to any other relief that may be granted, the reasonable attorney's fees, costs, and expenses incurred in the action or proceeding by the prevailing party.

14. Miscellaneous. This Agreement constitutes the entire Lease between Lessor and Lessee relating to the Lease. Any prior agreements, promises, negotiations, or representations not expressly set forth in this Lease are of no force and effect. Any amendment to this Lease will be of no force and effect unless it is in writing and signed by Lessor and Lessee or their respective successors or assigns. This Lease will be effective upon the date of execution. If any provision of this Lease is invalid or unenforceable with respect to any party, the remainder of this Lease, or

the application of such provision to persons other than those as to whom it is held invalid or unenforceable, shall not be affected and each provision of this Lease shall be valid and enforceable to the fullest extent permitted by law. This Lease shall be governed under the laws of the State of California, with venue located in San Luis Obispo County. Failure by either party to enforce any covenant, condition or restriction herein contained in any certain instance or on any particular occasion shall not be deemed a waiver of such right on any such future breach of the same or any other covenant, condition and restriction.

15. Signature/Counterparts. This Lease may be executed in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. The persons executing this Lease represent and warrant their authority to do so, and that such authority has been duly and validly conferred.

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the date first set forth hereinabove.

**Heritage Ranch
Community Services District**

Heritage Ranch Owners' Association

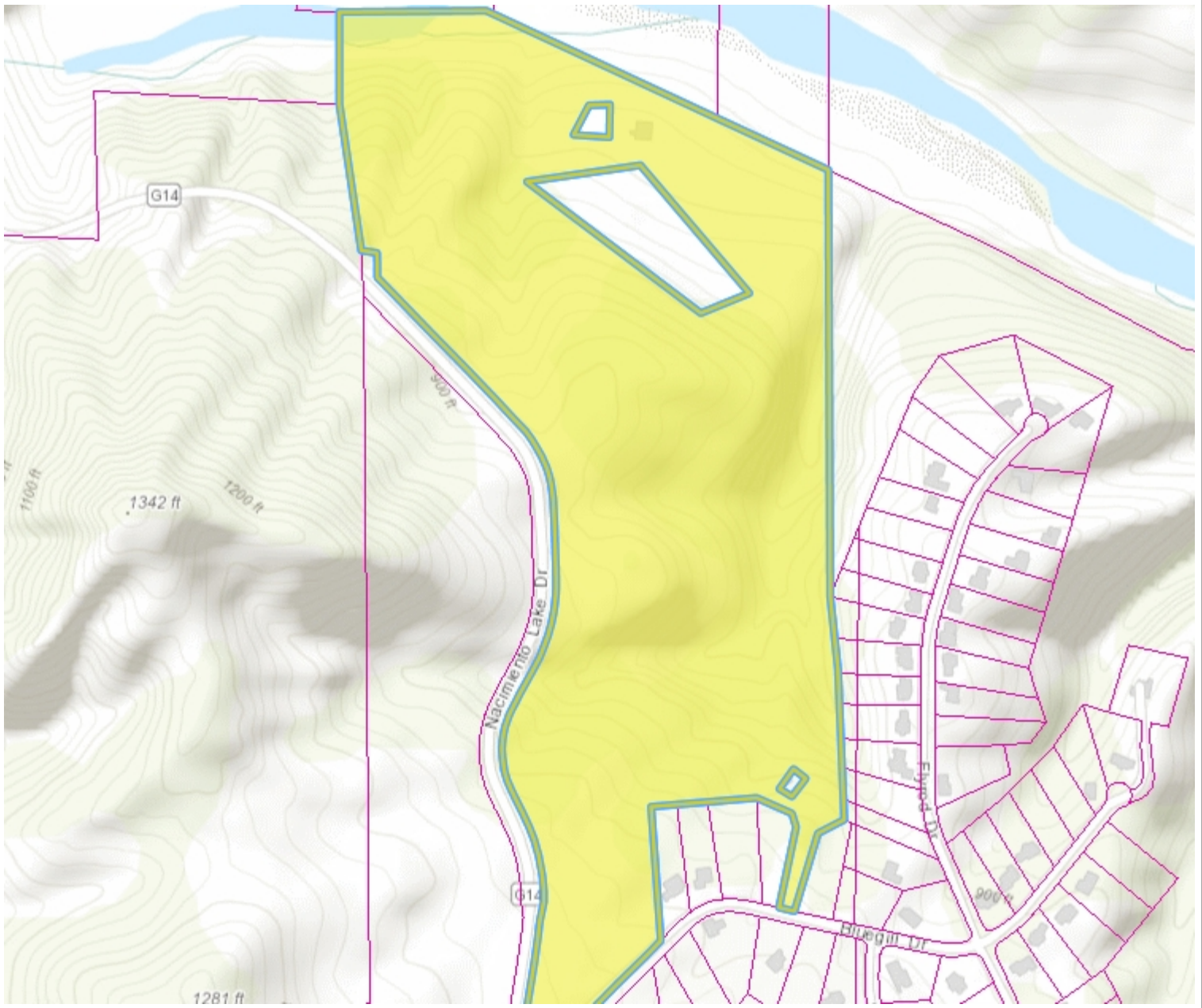
Scott Duffield, General Manager

By: _____

Its: _____

Exhibit “A”

HROA Property Legal Description



-1,504.66 0 752.33 1,504.66 Feet 1:9,028

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© County of San Luis Obispo Planning and Building Department



The County of San Luis Obispo does not assume liability for any damages caused by errors or omissions in the data and makes no warranty of any kind, express or implied, that these data are accurate and reliable.

Map for Reference Purposes Only

Legend




-  SLO County Parcels
-  SLO County Boundary
-  Citations

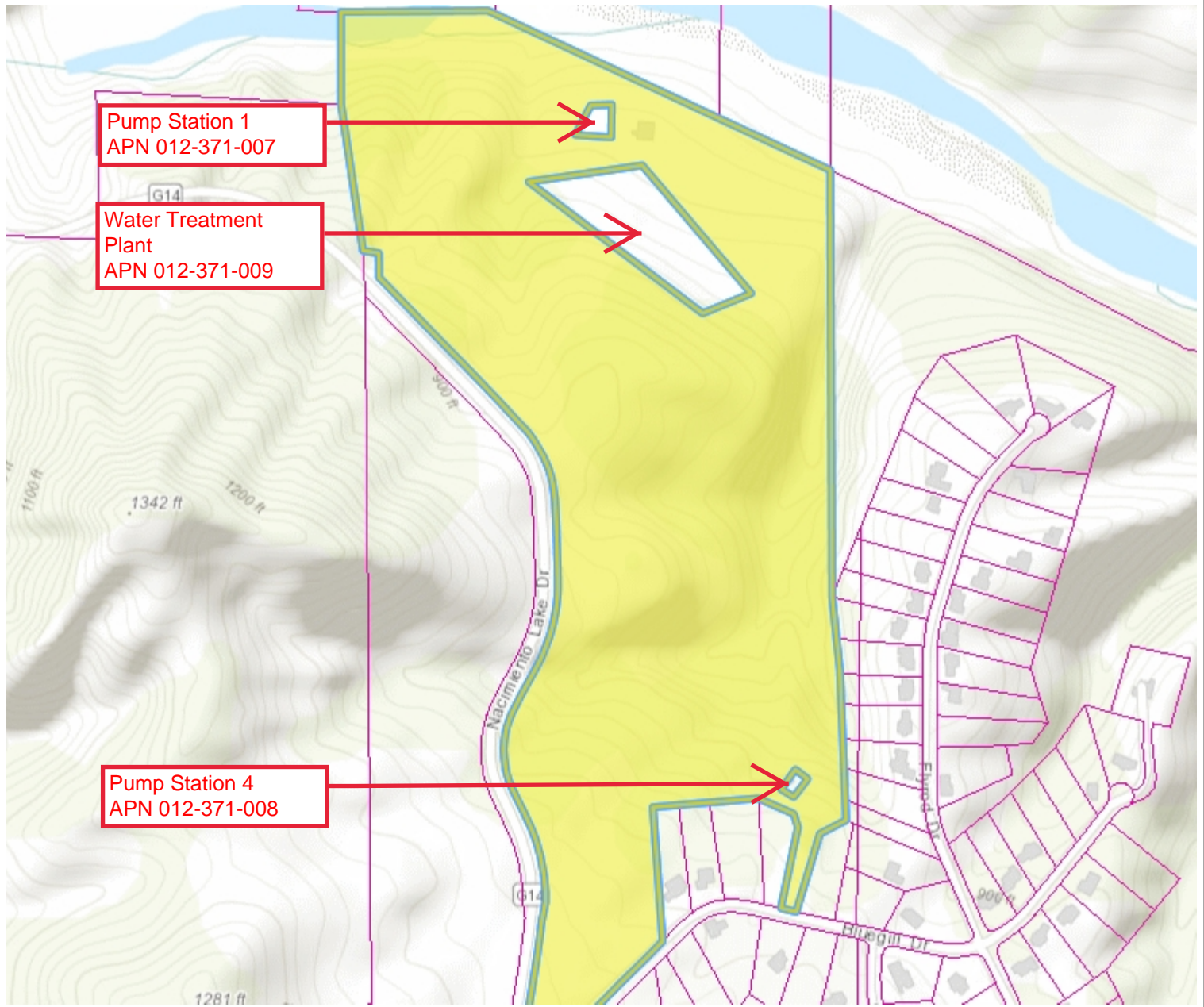


Exhibit “B”

District Property Legal Description



Exhibit B - District Property



-1,504.66 0 752.33 1,504.66 Feet 1:9,028

WGS_1984_Web_Mercator_Auxiliary_Sphere
© County of San Luis Obispo Planning and Building Department



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Map for Reference Purposes Only

Legend

- SLO County Parcels
- SLO County Boundary
- Citations



Exhibit “C”

Project Description

Exhibit C

INTRODUCTION

Heritage Ranch Community Services District, (“the District” or “Owner”) is seeking proposals for a photovoltaic (PV) system to offset energy use at various District facilities. Refer to the RFP for all proposal requirements, project goals/objectives and criteria for evaluating proposals.

The District has identified preapproved installation areas.

GENERAL

The Design-Builder is responsible for confirming the proper size of each PV system, accounting for site-specific conditions, applicable utility rates, etc.

The Work shall include all materials, labor, equipment, structures, fencing and gates, trenching, paving, electric panels, breakers, services, and incidentals necessary to install a complete PV system including, but not limited to, the work included in these Technical Specifications, the RFP, Design-Builder's Proposal, and all other Contract Documents defined in the Agreement.

At a minimum, the Project shall consist of the design, supply, and installation of equipment, mounting structures, terminal and combiner boxes, DC wiring, DC disconnect, grid-connected inverter, AC disconnect, AC wiring, all utility grade metering equipment, all designed to interconnect with the facilities' electrical systems.

The Design-Builder is responsible for all efforts related to ensuring that all NEMA paperwork is submitted and each PV system is interconnected to the proper accounts and locations.

It is the Design-Builder's responsibility to review all available drawings and visit the jobsite to collect and document existing conditions and determine conduit and wiring runs. The Design-Builder is also responsible for identifying all underground obstructions in the working area via District approved Underground subcontractor. The District will support the Design-Builder by providing all available drawings and institutional knowledge that is available. No allowance shall be made for any additional costs incurred by the Design-Builder due to failure to properly understand site conditions. Design-Builder shall notify USAAlert at 811, a minimum of two working days prior to excavation work, and allow Utility Companies to field locate/mark utilities in the Project Areas.

The Design-Builder must provide Civil, Soils, Geotechnical, and Structural engineering analyses and documentation, stamped and signed by a Civil or Structural Engineer registered in the State of California, certifying that the mounting structures can support any loads resulting from local applicable seismic and wind-load activity. All mounting canopies shall have a safety factor of at least 1.5.

Complete all required utility paperwork for the interconnection agreements and rate changes.

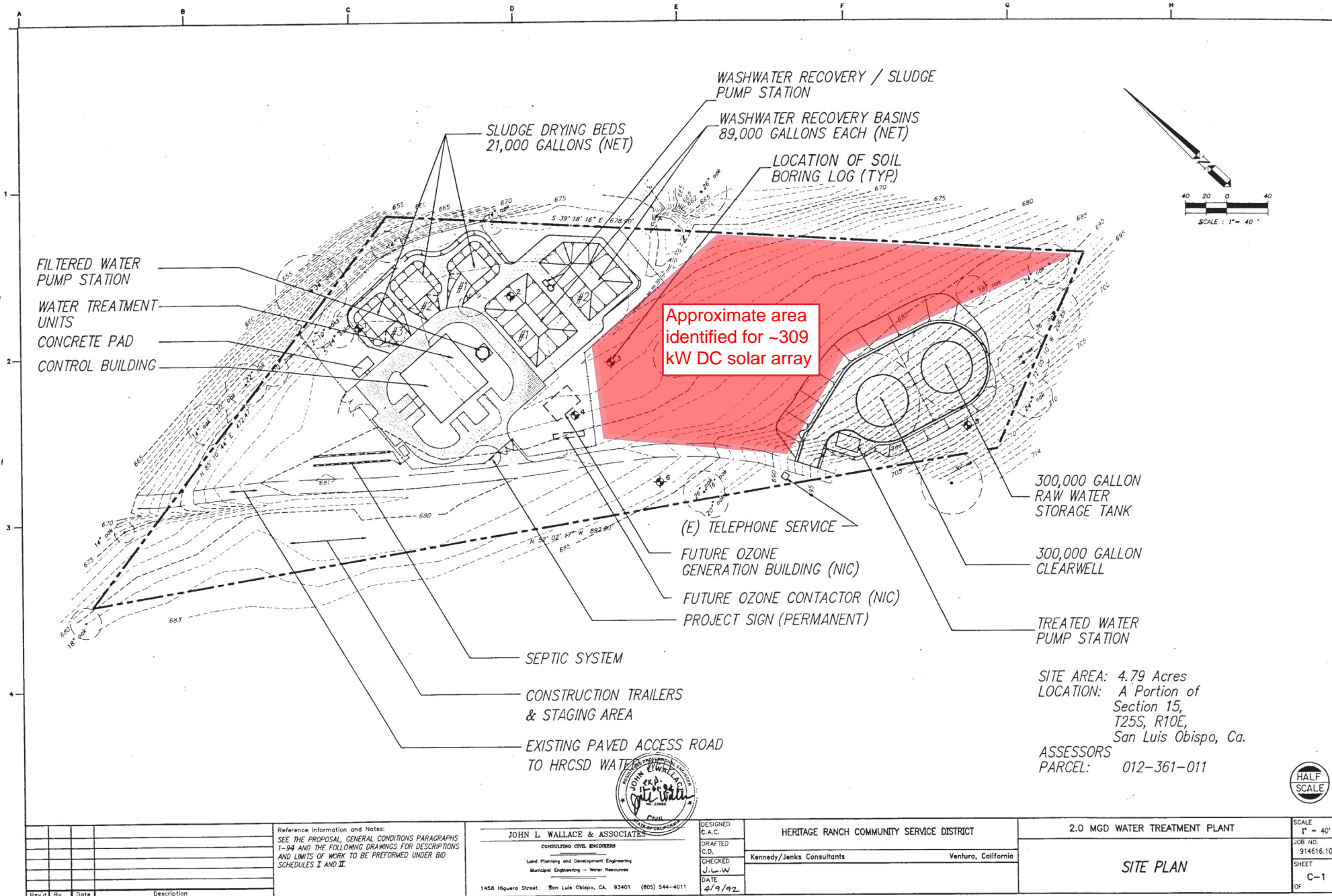
All current California Building Codes and all other applicable codes shall apply.

The systems shall be designed to meet all local applicable seismic and wind-load requirements.

The Design-Builder is responsible for securing, and for compliance with, all permits (building, fire, etc), final sign off, and final utility sign off.

The Design-Builder is responsible for Commissioning the system per manufacturer's requirements and providing documentation of proper operation.

Exhibit C



Approximate area identified for ~309 kW DC solar array

SITE AREA: 4.79 Acres
 LOCATION: A Portion of Section 15, T25S, R10E, San Luis Obispo, Ca.
 ASSESSORS PARCEL: 012-361-011



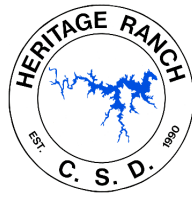
Reference Information and Notes:
 SEE THE PROPOSAL GENERAL CONDITIONS PARAGRAPHS 1-94 AND THE FOLLOWING DRAWINGS FOR DESCRIPTIONS AND LIMITS OF WORK TO BE PERFORMED UNDER BID SCHEDULES I AND II.

JOHN L. WALLACE & ASSOCIATES
 CONSULTING CIVIL ENGINEERS
 Land Planning and Development Engineering
 Municipal Engineering - Water Resources
 1458 Higuera Street San Luis Obispo, CA. 93401 (805) 544-4011

DESIGNED C.A.C.
 HERITAGE RANCH COMMUNITY SERVICE DISTRICT
 DRAFTED C.D.
 Kennedy/Janks Consultants Ventura, California
 CHECKED J.L.W.
 DATE 4/9/92

2.0 MGD WATER TREATMENT PLANT
 SITE PLAN
 SCALE 1" = 40'
 JOB NO. 914616.10
 SHEET C-1 OF

Rev'd	By	Date	Description



**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS' REGULAR MEETING**

Minutes of November 21, 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.

2. ROLL CALL

Manager Duffield called the role. All Directors were present.

Staff present: General Manager Scott Duffield, Operations Supervisor/AGM Jason Molinari, District Counsel Jeff Minnery, and District Engineer Steve Tanaka.

3. PUBLIC COMMENT ON ITEMS NOT ON THE AGENDA

Sheriff Deputy Florentino provided the Board and public with a monthly report on calls for service which pertain to the community.

4. DISCUSSION ITEMS

a. Request to approve an extraordinary rate adjustment for solid waste services provided by San Miguel Garbage Company, and schedule a public hearing for January 16, 2020, for adoption of the adjusted rates.

Manager Duffield provided a brief summary of the item and answered any questions the Board had. Aron Kardashian from San Miguel Garbage Company provided additional detailed information and discussion and answered any questions the Board had.

Director Burgess made a motion to approve staff recommendation, approving the extraordinary rate adjustment for solid waste services and scheduling a public hearing for January 16, 2020 for adoption of the adjusted rates. Director Capps seconded the motion. The motion passed by the following roll call vote:

Ayes: Barker, Burgess, Capps, Cousineau, Rowley

Nays: none

b. Submittal for approval Resolution 19-10 approving the Photovoltaic System Project (Project); declaring the Project to be categorically exempt from CEQA; and awarding the Project to Stockman's Energy, Inc.

Manager Duffield provided a summary of the item and answered any questions the Board had. Director Capps asked about the size of the project that was discussed at the Operations & Engineering Committee meeting the previous week of which he is a member. The District's consultant Tim Holmes explained that when the RFP was written we did not have the PG&E time-of-use rates

that will go into effect in November 2020; therefore, the system as advertised will offset about 75% of our energy costs. The Board would like to offset 90%. Director Capps and Burgess also noted that for the 90% offset to work, the PG&E transformer and the main breaker may have to be upgraded and that those should be accounted for in the project.

Director Burgess made a motion to not approve Resolution 19-10 and reject all proposals. The motion was seconded by Director Capps. The motion passed by the following roll call vote:

Ayes: Burgess, Capps, Rowley

Nays: Barker, Cousineau

Director Burgess made a second motion to re-write and re-advertise the RFP to include: 1) the additional kW to offset 90% of costs of energy; 2) provide Jinko or equivalent panels; 3) address the transformer/breaker; and return to the Board as soon as possible. Director Capps seconded the motion. The motion passed by the following roll call vote:

Ayes: Barker, Burgess, Capps, Cousineau, Rowley

Nays: none

5. CONSENT ITEMS

- a. Meeting Minutes: Receive/approve minutes of regular meeting of October 17, 2019.
- b. Meeting Minutes: Receive/approve minutes of special meeting of November 6, 2019.
- c. Warrant Register: Receive/approve October 2019 warrants.
- d. Treasurer's Report: Receive/file October 2019 report.
- e. Fiscal Report: Receive/file October 2019 status report.
- f. Manager's Report: Receive/file October 2019 report.
- g. Staff Reports: Receive/file October 2019 reports.

Director Rowley pulled items F and G (Manager and Staff Reports). Director Burgess made a motion to approve items A through E as presented. Director Rowley seconded the motion. The motion passed by the following voice vote:

Ayes: Barker, Burgess, Capps, Cousineau, Rowley

Manager Duffield provided a summary of item F (Manager's report) and answered any questions the Board had. Operations Supervisor Molinari provided a summary of item G (Staff report) and answered any questions the Board had.

Director Capps made a motion to approve items F and G as presented. Director Rowley seconded the motion. The motion passed by the following voice vote:

Ayes: Barker, Burgess, Capps, Cousineau, Rowley

6. DIRECTORS/MANAGER COMMENTS

Director Cousineau commented that security at District facilities should be looked at, including the office, yard, and the water treatment plant. Security could include fencing, gates, alarms, and cameras.

7. ADJOURNMENT

On a motion by Director Burgess and seconded by Director Capps, the meeting adjourned at 5:43 pm to the next scheduled regular meeting on Thursday, December 19, 2019.

APPROVED:

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

ATTEST:

**Kristen Gelos, Secretary
Board of Directors**

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

PACIFIC PREMIER BANK WARRANTS

DATE	NAME OF PAYEE	DESCRIPTION	AMOUNT
11/1/2019	CALPERS 457 DEFFERED COMP PROG	PERS 457- DEFFERED COMP.	\$ 1,225.00
11/1/2019	CALPERS RETIREMENT SYSTEM	PERS RETIREMENT	\$ 3,123.28
11/1/2019	CALPERS RETIREMENT SYSTEM	PERS RETIREMENT TIER 2	\$ 962.32
11/1/2019	CALPERS RETIREMENT SYSTEM	PERS RETIREMENT PEPRA	\$ 499.18
11/1/2019	CALPERS RETIREMENT SYSTEM	SURVIVOR BENEFIT	\$ 7.44
11/3/2019	CALPERS HEALTH BENEFITS	CALPERS HEALTH BENEFITS	\$ 10,904.78
11/3/2019	CALPERS HEALTH BENEFITS	EMPLOYEE PAID HEALTH BENEFIT	\$ 795.92
11/3/2019	CALPERS HEALTH BENEFITS	EMPLOYEE PAID HEALTH BENEFIT	\$ 795.92
11/8/2019	R. BRINK	NET PAYROLL	\$ 2,010.79
11/8/2019	J. MOLINARI	NET PAYROLL	\$ 2,884.28
11/8/2019	R. ARNOLD	NET PAYROLL	\$ 2,270.96
11/8/2019	J. PRITCHETT	NET PAYROLL	\$ 2,096.56
11/8/2019	M. HUMPHREY	NET PAYROLL	\$ 1,794.94
11/8/2019	K. GELOS	NET PAYROLL	\$ 2,318.32
11/8/2019	B. BARKER	NET PAYROLL	\$ 46.17
11/8/2019	S. DUFFIELD	NET PAYROLL	\$ 3,519.13
11/8/2019	D. CAPP	NET PAYROLL	\$ 46.17
11/8/2019	S. BRENNEMAN	NET PAYROLL	\$ 1,555.45
11/8/2019	PG&E	ELECTRICITY	\$ 22,340.71
11/11/2019	J.B. DEWAR. INC.	FUEL & OIL	\$ 515.99
11/12/2019	INTERNAL REVENUE SERVICE	FEDERAL WITHHOLDING TAXES	\$ 2,591.48
11/12/2019	INTERNAL REVENUE SERVICE	FICA WITHHOLDING	\$ 12.40
11/12/2019	INTERNAL REVENUE SERVICE	MEDICARE	\$ 775.04
11/12/2019	EDD	SDI	\$ 266.24
11/12/2019	EDD	STATE WITHHOLDING	\$ 967.91
11/12/2019	FERGUSON ENTERPRISES INC	MAINTENANCE FIXED EQUIPMENT	\$ 21.05
11/12/2019	RYAN BRINK	CELL PHONE/INTERNET ALLOWANCE	\$ 80.00
11/12/2019	READY REFRESH BY NESTLE	LAB TESTING	\$ 15.94
11/12/2019	USA BLUEBOOK	MAINTENANCE FIXED EQUIPMENT	\$ 129.76
11/12/2019	USA BLUEBOOK	MAINTENANCE FIXED EQUIPMENT	\$ 285.86
11/12/2019	FGL ENVIRONMENTAL	LAB TESTING	\$ 130.00
11/12/2019	JASON MOLINARI	MEDICAL REIMBURSEMENT	\$ 219.00
11/12/2019	JASON MOLINARI	CELL PHONE/INTERNET ALLOWANCE	\$ 80.00
11/12/2019	ROY ARNOLD	CELL PHONE/INTERNET ALLOWANCE	\$ 80.00
11/12/2019	DELTA LIQUID ENERGY	PROPANE	\$ 150.10
11/12/2019	NAPA AUTO PARTS	VEHICLES	\$ 88.02
11/12/2019	NAPA AUTO PARTS	SMALL TOOLS & EQUIPMENT	\$ 22.27
11/12/2019	KRISTEN GELOS	CELL PHONE/INTERNET ALLOWANCE	\$ 40.00
11/12/2019	U.S. BANK	PVS PROJECT	\$ 27.18
11/12/2019	U.S. BANK	MAINTENANCE FIXED EQUIPMENT	\$ 106.35
11/12/2019	U.S. BANK	VEHICLES	\$ 49.75
11/12/2019	U.S. BANK	TRAINING & TRAVEL	\$ 75.00

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

DATE	NAME OF PAYEE	DESCRIPTION	AMOUNT
11/12/2019	U.S. BANK	VEHICLES	\$ 31.23
11/12/2019	U.S. BANK	VEHICLES	\$ 49.75
11/12/2019	U.S. BANK	CHEMICALS	\$ 430.78
11/12/2019	U.S. BANK	VEHICLES	\$ 41.75
11/12/2019	U.S. BANK	VEHICLES	\$ 44.75
11/12/2019	U.S. BANK	SUPPLIES	\$ 73.21
11/12/2019	U.S. BANK	SM TOOLS & EQUIP/VEHICLES	\$ 164.66
11/12/2019	JAMES PRITCHETT	CELL PHONE/INTERNET ALLOWANCE	\$ 80.00
11/12/2019	PITNEY BOWES INC.	POSTAGE METER RENTAL	\$ 118.58
11/12/2019	LOWE'S	LAB TESTING	\$ 3.57
11/12/2019	DATA PROSE LLC	OCTOBER BILLING / LATE NOTICES	\$ 1,275.94
11/12/2019	SCOTT DUFFIELD	CELL PHONE/INTERNET ALLOWANCE	\$ 40.00
11/12/2019	RIVAL TECHNOLOGY INC.	COMPUTER / SOFTWARE	\$ 144.74
11/12/2019	MARK HUMPHREY	CELL PHONE/INTERNET ALLOWANCE	\$ 80.00
11/12/2019	KENWOOD ENERGY	PVS PROJECT	\$ 2,925.00
11/12/2019	STREAMLINE	COMPUTER / SOFTWARE	\$ 200.00
11/12/2019	CALTRON	MAINT. FIXED EQUIP.	\$ 3,812.99
11/15/2019	CALPERS 457 DEFFERED COMP PROG	PERS 457- DEFFERED COMP.	\$ 1,225.00
11/15/2019	CALPERS RETIREMENT SYSTEM	EMPLOYER'S CONTRIBUTION	\$ 19.44
11/15/2019	CALPERS RETIREMENT SYSTEM	PERS RETIREMENT	\$ 3,123.27
11/15/2019	CALPERS RETIREMENT SYSTEM	PERS RETIREMENT TIER 2	\$ 962.32
11/15/2019	CALPERS RETIREMENT SYSTEM	PERS RETIREMENT PEPRA	\$ 499.18
11/15/2019	CALPERS RETIREMENT SYSTEM	SURVIVOR BENEFIT	\$ 7.44
11/20/2019	AT&T	TELEPHONE & INTERNET	\$ 170.35
11/22/2019	R. BRINK	NET PAYROLL	\$ 2,460.83
11/22/2019	J. MOLINARI	NET PAYROLL	\$ 2,884.28
11/22/2019	R. ARNOLD	NET PAYROLL	\$ 2,107.42
11/22/2019	J. PRITCHETT	NET PAYROLL	\$ 2,149.85
11/22/2019	M. HUMPHREY	NET PAYROLL	\$ 1,746.04
11/22/2019	K. GELOS	NET PAYROLL	\$ 2,318.32
11/22/2019	D. BURGESS	NET PAYROLL	\$ 92.35
11/22/2019	B. BARKER	NET PAYROLL	\$ 138.52
11/22/2019	M. ROWLEY	NET PAYROLL	\$ 92.35
11/22/2019	R. COUSINEAU	NET PAYROLL	\$ 92.35
11/22/2019	S. DUFFIELD	NET PAYROLL	\$ 3,684.21
11/22/2019	D. CAPPS	NET PAYROLL	\$ 138.52
11/22/2019	S. BRENNEMAN	NET PAYROLL	\$ 1,555.45
11/22/2019	CALPERS RETIREMENT SYSTEM	PERS RETIREMENT U/L	\$ 5,797.93
11/22/2019	CALPERS RETIREMENT SYSTEM	PERS RETIREMENT U/L	\$ 168.52
11/22/2019	CALPERS RETIREMENT SYSTEM	PERS RETIREMENT U/L	\$ 36.14
11/26/2019	INTERNAL REVENUE SERVICE	FEDERAL WITHHOLDING TAXES	\$ 2,689.73
11/26/2019	INTERNAL REVENUE SERVICE	FICA WITHI HOLDING	\$ 74.40
11/26/2019	INTERNAL REVENUE SERVICE	MEDICARE	\$ 807.08

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

DATE	NAME OF PAYEE	DESCRIPTION	AMOUNT
11/26/2019	EDD	SDI	\$ 272.28
11/26/2019	EDD	STATE WITHHOLDING	\$ 1,002.40
11/26/2019	STAPLES CREDIT PLAN	OFFICE SUPPLIES	\$ 105.07
11/26/2019	STAPLES CREDIT PLAN	OFFICE SUPPLIES	\$ 55.62
11/26/2019	GREAT WESTERN ALARM	ALARM / ANSWERING SERVICE	\$ 299.35
11/26/2019	BRENNTAG PACIFIC, INC	CHEMICALS	\$ 3,598.59
11/26/2019	FGL ENVIRONMENTAL	LAB TESTING	\$ 494.00
11/26/2019	CAL COAST IRRIGATION, INC.	MAINTENANCE FIXED EQUIPMENT	\$ 460.59
11/26/2019	AIRFLOW FILTER SERVICE, INC.	VEHICLES	\$ 37.91
11/26/2019	STAR DRUG TESTING, INC	DUES & SUBSCRIPTIONS	\$ 99.00
11/26/2019	JASON MOLINARI	MEDICAL REIMBURSEMENT	\$ 359.25
11/26/2019	COUNTY OF SAN LUIS OBISPO	LICENSES & PERMITS	\$ 435.00
11/26/2019	COUNTY OF SAN LUIS OBISPO	LICENSES & PERMITS	\$ 766.00
11/26/2019	ABSOLUTE STANDARDS INC	LICENSES & PERMITS	\$ 260.00
11/26/2019	PASO ROBLES STEEL SUPPLY	SUPPLIES	\$ 29.18
11/26/2019	ABALONE COAST ANALYTICAL, INC.	LAB TESTING	\$ 877.00
11/26/2019	TELSTAR INSTRUMENTS INC.	WTP ACTUATOR/PROFESS. SVCS	\$ 3,300.00
11/26/2019	CORE & MAIN LP	MAINTENANCE FIXED EQUIPMENT	\$ 692.61
11/26/2019	WESTERN EXTERMINATOR COMPANY	STRUCTURES & GROUNDS	\$ 86.00
11/26/2019	SWRCB	LICENSES & PERMITS	\$ 2,625.00
11/26/2019	SWRCB	LICENSES & PERMITS	\$ 624.00
11/26/2019	A&T ARBORISTS	STRUCT.&GRNDS	\$ 2,300.00
11/28/2019	CHARTER COMMUNICATIONS	INTERNET	\$ 84.99
11/29/2019	CALPERS 457 DEFFERED COMP PROG	PERS 457- DEFFERED COMP.	\$ 1,225.00
11/29/2019	CALPERS RETIREMENT SYSTEM	PERS RETIREMENT	\$ 3,123.28
11/29/2019	CALPERS RETIREMENT SYSTEM	PERS RETIREMENT TIER 2	\$ 962.32
11/29/2019	CALPERS RETIREMENT SYSTEM	PERS RETIREMENT PEPRA	\$ 499.18
11/29/2019	CALPERS RETIREMENT SYSTEM	SURVIVOR BENEFIT	\$ 7.44
GRAND TOTAL FOR ALL WARRANTS			\$ 135,165.96

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

SUMMARY REPORT OF ALL ACCOUNTS

Beginning Balance:	\$ 3,630,753.94
Ending Balance:	\$ 3,718,286.86
Variance:	\$ 87,532.92
Interest Earnings for the Month Reported:	\$ 95.33
Interest Earnings Fiscal Year-to-Date:	\$ 68,659.96

ANALYSIS OF REVENUES

Total operating income for water and sewer was:	\$ 141,442.82
Non-operating income was:	\$ 21,981.21
Franchise fees paid to the District by San Miguel Garbage was:	\$ 6,567.29
Interest earnings for the P.P.B. checking account was:	\$ 7.33
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:	\$ -

ANALYSIS OF EXPENSES

Pacific Premier Bank checking account total warrants, fees, and Electronic Fund Transfers was:	\$ 136,643.67
--	---------------

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
NOVEMBER 2019**

BEGINNING BALANCE ALL ACCOUNTS **\$ 3,630,753.94**

OPERATING CASH IN DRAWER **\$300.00**

PACIFIC PREMIER BANK - CHECKING

BEGINNING BALANCE 10/31/2019	\$116,152.63	
DEPOSIT REVENUE & MISCELLANEOUS INCOME	\$224,169.26	
INTEREST EARNED	\$7.33	
TOTAL CHECKS, FEES AND EFT'S	(\$136,643.67)	
TRANSFER TO LAIF ACCOUNT	\$0.00	
ENDING BALANCE 11/30/2019		\$203,685.55

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

LOAN SERVICES ACCOUNT

BEGINNING BALANCE 10/31/2019	\$96.49	
QUARTERLY DEPOSIT	\$0.00	
INTEREST EARNED	\$0.00	
SEMI-ANNUAL PAYMENT	\$0.00	
ENDING BALANCE 11/30/2019		\$96.49

PACIFIC PREMIER BANK DWR RESERVE ACCOUNT

BEGINNING BALANCE 10/31/2019	\$113,018.81	
INTEREST EARNED	\$0.00	
ENDING BALANCE 11/30/2019		\$113,018.81

PACIFIC PREMIER BANK SDWSRF LOAN SERVICES ACCOUNT

BEGINNING BALANCE 10/31/2019	\$44,149.89	
QUARTERLY DEPOSIT	\$0.00	
INTEREST EARNED	\$0.00	
SEMI-ANNUAL PAYMENT	\$0.00	
ENDING BALANCE 11/30/2019		\$44,149.89

PACIFIC PREMIER BANK SDWSRF RESERVE ACCOUNT

BEGINNING BALANCE 10/31/2019	\$0.00	
QUARTERLY DEPOSIT	\$0.00	
INTEREST EARNED	\$0.00	
ENDING BALANCE 11/30/2019		\$0.00

LOCAL AGENCY INVESTMENT FUND (LAIF)

BEGINNING BALANCE 10/31/2019	\$3,357,336.12	
INTEREST EARNED	\$0.00	
TRANSFER FROM PACIFIC PREMIER CHECKING	\$0.00	
TRANSFER TO PACIFIC PREMIER CHECKING	\$0.00	
ENDING BALANCE 11/30/2019		\$3,357,336.12

ENDING BALANCE ALL ACCOUNTS **\$3,718,286.86**

DIFFERENCE FROM LAST MONTH **Increase \$87,532.92**

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT - CONSOLIDATED BUDGET
2019/20 Budget**

OPERATING INCOME	Budget FY 19/20	Actual November	Actual Year to Date	Percentage Year to Date	Variance Explanation
Water Fees	1,048,675	95,307	490,793	47%	
Sewer Fees	628,817	51,438	257,196	41%	
Hook-Up Fees	6,000	0	600	10%	Fluctuates based on activity
Turn on Fees	3,500	150	1,425	41%	
Late Fees	18,000	1,629	7,393	41%	
Plan Check & Inspection	10,000	0	993	10%	
Miscellaneous Income	2,000	90	9,755	488%	
TOTAL OPERATING INCOME	\$1,716,992	\$148,614	\$768,156	45%	

FRANCHISE INCOME					
Solid Waste Franchise Fees	70,932	5,563	29,966	42%	
TOTAL FRANCHISE REVENUE	\$70,932	\$5,563	\$29,966	42%	

NON-OPERATING INCOME					
Standby Charges	242,466	30,620	44,922	19%	
Property Tax	364,361	44,104	83,653	23%	
Interest	50,000	7	42,201	84%	Fluctuates based on activity
Connection Fees	141,160	0	14,116	10%	Fluctuates based on activity
TOTAL NON-OPERATING INCOME	\$797,987	\$74,731	\$184,891	23%	

RESERVE REVENUE					
Capital Reserves	63,307	1,016	9,645	15%	
Operating Reserves	151,584	3,580	25,647	17%	
TOTAL RESERVE REVENUE	\$214,891	\$4,596	\$35,291	16%	

TOTAL ALL INCOME	\$2,800,802	\$233,504	\$1,018,305	36%	
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**HERITAGE RANCH COMMUNITY SERVICES DISTRICT - CONSOLIDATED BUDGET
2019/20 Budget**

OPERATING EXPENSES

SALARIES AND BENEFITS	Budget FY 19/20	Actual November	Actual Year to Date	Percentage Year to Date	Variance Explanation
Salaries	644,289	50,953	278,459	43%	
Health Insurance	96,753	8,201	41,797	43%	
Health Insurance - Retiree	48,561	3,836	19,852	41%	
PERS	115,465	13,971	58,908	51%	
Standby	12,900	996	5,052	39%	
Overtime	15,050	1,102	6,168	41%	Fluctuates based on need & staffing
Workers Comp. Ins.	25,072	0	21,681	86%	Paid Annually
Directors' Fees	7,000	700	3,050	44%	
Medicare/FICA	9,863	834	4,496	46%	
Car Allowance	3,000	250	1,250	42%	
SUI/ETT	1,500	0	0	0%	
Uniforms	4,500	0	1,376	31%	
TOTAL SALARIES & BENEFITS	\$983,953	\$80,843	\$442,090	45%	

UTILITIES

Electricity	240,202	22,341	100,040	42%	
Propane	973	150	150	15%	
Water Purchase	23,114	0	11,557	50%	Paid Semiannually
Telephone/Internet	11,663	735	4,449	38%	
TOTAL UTILITIES EXPENSE	\$275,952	\$23,226	\$116,196	42%	

MAINTENANCE & SUPPLIES

Chemicals	76,000	4,029	26,187	34%	
Computer/Software	7,000	345	3,193	46%	
Equip. Rental/Lease	1,000	0	144	14%	
Fixed Equip.	103,000	5,509	31,238	30%	
Fuel & Oil	12,000	516	4,638	39%	
Lab Testing	30,000	1,521	18,727	62%	
Office Supplies	3,000	161	792	26%	
Parks & Recreation	500	0	0	0%	
Struct./Grnds.	14,000	2,386	5,982	43%	
Small Tools/Equip.	3,500	172	1,516	43%	
Supplies	6,000	102	4,339	72%	
Meters/Equip.	5,000	0	0	0%	Fluctuates based on activity
Vehicles	8,500	358	4,402	52%	
TOTAL MAINT. & SUPPLY EXPENSE	\$269,500	\$15,099	\$101,158	38%	

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT - CONSOLIDATED BUDGET
2019/20 Budget**

GENERAL & ADMINISTRATION	Budget FY 19/20	Actual November	Actual Year to Date	Percentage Year to Date	Variance Explanation
Ads./Advertising	1,500	0	382	25%	Fluctuates based on activity
Alarm/Answering Service	3,275	299	1,460	45%	
Audit	10,000	0	57	1%	
Bank Charges/Fees	3,000	431	1,833	61%	
Consulting/Engineering	20,000	0	1,933	10%	
Dues/Subscription	9,400	99	1,026	11%	
Elections	1,000	0	0	0%	
Insurance	20,488	0	29,668	145%	Paid Annually
LAFCO	8,000	0	7,904	99%	Paid Annually
Legal/Attorney	22,000	0	6,690	30%	
Licenses/Permits	28,200	4,710	4,920	17%	
Plan Check & Inspection	10,000	0	993	10%	
Postage/Billing	20,000	1,395	5,783	29%	
Professional Service	38,400	488	12,860	33%	
Tax Collection	5,300	0	0	0%	
Staff Training & Travel	7,000	75	2,227	32%	
Board Training & Travel	10,000	0	20	0%	
TOTAL G & A	\$217,563	\$7,497	\$77,755	36%	

CAPITAL PROJECTS & EQUIPMENT

Projects	243,918	5,765	46,783	19%	
Equipment	135,000	0	0	0%	
TOTAL CAPITAL EXPENSE	\$378,918	5,765	46,783	12%	

DEBT

State Loan Payment	103,629	0	51,814	50%	paid semiannually
State Loan Payment Phase II	58,740	0	0	0%	paid semiannually
TOTAL DEBT	\$162,369	\$0	\$51,814		

FUNDED DEPRECIATION	\$288,000	\$24,000	\$120,000	42%	
UNFUNDED DEPRECIATION	\$0	\$0	\$0	0%	

TOTAL EXPENSE	\$2,576,255	\$156,430	\$955,796	37%	
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CONNECTION FEES TRANSFER \$141,160 \$0 \$14,116 10%

SOLID WASTE FEES TRANSFER \$30,321 \$2,889 \$12,944 43%

FUND TOTAL	\$53,065	\$74,185	\$35,449		
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HERITAGE RANCH COMMUNITY SERVICES DISTRICT

Manager Report For the Month of December 2019

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

Administration

- Staff coordinated with the District Auditor and provided any requested documents or information to complete the FY 2018/19 Audit for the December regular meeting.
- The Manager updated the Board of Directors calendar for 2020. Some upcoming items this year include updating the Code of Ordinances to comply with SB 998 which updated the water code regarding discontinuation of residential water service, developing and advertising a Request for Proposals for financial reporting and auditing services, and potentially updating the fee schedule to name a few.

Operations

- Nothing significant to report.
- Additional updates regarding operations can be found in the Operations Report.

Solid Waste

- Nothing significant to report.

Reservoir Status

- As reported by Monterey County Water Resources Agency (MCWRA), as of December 11, 2019, the reservoir was at approximately 759 feet in elevation, 49% of capacity, or 183,485-acre feet of storage. MCWRA water releases were shown as 60 cfs.

Capital Improvement Program (current FY)

- WTP Actuator Replacement: This project is continued from the previous FY and is in progress.
- Other projects / equipment replacement planned for this fiscal year include
 - Vertical well design phase
 - Lift Station 5 connection to Lift Station 10
 - Lift Station 1-5 rehabilitation design phase
 - VOiP System

Development

- There has been no new activity for the two subdivisions for which your Board has issued conditional will serves; Tract 2879, and Tract 3110.
- There has been no new activity for the RV / boat storage facility (DRC2019-00099) for which your Board has issued a conditional will serve.

Public Relations and Community

- Nothing significant to report.

Human Resources

- Nothing significant to report.

Board Member & Staff Information and Learning Opportunities

- The calendar of events for CSDA should be published soon and will contain many different training opportunities for Directors and Staff.

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

Water & Sewer

On December 1st, we processed 1,918 bills for a total dollar amount of \$129,124 for water and sewer user fees for the month of November. The number of Automatic Drafts processed was 544 for a total dollar amount of \$40,598. On November 26th we processed 253 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 October

Garbage Collection (10%) - \$ 5,443.27

Roll-Off Collection (10%) - \$ 119.69

Total Franchise Fees Collected - \$ 5,562.96

Service Orders Completed

Staff completed a total of 45 service orders for the month of November. Below is a breakdown by job code.

OCCUPANT CHANGE	6	AMR DATA LOG	1
SEWER INSPECTION	2	MISC.	1
LOCK METER	4	SWAP/PULL METER	2
LEAK	3	HYDRANT METER	1
USA	12	TURN-OFF ANGLE STOP	3
UNLOCK	6	TURN-ON ANGLE STOP	2
CALL OUT	2		

Heritage Ranch Community Services District Operations Report -November 2019

Water Treatment:

- 11.1 Million gallons of water was treated
- Performed jar testing to evaluate the results of carbon addition at varying doses to remove organics

Water Distribution:

- Staff replaced a two-inch water service which required a “Hot Tap” to connect to the main line
- Collected the required, semi-annual General Mineral samples from the raw and treated water
- Replaced a leaking water service on Buck Tail Lane
- Completed annual testing of the District’s nine backflow devices
- Ongoing development of a request for proposals to clean the District’s four water tanks
- Coordinated replacement of the remaining failed water meter registers under warranty

Wastewater Treatment:

- 3.16 Million gallons of wastewater was treated
- Adjusted aeration levels in Ponds 1 & 2 to account for decreased daylight and cooler temperatures

Wastewater Collection:

- Sourced and purchased a spare check valve to be used at either Lift Station 2 or 3
- Completed monthly standby generator and pump station checks

Vehicle & Equipment Maintenance:

- Serviced Kubota RTV
- Replaced circuit board on Pump Station 4 standby generator

Structures & Grounds:

- Ongoing lift station landscaping in tract 1990
- The County of San Luis Obispo Environmental Health Services inspected the water/wastewater facilities and the maintenance shop. No violations to report. Staff will update the site maps and add an additional map showing locations and quantity of diesel fuel stored in the standby generators