

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors

FROM: Scott Duffield, General Manager
Kristen Gelos, Administrative Manager

DATE: May 21, 2026

SUBJECT: Submittal for approval Resolution 26-04 Confirming Water and Sewer Standby Charges for Property within the District for Fiscal Year 2026/27.

Recommendation

It is recommended that the Board of Directors:

1. Open the Public Hearing and receive public input on water & sewer standby charges; and
2. At the close of the Public Hearing, approve Resolution 26-04 Confirming Water and Sewer Standby Charges for Property within the District for FY 2026/27.

Background

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

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

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

Discussion

It has been the practice of Heritage Ranch Community Services District since 1991 to collect standby or availability charges or assessments to offset certain costs that sustain

water and/or sewer services including debt service on the Water Treatment Plant, and maintenance and operations.

Debt Service

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

Maintenance & Operations

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

Fiscal Considerations

The total number of parcels subject to the water standby charge is 2,073. The total number of parcels subject to the sewer standby charge is 1,868. The total standby revenue for Fiscal Year 2026/27 is anticipated to be \$242,382. Table 1 and 2 illustrate how the charges are allocated and how they are used.

Table 1 Charge by Parcel

Standby Charge	No. of Parcels	\$ per Parcel	Total
Water	2073	\$98	\$203,154
Sewer	1868	\$21	\$39,228
Total			\$242,382

Table 2 Use by Charge

Item	Water	Sewer	Total
Debt Service	\$162,367	-	\$162,367
Maintenance/Ops	\$40,808	\$39,207	\$79,777
Total	\$203,175	\$39,207	\$242,382

Results

Resolution 26-04 will serve to confirm water and sewer standby charges which will then be collected through the County of San Luis Obispo’s property tax roll. The County adds \$2 for their cost to collect and allocate these charges.

Attachments: Resolution 26-04 Confirming Water and Sewer Standby Charges for
Property within the District for Fiscal Year 2026/27
Engineering Report for Standby Charges

File: Standby Charges FY 2026/27

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 26-04
A RESOLUTION OF THE BOARD OF DIRECTORS OF THE HERITAGE RANCH
COMMUNITY SERVICES DISTRICT CONFIRMING WATER AND SEWER
STANDBY CHARGES FOR PROPERTY WITHIN THE DISTRICT FOR FISCAL
YEAR 2026/27**

The following resolution is hereby offered and read:

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

WHEREAS, on March 19, 2026, the Board of Directors adopted Resolution No. 26-03 initiating proceedings for water and sewer standby or availability charges or assessments for property within the District; and

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

WHEREAS, following the adoption of Resolution 26-03, notice was given as required by law and pursuant to California Government Code §6066, a public hearing was held on May 21 2026, and all objections were considered by the Board of Directors; and

WHEREAS, at the end of the public hearing on May 21, 2026, and pursuant to the District Code of Ordinances Section 3.330, the Board of Directors found that a majority written protest of the parcels subject to the standby or availability charge or assessment did not exist; and

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

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

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

1. The foregoing recitals are true and correct and are incorporated by this reference.
2. The Board of Directors adopts the standby or availability charges or assessments on all parcels within the District listed in the property tax roll provided by the County of San Luis Obispo and available for inspection in the District Office.

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

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Heritage Ranch Community Services District on the 21st day of May 2026, by the following roll call vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

APPROVED:

Bill Barker, President
Board of Directors

ATTEST:

Kristen Gelos
Board Secretary

MEMORANDUM

Heritage Ranch Community Services District Engineering Report - Standby Charges

Date: March 19, 2026

To: Scott Duffield, PE, General Manager

From: Doug Groshart, PE, District Engineer

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

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

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

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

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

Debt Service. In 1994, the construction of the Water Treatment Plant (WTP) and Phase I reconstruction of Pump Stations 1 & 4 were completed. One-half the cost of the WTP and all of the cost for the reconstruction of the pump stations was funded through a \$2,179,398, 35-year term loan from the State. In 2015, Phase II Water Treatment Plant improvements which included the Plate Settler construction were completed. This cost is being funded through a \$984,090, 20-year term loan (also from the State.) The total annual debt service for both loans is \$162,367.

Maintenance & Operations. Maintenance of fixed equipment includes the water and sewer treatment plants, pumps and lift stations. Operations includes but is not limited to the purchase

of raw water, the supplies, tools, and equipment necessary to operate and maintain facilities, and permits required from State and County agencies.

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

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

There are currently 2,073 existing parcels within the District subject to these standby charges. Of this total, 1,868 parcels would be charged for water and sewer service, and the remaining 205 parcels would be charged for standby water service only. A summary of the standby charges for both water and sewer systems are included in Table 1.

Table 1. Summary of Standby Charges by Parcel

For the water system, \$162,367 will be used for the retirement of debt service for the District's Safe Drinking Water loan for construction of the District's Water Treatment Plant and pumping facility

Standby Charge	No. of Parcels	Assessment per Parce, \$	Total
Water	2,073	\$ 98	\$ 203,154
Sewer	1,868	\$ 21	\$ 39,228
TOTAL	---	---	\$ 242,382

improvements, as well as the District's State Water Resources Control Board loan for construction of the Plate Settler at the Water Treatment Plant. The remaining \$40,787 will be used for water system maintenance and operation.

For the wastewater system, \$39,228 will be used for wastewater system maintenance and operation. Table 2 summarizes the standby charges and their corresponding allocation to water and sewer systems.

Table 2. Summary of Use by Standby Charge

Item	Water	Sewer	Total
Debt Service	\$ 162,367	\$ -	\$ 162,367
Maintenance & Operations	\$ 40,787	\$ 39,228	\$ 80,015
TOTAL	\$ 203,154	\$ 39,228	\$ 242,382

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

Each parcel within the District eligible to receive water and sewer services has an outstanding commitment by the District to provide that service. In preparation for such water and sewer services and for the commitment to standby to provide those services, the water and sewer systems must be periodically repaired, maintained and replaced to ensure that the facilities are in good working order and capable of providing future services to these parcels. In order to prepare for and to have the necessary forces and means to provide the services at all times, and to keep the systems in good working order, the District incurs certain costs. These costs

are determined from, and allocated by, the budgeting practices of the District. The budget reflects the amounts to be assessed. The parcels for which these standby charges are assessed will directly benefit by the District ensuring that such water and sewer services are adequate and available.

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

The water and sewer system maintenance and operations costs are annual costs to operate the entire water and sewer systems that benefit all 2,073 parcels receiving water services, and all 1,866 parcels receiving sewer services, equally.

Therefore, it is recommended that the District initiate and confirm the Water and Sewer Standby Charges for FY 2026/27 in the amount of \$98 for water and \$21 for sewer for each and every parcel in the District eligible for these services. These charges should be confirmed prior to July 1, 2026 (beginning of the Fiscal Year) by a Public Hearing and Resolution.

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

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

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

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

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

The Board will hold a public hearing on May 21, 2026, at 4:00 pm at the District Office, located at 4870 Heritage Road, in Heritage Ranch, California. At that time and place, the District will hear and consider all objections or protests, if any, to the proposed standby or availability charges or assessments.

DHG:





HERITAGE RANCH COMMUNITY SERVICES DISTRICT BOARD OF DIRECTORS REGULAR MEETING MINUTES

April 16, 2026

1. CALL TO ORDER / FLAG SALUTE

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

2. ROLL CALL

Secretary Gelos called the roll. Director Camou and Director Swanson were absent. All other directors were in attendance.

Staff Present: General Manager, Scott Duffield, District Engineer, Doug Groshart, and District Counsel, Craig Steele.

3. PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA

Heritage Ranch resident, Sam Poppins spoke.

4. CONSENT ITEMS

- a. **Meeting Minutes: Receive/approve minutes of regular meeting of March 19, 2026.**
- b. **Warrant Register: Receive/approve March 2026 warrants.**
- c. **Treasurer's Report: Receive/file March 2026 report.**
- d. **Treasurer's Report: Receive/file 3rd Quarter FYE 2026 report.**
- e. **Fiscal Report: Receive/file March 2026 status report.**
- f. **Office Report: Receive/file March 2026 report.**
- g. **District Engineer Report: Receive/file April 2026 report.**
- h. **Operations Manager Report: Receive/file April 2026 report.**
- i. **Updates regarding disinfection byproducts.**

There were no public comments.

Upon the motion of Director Yaffee and seconded by Director Burgess, the board approved all items as presented following a voice vote:

Ayes: Barker, Burgess, Yaffee

Absent: Camou, Swanson

5. BUSINESS ITEMS

- a. **Request to approve the purchase of two 2026 Ford Mavericks from Downtown Ford Sacramento for a not to exceed amount of \$70,000.00.**

There were no public comments.

Manager Duffield provided a brief summary of the item and answered any questions the Board had.

Upon the motion of Director Yaffee, and seconded by Director Barker, the board approved the purchase following a roll call vote:

Ayes: Barker, Burgess, Yaffee
Absent: Camou, Swanson

b. Request to consider voting for a candidate for the vacant Alternate Special District seat on the San Luis Obispo Local Agency Formation Commission.

There were no public comments.

Manager Duffield provided a brief summary of the item and answered any questions the Board had.

Upon the motion of Director Barker, and seconded by Director Yaffee, the board voted for candidate John Joyce following a roll call vote:

Ayes: Barker, Burgess, Yaffee
Absent: Camou, Swanson

c. Receive and file Water Resource Recovery Facility Project updates.

There were no public comments.

Manager Duffield provided a brief summary of the item and answered any questions the Board had.

The report was received and filed.

d. Receive and file Lift Station No. 2 Rehabilitation Project updates.

There were no public comments.

District Engineer Groshart delivered a presentation to the board and answered any questions the Board had.

The report was received and filed.

6. GENERAL MANAGER REPORT

There were no public comments.

Manager Duffield presented the item and answered questions from the board.

The report was received and filed.

7. COMMITTEE / DIRECTOR REPORTS (oral reports)

There were no committee / director reports.

8. FUTURE AGENDA ITEMS

There were no additional future agenda items requested.

9. ADJOURNMENT

Upon a motion by Director Burgess, and seconded by Director Yaffee, the meeting adjourned at 4:59 p.m.

Minutes submitted by: Kristen Gelos, *Secretary, Board of Directors*
Minutes approved by:

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
WARRANT REGISTER
April 2026**

DATE	NAME OF PAYEE	ITEM AMOUNT	WARRANT AMOUNT
4/1/2026	SPICE INTEGRATION LS #2 PROJECT	27,473.37	\$ 27,473.37
4/2/2026	SAN MIGUEL GARBAGE DELINQUENT SOLID WASTE FEES	431.00	\$ 431.00
4/3/2026	CALPERS HEALTH BENEFITS CALPERS HEALTH BENEFITS EMPLOYEE PAID HEALTH BENEFIT EMPLOYEE PAID HEALTH BENEFIT	18,398.43 804.33 804.33	\$ 20,007.09
4/3/2026	R. ARNOLD NET PAYROLL	3,220.09	\$ 3,220.09
4/3/2026	T. SHOGREN NET PAYROLL	2,868.52	\$ 2,868.52
4/3/2026	J. MARTY NET PAYROLL	2,376.06	\$ 2,376.06
4/3/2026	J. GULARTE NET PAYROLL	2,512.85	\$ 2,512.85
4/3/2026	N. OTTO NET PAYROLL	2,180.44	\$ 2,180.44
4/3/2026	K. GELOS NET PAYROLL	3,370.97	\$ 3,370.97
4/3/2026	D. BURGESS NET PAYROLL	184.70	\$ 184.70
4/3/2026	B. BARKER NET PAYROLL	184.70	\$ 184.70
4/3/2026	S. DUFFIELD NET PAYROLL	4,605.32	\$ 4,605.32
4/3/2026	B. VOGEL NET PAYROLL	3,321.01	\$ 3,321.01
4/3/2026	D. GROSHART NET PAYROLL	4,694.16	\$ 4,694.16

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
WARRANT REGISTER
April 2026**

DATE	NAME OF PAYEE	ITEM AMOUNT	WARRANT AMOUNT
4/3/2026	M. YAFFEE NET PAYROLL	92.35	\$ 92.35
4/3/2026	INTERNAL REVENUE SERVICE FEDERAL WITHHOLDING TAXES FICA WITHIHOLDING MEDICARE	4,030.52 62.00 1,207.46	\$ 5,299.98
4/3/2026	EMPLOYMENT DEVELOPMENT DEPARTM ETT SDI SUI STATE WITHHOLDING	0.67 534.78 10.65 1,380.87	\$ 1,926.97
4/3/2026	CALPERS RETIREMENT SYSTEM CALPERS UNFUNDED LIABILITY PERS-IRC 457 CONTRIBUTIONS PERS-IRC 457 CONTRIBUTIONS PERS RETIREMENT PERS RETIREMENT TIER 2 PERS RETIREMENT PEPRA SURVIVOR BENEFIT	10.53 395.00 1,252.27 1,995.49 2,196.43 2,945.93 8.37	\$ 8,804.02
4/9/2026	J.B. DEWAR. INC. FUEL & OIL	2,184.89	\$ 2,184.89
4/12/2026	PITNEY BOWES GLOBAL FINANCIAL POSTAGE METER LEASE PROP. TAX	17.32	\$ 17.32
4/13/2026	STAPLES CREDIT PLAN OFFICE SUPPLIES	37.89	\$ 37.89
4/13/2026	PG&E WRRF PROJECT	10,036.59	\$ 10,036.59
4/13/2026	USA BLUEBOOK CHEMICALS	364.95	\$ 364.95
4/13/2026	TYLER TECHNOLOGIES PROFESSIONAL SERVICES COMPUTER/SOFTWARE	14.90 193.05	\$ 207.95
4/13/2026	FGL ENVIRONMENTAL LAB TESTING	294.00	\$ 294.00

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
WARRANT REGISTER
April 2026**

DATE	NAME OF PAYEE	ITEM AMOUNT	WARRANT AMOUNT
4/13/2026	STAR DRUG TESTING, INC DUES & SUBSCRIPTIONS PROFESSIONAL SERVICES	169.00 110.00	\$ 279.00
4/13/2026	J.H. SMITH CONSULTING PROFESSIONAL SERVICES	513.90	\$ 513.90
4/13/2026	COUNTY OF SAN LUIS OBISPO PROFESSIONAL SERVICES	419.40	\$ 419.40
4/13/2026	ROY ARNOLD CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00
4/13/2026	ANTHONY'S TIRE STORE VEHICLES	100.35	\$ 100.35
4/13/2026	ABALONE COAST ANALYTICAL, INC. LAB TESTING	3,195.00	\$ 3,195.00
4/13/2026	KRISTEN GELOS CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00
4/13/2026	RINCON CONSULTANTS, INC. WRRF PROJECT	941.75	\$ 941.75
4/13/2026	MATRIX IMAGING SOLUTIONS APRIL BILLING	1,631.35	\$ 1,631.35
4/13/2026	SCOTT DUFFIELD CELL PHONE/INTERNET ALLOWANCE TRAINING & TRAVEL	80.00 316.82	\$ 396.82
4/13/2026	BRIAN VOGEL CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00
4/13/2026	TROY SHOGREN CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00
4/13/2026	DOUGLAS GROSHART CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00
4/13/2026	SPEEDY COASTAL MESSENGER, INC. LAB TESTING	485.00	\$ 485.00

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
WARRANT REGISTER
April 2026**

DATE	NAME OF PAYEE	ITEM AMOUNT	WARRANT AMOUNT
4/13/2026	CIVIC PLUS LLC DUES & SUBSCRIPTIONS	1,458.61	\$ 1,458.61
4/13/2026	AMAZON MAINTENANCE FIXED EQUIPMENT	62.95	\$ 62.95
4/13/2026	JERED MARTY CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00
4/13/2026	JASON GULARTE CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00
4/13/2026	COAST EQUIPMENT CO. MAINTENANCE FIXED EQUIPMENT	159.48	\$ 159.48
4/13/2026	RWG LAW LEGAL & ATTORNEY	1,268.50	\$ 1,268.50
4/13/2026	NICK OTTO CELL & INTERNET ALLOWANCE	80.00	\$ 80.00
4/13/2026	AT&T MAINTENANCE FIXED EQUIPMENT	81.48	\$ 81.48
4/13/2026	THE UPS STORE POSTAGE	35.06	\$ 35.06
4/13/2026	CHARTER COMMUNICATIONS INTERNET INTERNET	136.61 131.25	\$ 267.86
4/13/2026	LOWE'S MAINTENANCE FIXED EQUIPMENT	46.65	\$ 46.65
4/13/2026	TRACTOR SUPPLY CO. MAINTENANCE FIXED EQUIPMENT	211.26	\$ 211.26
4/13/2026	FEDEX - DEPT LA WRRF PROJECT	28.79	\$ 28.79
4/13/2026	PG&E ELECTRICITY ELECTRICITY	7,909.81 15,574.84	\$ 23,484.65

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
WARRANT REGISTER
April 2026**

DATE	NAME OF PAYEE	ITEM AMOUNT	WARRANT AMOUNT
4/13/2026	RING CENTRAL TELEPHONE	296.09	\$ 296.09
4/13/2026	STARLINK INTERNET	290.00	\$ 290.00
4/13/2026	ZOOM VIDEO COMMUNICATIONS INC COMPUTER/SOFTWARE	159.27	\$ 159.27
4/13/2026	ALAMEDA ELECTRICAL DISTRIBUTOR MAINTENANCE FIXED EQUIPMENT	113.82	\$ 113.82
4/15/2026	JORANDA MARKETING, INC. / JAN- STRUCTURES & GROUNDS	304.60	\$ 304.60
4/17/2026	R. ARNOLD NET PAYROLL	3,220.09	\$ 3,220.09
4/17/2026	T. SHOGREN NET PAYROLL	2,868.52	\$ 2,868.52
4/17/2026	J. MARTY NET PAYROLL	2,979.83	\$ 2,979.83
4/17/2026	J. GULARTE NET PAYROLL	2,140.84	\$ 2,140.84
4/17/2026	N. OTTO NET PAYROLL	2,180.44	\$ 2,180.44
4/17/2026	K. GELOS NET PAYROLL	3,370.97	\$ 3,370.97
4/17/2026	S. DUFFIELD NET PAYROLL	4,442.76	\$ 4,442.76
4/17/2026	B. VOGEL NET PAYROLL	3,321.01	\$ 3,321.01
4/17/2026	D. GROSHART NET PAYROLL	4,694.15	\$ 4,694.15

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
WARRANT REGISTER
April 2026**

DATE	NAME OF PAYEE	ITEM AMOUNT	WARRANT AMOUNT
4/17/2026	INTERNAL REVENUE SERVICE FEDERAL WITHHOLDING TAXES MEDICARE	3,942.86 1,191.46	\$ 5,134.32
4/17/2026	EMPLOYMENT DEVELOPMENT DEPARTM SDI STATE WITHHOLDING	534.10 1,348.46	\$ 1,882.56
4/17/2026	CALPERS RETIREMENT SYSTEM PERS-IRC 457 CONTRIBUTIONS PERS-IRC 457 CONTRIBUTIONS PERS RETIREMENT PERS RETIREMENT TIER 2 PERS RETIREMENT PEPRA SURVIVOR BENEFIT	395.00 1,252.27 1,995.48 2,196.43 2,945.93 8.37	\$ 8,793.48
4/23/2026	CALPERS RETIREMENT SYSTEM CALPERS UNFUNDED LIABILITY	11,740.08	\$ 11,740.08
4/29/2026	GREAT WESTERN ALARM ALARM / ANSWERING SERVICE	351.32	\$ 351.32
4/29/2026	AT&T TELEPHONE	89.74	\$ 89.74
4/29/2026	HOME DEPOT CREDIT SERVICES MAINTENANCE FIXED EQUIPMENT	230.03	\$ 230.03
4/29/2026	BRENNTAG PACIFIC, INC CHEMICALS	4,296.07	\$ 4,296.07
4/29/2026	FGL ENVIRONMENTAL LAB TESTING	898.00	\$ 898.00
4/29/2026	FLUID RESOURCE MANAGEMENT PROFESSIONAL SERVICES	632.50	\$ 632.50
4/29/2026	CORE & MAIN LP MAINTENANCE FIXED EQUIPMENT MAINTENANCE FIXED EQUIPMENT MAINTENANCE FIXED EQUIPMENT	192.64 145.86 193.40	\$ 531.90
4/29/2026	WESTERN EXTERMINATOR STRUCTURES & GROUNDS	144.43	\$ 144.43

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
WARRANT REGISTER
April 2026**

DATE	NAME OF PAYEE	ITEM AMOUNT	WARRANT AMOUNT
4/29/2026	TABORDA SOLUTIONS COMPUTER/SOFTWARE	79.90	\$ 79.90
4/29/2026	TROY SHOGREN MEDICAL REIMBURSEMENT	240.26	\$ 240.26
4/29/2026	AMAZON MAINTENANCE FIXED EQUIPMENT	103.12	\$ 103.12
4/29/2026	JERED MARTY UNIFORM ALLOWANCE	322.91	\$ 322.91
4/29/2026	HYDROSCIENCE ENGINEERS INC WRRF PROJECT	66,196.00	\$ 66,196.00
4/29/2026	VC3, INC. COMPUTER/SOFTWARE PROFESSIONAL SERVICES COMPUTER/SOFTWARE	1,764.00 1,351.40 182.99	\$ 3,298.39
4/29/2026	COUNTY OF SAN LUIS OBISPO OFFI PROFESSIONAL SERVICES	1,250.00	\$ 1,250.00
4/30/2026	W. M. LYLES CO. WRRF PROJECT	788,391.27	\$ 788,391.27
TOTAL ALL WARRANTS			\$1,067,393.72

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
TREASURER'S REPORT
April 2026**

SUMMARY REPORT OF ALL ACCOUNTS

Beginning Balance:	\$ 8,830,496
Ending Balance:	\$ 8,998,606
Variance:	\$ 168,110
Interest Earnings for the Month Reported:	\$ 24,801
Interest Earnings Fiscal Year-to-Date:	\$ 180,111

ANALYSIS OF REVENUES

Total operating income for water and sewer was:	\$ 300,010
Non-operating income was:	\$ 955,755
Franchise fees paid to the District by San Miguel Garbage was:	\$ 4,205
Interest earnings for the LAIF account was:	\$ 2,611
Interest earnings for the California CLASS account was:	\$ 11,898
Interest earnings for the Five Star Bank checking account was:	\$ 20
Interest earnings for the Five Star Bank DWR Loan Services account was:	\$ 9
Interest earnings for the Five Star Bank DWR Reserve account was:	\$ 410
Interest earnings for the Mechanics Bank money market account was:	\$ 0

ANALYSIS OF EXPENSES

Five Star Bank checking account total warrants, fees, and Electronic Fund Transfers was:	\$ 20,535
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STATEMENT OF COMPLIANCE

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

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
STATUS REPORT FOR ALL ACCOUNTS
April 2026**

BEGINNING BALANCE ALL ACCOUNTS **\$8,830,495.55**

OPERATING CASH IN DRAWER **\$ 300.00**

FIVE STAR BANK DWR LOAN REPAYMENT (1994-2029):

BEGINNING BALANCE 3/31/2026	2,758.60	
QUARTERLY DEPOSIT	-	
INTEREST EARNED	8.71	
SEMI-ANNUAL PAYMENT	-	
ENDING BALANCE 4/30/2026		\$ 2,767.31

FIVE STAR BANK DWR RESERVE ACCOUNT

BEGINNING BALANCE 3/31/2026	129,815.51	
INTEREST EARNED	409.65	
ENDING BALANCE 4/30/2026		\$ 130,225.16

FIVE STAR BANK SDWSRF LOAN SERVICES ACCOUNT

BEGINNING BALANCE 3/31/2026	16,730.89	
QUARTERLY DEPOSIT	-	
INTEREST EARNED	52.80	
SEMI-ANNUAL PAYMENT		
ENDING BALANCE 4/30/2026		\$ 16,783.69

FIVE STAR BANK SDWSRF RESERVE ACCOUNT

BEGINNING BALANCE 3/31/2026	67,178.06	
INTEREST EARNED	211.99	
ENDING BALANCE 4/30/2026		\$ 67,390.05

BANNER BANK WRRF CHECKING ACCOUNT

BEGINNING BALANCE 3/31/2026	-	
TOTAL CHECKS, FEES AND EFT'S	(35.14)	
REVENUE TRANSFER <i>From Banner Bank WRRF Loan Account</i>	868,951.00	
REVENUE TRANSFER <i>To Five Star Money Market</i>	(868,851.00)	
ENDING BALANCE 4/30/2026		\$ 64.86

BANNER BANK WRRF RESERVE ACCOUNT

BEGINNING BALANCE 3/31/2026	1,241,665.86	
INTEREST EARNED	20.41	
ENDING BALANCE 4/30/2026		\$1,241,686.27

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
STATUS REPORT FOR ALL ACCOUNTS
April 2026**

MECHANICS BANK MONEY MARKET ACCOUNT

BEGINNING BALANCE 3/31/2026	10,823.49	
DEPOSIT REVENUE - CASH	2,063.27	
INTEREST EARNED	0.17	
ENDING BALANCE 4/30/2026		\$ 12,886.93

FIVE STAR BANK - MONEY MARKET

BEGINNING BALANCE 3/31/2026	3,153,276.77	
INTEREST EARNED	9,569.21	
TOTAL CHECKS, FEES AND EFT'S		
REVENUE TRANSFER <i>To Five Star Checking</i>	(888,391.27)	
REVENUE TRANSFER <i>From Banner Bank Checking</i>	868,851.00	
ENDING BALANCE 4/30/2026		\$3,143,305.71

FIVE STAR BANK - CHECKING

BEGINNING BALANCE 3/31/2026	20,535.35	
DEPOSIT REVENUE & MISCELLANEOUS INCOME	344,243.68	
INTEREST EARNED	20.15	
TOTAL CHECKS, FEES AND EFT'S	(1,071,914.92)	
REVENUE TRANSFER <i>From Five Star Money Market</i>	888,391.27	
ENDING BALANCE 4/30/2026		\$ 181,275.53

LOCAL AGENCY INVESTMENT FUND (LAIF)

BEGINNING BALANCE 3/31/2026	266,459.99	
INTEREST EARNED	2,611.20	
ENDING BALANCE 4/30/2026		\$ 269,071.19

CALIFORNIA CLASS

BEGINNING BALANCE 3/31/2026	3,920,951.03	
INTEREST EARNED	11,897.83	
ENDING BALANCE 4/30/2026		\$3,932,848.86

ENDING BALANCE ALL ACCOUNTS		\$8,998,605.56
DIFFERENCE FROM LAST MONTH	Increase	\$ 168,110.01

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT - CONSOLIDATED BUDGET
2025/26 Budget**

OPERATING REVENUE	Budget FY 25/26	Actual March	Actual Year to Date	Percentage Year to Date	Variance Explanation
Water Fees	1,791,637	160,709	1,612,715	90%	
Sewer Fees	1,600,609	134,688	1,327,054	83%	
Hook-Up Fees	2,400	600	1,200	50%	
Turn on Fees	3,500	200	1,825	52%	
Late Fees	20,790	3,687	37,668	181%	Fluctuates based on activity
Plan Check & Inspection	1,600	0	4,213	263%	
Miscellaneous Income	500	125	11,790	2358%	
TOTAL OPERATING	\$3,421,036	\$300,010	\$2,996,466	88%	

FRANCHISE REVENUE					
Solid Waste Franchise Fees	46,336	4,205	51,821	112%	
TOTAL FRANCHISE	\$46,336	\$4,205	\$51,821	112%	

TOTAL OPERATING \$3,467,372 \$304,214 \$3,048,287 88%

NON-OPERATING REVENUE					
Standby Charges	242,200	6,777	168,258	69%	
Property Tax	497,891	16,994	360,630	72%	
Interest	64,494	24,801	180,111	279%	Fluctuates based on activity
Connection Fees	28,232	14,116	29,026	103%	
TOTAL NON-OPERATING	\$832,817	\$62,687	\$738,025	89%	

RESERVE REVENUE					
Capital Reserves	223,288	0	92,579	41%	
Operating Reserves	24,429,683	893,068	1,332,537	5%	
TOTAL RESERVE	\$24,652,971	\$893,068	\$1,425,117	6%	

TOTAL NON-OPERATING \$25,485,788 \$955,755 \$2,163,142 8%

TOTAL ALL REVENUE	\$28,953,160	\$1,259,969	\$5,211,428	18%	
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**HERITAGE RANCH COMMUNITY SERVICES DISTRICT - CONSOLIDATED BUDGET
2025/26 Budget**

OPERATING EXPENSES

SALARIES AND BENEFITS	Budget FY 25/26	Actual March	Actual Year to Date	Percentage Year to Date	Variance Explanation
Salaries	1,095,291	79,014	808,563	74%	
Health Insurance	247,593	14,612	147,059	59%	
Health Insurance - Retirees	62,535	4,765	47,606	76%	
Pers Retirement	195,963	20,057	206,788	106%	
OPEB Funding/Transfer	35,000	0	0	0%	
Standby	34,380	2,230	23,293	68%	
Overtime	3,985	0	1,339	34%	
Workers Comp. Ins.	34,469	0	25,804	75%	
Directors' Fees	36,000	500	5,000	14%	
Medicare/FICA	16,405	1,230	12,574	77%	
Car Allowance	3,000	250	2,500	83%	
SUI/ETT	1,000	0	454	45%	
Uniforms	8,424	323	4,995	59%	
TOTAL SALARIES & BENEFITS	\$1,774,045	\$122,981	\$1,285,975	72%	

UTILITIES

Electricity	140,535	23,485	140,521	100%	
Propane	1,649	0	668	41%	
Water Purchase	28,600	0	28,600	100%	Paid Semiannually
Telephone/Internet	13,846	1,664	14,553	105%	
TOTAL UTILITIES	\$184,630	\$25,148	\$184,342	100%	

MAINTENANCE & SUPPLIES

Chemicals	89,232	4,661	69,621	78%	
Computer/Software	38,134	2,379	13,120	34%	
Equip. Rental/Lease	2,812	0	0	0%	
Fixed Equip.	210,349	1,541	193,875	92%	
Fuel & Oil	16,873	2,185	16,356	97%	
Lab Testing	66,367	4,872	46,332	70%	
Office Supplies	1,687	38	1,390	82%	
Parks & Recreation	0	0	0	0%	
Struct./Grnds.	16,805	449	6,360	38%	
Small Tools/Equip.	3,375	0	1,961	58%	
Supplies	5,062	0	2,858	56%	
Meters/Equip.	13,498	0	4,887	36%	
Vehicles	6,750	100	10,523	156%	
TOTAL MAINT. & SUP.	\$470,944	\$16,225	\$367,283	78%	

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT - CONSOLIDATED BUDGET
2025/26 Budget**

GENERAL & ADMINISTRATION	Budget FY 25/26	Actual March	Actual Year to Date	Percentage Year to Date	Variance Explanation
Ads./Advertising	1,622	0	963	59%	
Alarm/Answering Service	4,500	351	3,787	84%	
Audit	10,816	0	9,745	90%	
Bank Charges/Fees	0	35	70	0%	
Consulting/Engineering	10,000	0	0	0%	
Dues/Subscription	11,248	1,628	12,464	111%	
Elections	0	0	0	0%	
Insurance	50,754	0	0	0%	
LAFCO	8,652	0	9,227	107%	Paid Annually
Legal/Attorney	27,040	1,269	23,716	88%	
Licenses/Permits	32,621	0	33,798	104%	
Plan Check & Inspection	1,600	0	0	0%	
Postage/Billing	16,873	1,684	18,571	110%	
Professional Service	100,451	4,292	42,708	43%	
Tax Collection	7,847	0	0	0%	
Staff Training & Travel	13,499	317	5,673	42%	
Board Training & Travel	1,082	0	289	27%	
TOTAL G & A	\$298,605	\$9,575	\$161,011	54%	

CAPITAL PROJECTS & EQUIPMENT

Structures/Improvements	24,582,971	893,068	1,425,117	6%	
Equipment	70,000	0	0	0%	
TOTAL CAPITAL EXPENSE	\$24,652,971	893,068	1,425,117	6%	

DEBT

State Loan Payment	103,628	0	103,628	100%	paid semiannually
State Loan Payment Phase II	58,740	0	29,369	50%	paid semiannually
Western Alliance Lease-PVS	152,321	0	152,321	100%	paid semiannually
TOTAL DEBT	\$314,689	\$0	\$285,318		

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

TOTAL EXPENSE	\$27,983,884	\$1,090,998	\$3,949,046	14%	
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CAPACITY CHARGES TRANSFER \$28,232 \$14,116 \$29,026 103%

SOLID WASTE FEES TRANSFER -\$25,630 -\$1,689 -\$4,810 19%

FUND TOTAL	\$966,674	\$156,544	\$1,238,166		
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HERITAGE RANCH COMMUNITY SERVICES DISTRICT OFFICE REPORT

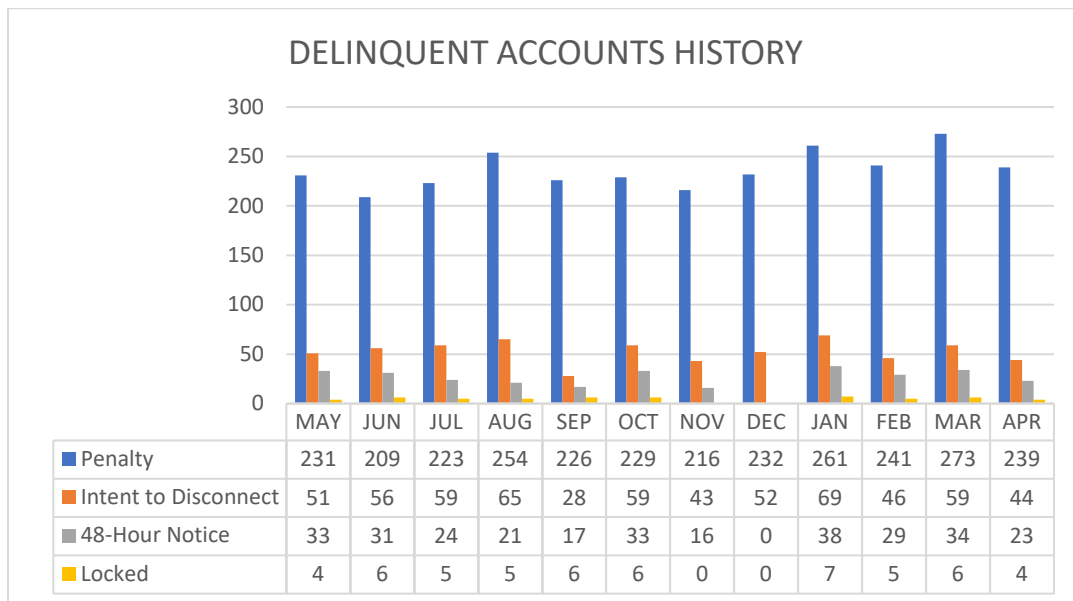
APRIL 2026

Utility Billing

- On May 1st, 1,940 bills were processed for a total dollar amount of \$311,609 for water and sewer user fees for the month of April.

The table below reflects the following data over a twelve-month period:

- Number of late penalties posted for bills that were due by April 25th
- Intent To Disconnect letters mailed to customers that were more than 60 days delinquent
- 48-hour notices issued
- Number of meters locked off for non-payment



Customer Service Orders

- Staff completed the following service orders for the month:
 - Occupant Change – 9
 - Misc. – 1
 - Unlock – 13
 - Swap/Pull Meter – 1
 - Lock Meter - 4
 - Leak - 1

Administration

- Nothing significant to report.

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

District Engineer Report For the Month of May 2026

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

Operations Support

- Working with Operations Staff re:
 - GAC project operation, planning for final GAC project
 - PRV project installation on Equestrian
 - Lift Station 2 construction
 - Lift Station 3 project scoping

Capital Improvement Projects

Projects / equipment replacement budgeted for this fiscal year and their status:
(Note: projects are listed in the order shown on the Capital and Equipment Budget spreadsheet)

- Lift Station 1-5 rehabilitation design phase: Work on Lift Station 2 is complete, including final punch list with the contractor. Lift Station 3 is in the planning stages, with pump selection and project scoping and schedule underway.
- Pressure Reducing Valves (Waterview/Equestrian): Lower Waterview PRV complete and operational. Equestrian PRV insertion valves are complete. The next step is the installation of the new vault, lid, valves and piping. Staff will install this portion of the work. Equipment is on order and installation should take place in June 2026.
- Raw Water Vertical Intake No. 2: Contractor has completed most of the project work (wellhead piping, pad, fencing, connection to PS-1 piping, VFD panel). We are awaiting the arrival of the pump. The pump delivery has been delayed and is currently scheduled for the end of May. Once the pump is installed, Staff will work with the Contractor to finalize startup, controls, SCADA integration and all final commissioning/punch list items.
- DBP Project: Staff finalized the purchase order with AqueoUS Vets for the GAC System and is progressing in the design for the final installation. Construction should take place in October 2026.
- Wastewater collection system model & I/I: Staff continue to work on reducing I/I into the collection system.

- Pump Station Covers (design): No further work has been completed on this project at this time.
- Electric Gate at Corp Yard: Work has not begun on this project.
- Rebuild Treater Water Pumps: Work has not begun on this project.

Additional Tasks

- Development: Responding to requests for existing water and sewer system documents as they come up. Discussing existing systems and future developments with potential developers as they make contact.

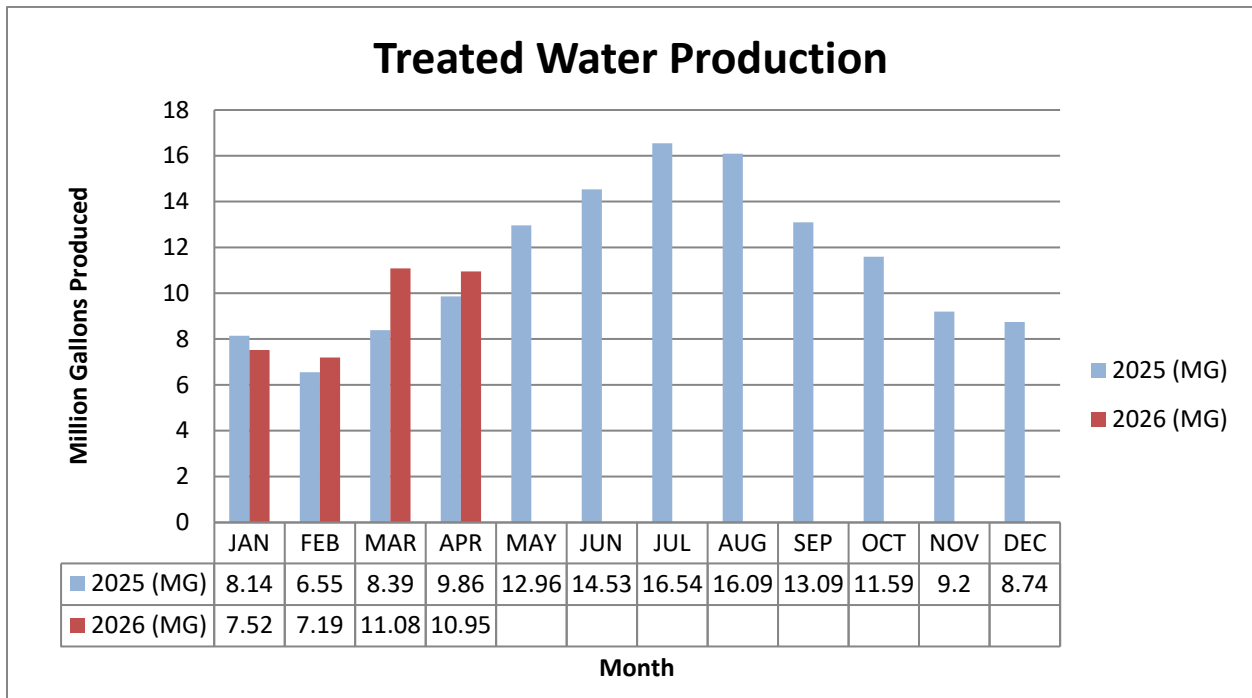
Project Name	Original CIP Budget	Estimated Design Completion	Estimated Construction Completion
Lift Station 1-5 Rehab (Construction Phase)	\$550,000	LS 2 - Complete LS 3 - May, 2026 LS 1 - TBD	LS 2 - Complete LS 3 - TBD LS 1 - TBD
Water System SCADA Upgrade	\$300,000	Complete	Complete
Pressure Reducing Valves (Waterview, Equestrian)	\$175,000	Complete	Waterview - Complete Equestrian - Estimated completion by 6/30/26
Raw Water Vertical Intake No. 2	\$225,000	Complete	Notice of Award - 10/17/25 Notice to Proceed - 11/14/25 Completion - 5/31/26 (Pending Equipment Arrival)
DBP Project	\$1,000,000	July, 2026	November, 2026
Wastewater Collection System SCADA Upgrade	\$200,000	Complete	Complete
Wastewater Collection System Model & I/I	\$75,000	TBD	TBD
Pump Station Covers (Design and Construction)	\$85,000	TBD	TBD
Electric Gate at Corp Yard	\$50,000	TBD	TBD
Rebuild Treated Water Pumps	\$50,000	TBD	TBD
Total	\$2,710,000		

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

Operations Report For the Month of May 2026

In addition to normal operations duties, below are other tasks / updates for several areas of work:

Water production:



Water treatment

- Produced 10.95 million gallons of treated water.
- SWT plants online chlorine analyzer began to show erratic reading. flow was adjusted and line was reattached. It is now back online and working correctly.
- Staff painted Aluminum sulfate tank, along with final patching of tank.
- Lowered volume in 2-million-gallon reservoir to promote fresh water.
- Performed weed abatement at surface water treatment plant.
- Performed weekly calibrations on turbidimeters.
- Collected monthly DBP samples.

Water distribution

- Repaired leaks on Windward, Fisherman's Ct, Nacimiento Lake Dr, Pretty Doe and Commanche. All leaks were on service lines.
- Cla-Val techs came out to do professional maintenance on all Pressure reducing valves. This is done every 3 years.
- Collected Semi annual General, Mineral, Physical. Water samples required by the state.
- Continued flushing and pressure testing all hydrants located within the distribution system.

Wastewater collection

- Lift station #1 Check valve clogged due to debris. Operators removed obstruction and placed pump back in service.
- Lift station #4 Pump cavitated due to air in the pump. Pump was re-primed and put back in service.
- Scada batteries were replaced at numerous lift stations. Replacements were due to age of batteries.
- Batteries were replaced at 2 Lift station generators due to age.
- Lift station #5 required backflushing due to low amp readings. maintenance was done and pump was returned to service.
- Performed weed abatement at several lift station compounds.
- Performed monthly lift station checks.

Wastewater treatment

- Treated 3.499 million gallons of wastewater
- 120-volt transformer failed at Effluent pump station. Alpha electrical was called and performed needed repair. Pump station was put back in service after repairs were made.
- Continued to run pond 2 recirculation line from effluent of pond 2 to the influent of pond 1
- Took deliver of new dissolved oxygen probe for wastewater ponds. will be installed ASAP.
- Collected state required grease and oil samples.
- Adjusted aerator schedules to adapt to the changing weather conditions.
- Raked sand filters at effluent discharge area.
- Collected all state required Bac T samples along with BOD samples.

Vehicles and equipment

- Replaced tire on water trailer.

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors

FROM: Scott Duffield, General Manager
Doug Groshart, District Engineer

DATE: May 21, 2026

SUBJECT: Discussion and direction regarding disinfection byproducts.

Background

The District water system was exceeding the maximum contaminant level for haloacetic acids, a disinfection byproduct. Your Board has been updated regularly on this issue.

Discussion

Sample data

The sample data for haloacetic acids (HAA5) over the last several quarters is shown below. This data is for individual samples.

The reportable data required by the Division of Drinking Water (DDW) is the Locational Running Annual Average (LRAA) by calendar quarter. The maximum contaminant level (MCL) for HAA5 is 60 ppb.

The most recent LRAA for HAA5 is 49 ppb at the Black Horse Lane location and 47 ppb at the Wood Duck Lane location; both under the MCL.

Results for individual months at both locations can be seen in the tables and graphs on the following page.

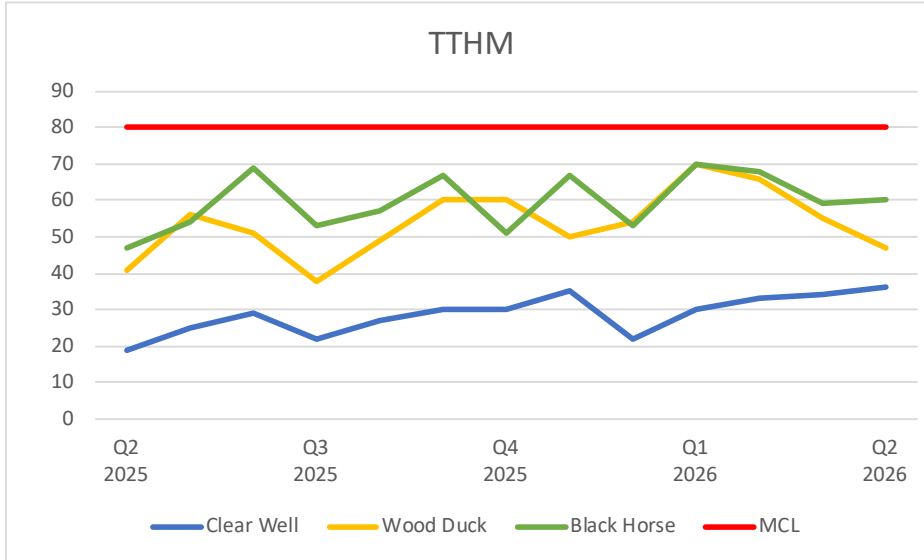
Operations and project updates

The Operations staff has made no major operational changes to the water treatment process since last month's report. New GAC vessels were installed on November 21, 2025, and put into service. The current batch of GAC is the sixth batch we have used.

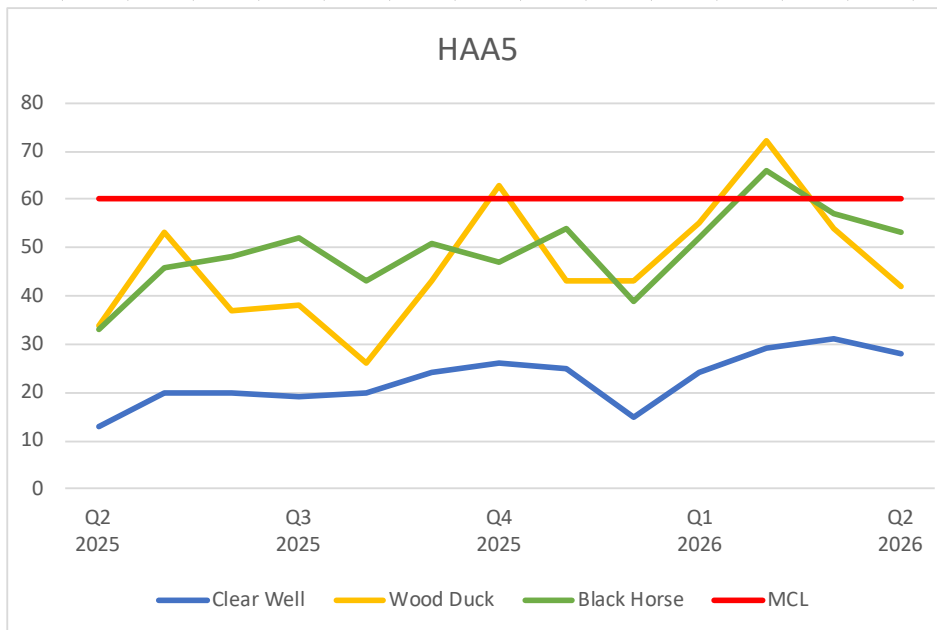
As of May 13, 2026, 172 days since the new ones were placed online, the GAC vessels were removing 12% of the organics from the flow being sent to them (approximately 150 gpm or 20% of the total flow.) New vessels are on order and will be installed in May.

For updates regarding the Vertical Intake No. 2 project and the permanent GAC project, please refer to this month's District Engineer Report.

TTHM	Q2 2025			Q3 2025			Q4 2025			Q1 2026			Q2 2026		
Clear Well	19	25	29	22	27	30	30	35	22	30	33	34	36		
Wood Duck	41	56	51	38	49	60	60	50	54	70	66	55	47		
Black Horse	47	54	69	53	57	67	51	67	53	70	68	59	60		
MCL	80	80	80	80	80	80	80	80	80	80	80	80	80		



HAA5	Q2 2025			Q3 2025			Q4 2025			Q1 2026			Q2 2026		
Clear Well	13	20	20	19	20	24	26	25	15	24	29	31	28		
Wood Duck	34	53	37	38	26	43	63	43	43	55	72	54	42		
Black Horse	33	46	48	52	43	51	47	54	39	52	66	57	53		
MCL	60	60	60	60	60	60	60	60	60	60	60	60	60		



HERITAGE RANCH COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors

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

DATE: May 21, 2026

SUBJECT: Receive and file the first draft of the FY 2026/27 Budget and provide direction to staff.

Recommendation

It is recommended that the Board of Directors receive and file the first draft of the FY 2026/27 Budget and provide direction to staff.

Background

This is the first budget meeting of this year with your Board. The budget year is July 1 through June 30. A preliminary budget should be adopted by your Board at the June meeting and a final budget at the July meeting. A final budget must be adopted by your Board before September 1, 2026.

Discussion

Attached is the first draft FY 2026/27 Budget. Each fund has its own budget. The consolidated budget provides a summary of the water, sewer, general, and solid waste funds. The draft budgets include the following information:

- Previous fiscal year
- Budgeted current fiscal year
- Actual current fiscal year through 9 months
- Annualized current fiscal year
- Draft Budget Fiscal Year 2026/27

Current Fiscal Year Budget

It should be noted that there are still three months remaining in the current Fiscal Year so the trends for the annualized budgets will change and may not reflect things such as one-time revenues/expenses or those that are usually realized late in the year.

The current water fund appears to be performing above the budgeted amount. The annualized column shows a surplus of \$745,624. (water fund cell E109, page 3)

The current sewer fund appears to be performing above the budgeted amount. The annualized column shows a surplus of \$771,808. (sewer fund cell E107, page 5)

First Draft Fiscal Year 2026/27 Budget

The following talking points are referenced to the Consolidated Budget. (page 9 - 11)

Revenue Categories

1. Operating Revenue. The draft budget for the water fund uses the analysis from the 2023 Water and Sewer Rate Study, while the draft budget for the sewer fund uses the analysis from the 2024 Sewer Rate Study. **Total operating revenue less solid waste franchise fees is budgeted to increase by \$580,939 or 17.0%. (Consolidated Budget cell F15)**
2. Solid Waste Franchise Fee Revenue. All solid waste fees include a “franchise fee” that provides the local agency funds to administer and support solid waste programs in the community. Franchise fees are collected by the garbage company as part of their customer fees and forwarded to the local agency monthly. Our franchise fee is currently 5% pursuant to a Board decision to temporarily reduce it from 10%. **Total solid waste franchise fee revenue is budgeted to increase by \$1,483 or 3.2%. (Consolidated Budget cell F20)**
3. Non-Operating Revenue. This item includes standby charges, interest earned, property tax, and connection fees. The County Auditor-Controller provided us with an early estimate of property tax receipts and charges for next year, which is reflected in the preliminary budget. **Total non-operating revenue is budgeted to increase by \$70,320 or 8.4%. (Consolidated Budget cell F31)**
4. Total Revenue. This item is the sum of item 1, 2, and 3 plus the reserve revenue. This fiscal year the proposed budget includes reserves allocated to capital projects and equipment of \$22,376,834 which includes the estimated amount from the interim loan for the WRRF project. All surplus revenue goes back to reserves. **Total revenue is budgeted to decrease by \$1,623,395 or -5.6%. (Consolidated Budget cell F44).**
Total revenue less reserve revenue is budgeted to increase by \$652,742 or 15.2%. (Consolidated Budget cell F44 minus F38)

Expense Categories

1. Personnel Budget. This item includes salaries, employee pensions and health insurance, retiree health insurance, other post-employment benefits, workers compensation insurance, payroll taxes, Director fees, anticipated staff overtime and standby time, and uniforms. For budgeting purposes, the following assumptions are

made: 4% cost of living increase in base salary for all staff; 8% increase in medical insurance costs with 90% of lowest cost premium paid by District; current staff of ten full-time employees, and five directors. **Total personnel budget expense is budgeted to increase by \$52,686 or 3.0%. (Consolidated Budget cell F76)**

2. Utilities. The water contract with the County is a fixed fee for total allocated water of 1,100 acre-feet-per-year. Electricity and other utility costs utilize the Rate Studies which assumes to be the current budget expense plus 4% except for electricity for the sewer fund which is plus 6%. **Total utilities expense is budgeted to increase by \$7,009 or 3.8%. (Consolidated Budget cell F85)**
3. Maintenance and Supplies. This category is dominated by chemical costs, fixed equipment maintenance, and lab testing. Maintenance of fixed equipment is always a major responsibility and includes a few expensive tasks such as patch paving, hydro jetting, and electric motor and electrical services. The preliminary budgets use the analysis from the Rate Studies with an addition to the water fund for granular activated carbon. **Total maintenance and supplies expense is budgeted to increase by \$94,237 or 20.0%. (Consolidated Budget cell F103)**
4. General and Administrative. The preliminary budgets use the analysis from the Rate Studies or estimates from the entities that fall within these categories. This category includes election costs this year, as well as an increase in Audit costs. **Total general and administrative expenses are budgeted to increase by \$33,173 or 11.1%. (Consolidated Budget cell F132)**
5. Projects and Equipment. The District Engineer and Operations Managers, in coordination with the General Manager, and consultants as needed, are the staff that manage capital projects and equipment. Some projects take many years to plan and construct. Others are less complex but still take months of working with staff, contractors, and vendors to plan and implement. Your Board approved an updated 5-year Capital Improvement Program (CIP) in August 2022.

The projects listed in the CIP are included in the proposed budget as are any equipment requests. For budgeting purposes, the list of projects in the CIP are budgeted in full but may not be completed in the fiscal year. Any unexpended budget for projects and equipment will roll forward to next year. Similarly, projects shown with an * below are budgeted or in progress from the previous year. **Total Capital Projects & Equipment is budgeted at \$22,376,834, a decrease of \$2,276,137 or -9.2%. (Consolidated Budget cell F139)**

A summary of projects and equipment budgeted year is:

- \$20,558,024 for Water Resource Recovery Facility upgrade*
- \$474,061 for Lift Station 1-5 Rehabilitation*

- \$58,491 for Pressure Reducing Valves at Waterview and Equestrian*
 - \$86,411 for Raw Water Vertical Intake No. 2*
 - \$800,000 for DBP Reduction Project*
 - \$132,063 for Wastewater Collection System SCADA upgrade*
 - \$64,848 for Wastewater Collection System Model & I/I Investigation*
 - \$85,000 for pump station covers*
 - \$50,000 for electric gate at corporation yard*
 - \$50,000 for rebuilding treated water pumps
 - \$50,000 for vehicle replacement
 - \$23,000 for EOL workstation replacement
 - \$47,000 for network hardware implementation
6. Debt. The water treatment plant debt and the PVS project debt are contractual and cannot be reduced. The new debt for the WRRF will be realized in FY2027/28. The PVS debt is not the exact amount every year but very near. **Total debt expense is budgeted to be essentially the same as this year. (Consolidated Budget cell F147)**
7. Depreciation. This is a non-cash expense. The ability to fund the depreciation is a result of the current water/sewer fees and continued allocation of property taxes. It is important to fund as much depreciation as possible and reserve a portion of your income annually for future replacement and upgrades of facilities. Our actual 2024/25 audited depreciation expense was \$470,587. **Total depreciation expense is budgeted to remain the same as this year's budget of \$288,000. (Consolidated Budget cell F149)**
8. Transfer to Reserves. This line item, in the water and sewer funds, transfers capacity charges to capital reserves. Capacity charges can only be used for capital projects and are used in subsequent years. This line item reserves this money for use in future years. A total of \$28,232 is budgeted to be transferred to capital reserves. The use of reserves is anticipated from the solid waste fund due to the temporary reduction in the percentage of franchise revenue and will be monitored. **Total transfer to reserves is budgeted at -\$8,667, a decrease of \$11,269 or -433%. (Consolidated Budget cell F158)**

Draft FY 2026/27 Budget Summary

The Budget is a planning document, and these numbers will change over the course of the fiscal year.

- The Draft FY 26/27 Budget has a \$404,986 surplus in the water fund and a \$1,038,247 surplus in the sewer fund. Any surplus is transferred to reserves.
- Total operating revenue (rates, fees, etc.) is budgeted at a \$582,422 or 16.8% increase. **(Consolidated Budget cell F23)**
- Total non-operating revenue (property taxes, standby and capacity charges, etc.) is budgeted at a \$70,320 or 8.4% increase. **(Consolidated Budget cell F31)**
- Total expense less capital in the Draft FY 26/27 Budget represents an increase of \$187,454 or 5.6% compared to this year's budget. **(Consolidated Budget cell F153-F139)**
- Total capital budget in the Draft FY 26/27 Budget represents a decrease of \$2,276,137 or -9.2% compared to this year's budget. **(Consolidated Budget cell F139)**

There will be changes in revenue and expenses as we receive updated information and estimates before the Final Budget is presented to your Board.

Attachment: Draft FY 2026/27 Budget

File: FY 2026/27 Budget

HERITAGE RANCH
COMMUNITY SERVICES DISTRICT



FISCAL YEAR 2026-2027
DRAFT BUDGET
May 21, 2026

HERITAGE RANCH COMMUNITY SERVICES DISTRICT
Draft 2026/27 Capital & Equipment Budget

PROJECTS	Budget	Funding Source							
		Capital Reserves		Operating Budget			Operating Reserves		
		Water	Sewer	Water	Sewer	General	Water	Sewer	
WRF Upgrade Project	\$20,588,024		\$7,205,809						\$13,382,216
Lift Station 1-5 Rehab (const)	\$474,061								\$474,061
Pressure Reducing Valves (Waterview, Equestrian)	\$58,491						\$58,491		
Raw Water Vertical Intake No. 2 (design and const)	\$86,411	\$27,651					\$58,759		
DBP Project	\$800,000						\$800,000		
Wastewater Collection System Model & I / I	\$64,848		\$22,048						\$42,800
Pump Station Covers (design and const)	\$85,000	\$27,200					\$57,800		
Electric Gate at Corp Yard	\$50,000	\$9,600	\$6,800				\$20,400		\$13,200
Rebuild Treated Water Pumps	\$50,000						\$50,000		
subtotal Projects	\$22,256,834	\$64,451	\$7,234,657	\$0	\$0	\$0	\$1,045,450		\$13,912,276
EQUIPMENT									
Vehicle replacement (standard pickup)	\$50,000						\$30,000		\$20,000
EOL Workstation Replacement	\$23,000					\$23,000			
Network Hardware Implementation	\$47,000					\$47,000			
subtotal Equipment	\$120,000	\$0	\$0	\$0	\$0	\$70,000	\$30,000		\$20,000
TOTAL CAPITAL	\$22,376,834	\$64,451	\$7,234,657	\$0	\$0	\$70,000	\$1,075,450		\$13,932,276

	A	B	C	D	E	F
1	HERITAGE RANCH COMMUNITY SERVICES DISTRICT - WATER FUND					
2	2024/25 un-audited, Summary 2025/26 & Draft 2026/27					
3						
4						
5						
6						
7	OPERATING REVENUE	Un-audited 24/25	Budget 25/26	Actual 9 month 7/1/25 - 3/31/26	Annualized F.Y.E. 6/30/26	Draft 26/27
8	Water Fees	1,760,397	1,791,637	1,452,006	1,936,008	2,052,970
9	Late Fees	20,202	11,190	18,690	24,920	11,220
10	Hook-Up Fees	700	2,000	500	667	2,000
11	Turn on Fees	1,260	2,000	975	1,300	2,000
12	Plan Check & Inspection	0	800	1,504	2,005	800
13	Miscellaneous Income	9,261	0	4,139	5,518	0
14	TOTAL OPERATING REVENUE	\$1,791,820	\$1,807,627	\$1,477,814	\$1,970,419	\$2,068,990
15						
16						
17	NON-OPERATING REVENUE					
18	Standby Charges	193,943	203,000	134,029	178,706	203,000
19	Property Tax	264,419	273,840	189,000	252,000	285,997
20	Interest	188,478	19,423	125,193	166,924	19,756
21	Connection Fees	11,185	12,698	6,698	8,931	12,698
22	TOTAL NON-OPERATING REVENUE	\$658,025	\$508,961	\$454,921	\$606,561	\$521,451
23						
24						
25	RESERVE REVENUE					
26	Capital Reserves	55,555	139,838	52,458	69,944	64,451
27	General Reserves	211,061	1,113,587	177,413	236,550	1,075,450
28	TOTAL RESERVE REVENUE	\$266,616	\$1,253,425	\$229,870	\$306,494	\$1,139,901
29						
30	TOTAL REVENUE	\$2,716,460	\$3,570,013	\$2,162,605	\$2,883,474	\$3,730,342
31						
32						
33	OPERATING EXPENSES					
34						
35	SALARIES AND BENEFITS					
36	Salaries	217,670	359,552	214,270	285,693	345,013
37	Overtime	2,131	2,391	804	1,071	1,114
38	Standby	16,291	20,628	12,638	16,850	20,628
39	Health Insurance	65,342	101,120	49,105	65,473	72,176
40	Pers Retirement	66,808	62,241	60,748	80,997	60,829
41	Workers Comp. Ins.	1,062	18,269	13,676	18,235	17,129
42	Medicare/FICA	3,415	5,214	3,524	4,699	5,003
43	Uniforms	3,518	5,054	2,803	3,738	5,257
44	TOTAL SALARIES & BENEFITS	\$376,237	\$574,469	\$357,567	\$476,756	\$527,148
45						
46						
47	UTILITIES					
48	Electricity	77,227	101,917	56,219	74,958	105,994
49	Water Purchase	28,600	28,600	28,600	28,600	28,600
50	Telephone/Internet	5,678	4,778	4,266	5,687	4,969
51	TOTAL UTILITIES	\$111,505	\$135,295	\$89,084	\$109,246	\$139,563
52						
53						
54						
55						

	A	B	C	D	E	F
56	HERITAGE RANCH COMMUNITY SERVICES DISTRICT - WATER FUND					
57	2024/25 un-audited, Summary 2025/26 & Draft 2026/27					
58						
59						
60		Un-audited	Budget	Actual 9 month	Annualized	Draft
61	MAINTENANCE & SUPPLIES	24/25	25/26	7/1/25 - 3/31/26	F.Y.E. 6/30/26	26/27
62	Chemicals	48,287	69,742	43,824	58,432	72,531
63	Computer/Software	279	9,393	175	233	9,768
64	Equip. Rental/Lease	541	2,250	0	0	2,250
65	Fixed Equip.	80,400	142,295	138,451	184,602	222,987
66	Fuel & Oil	9,417	10,124	8,503	11,337	10,529
67	Lab Testing	21,468	38,695	16,283	21,711	40,243
68	Struct./Grnds.	2,757	4,201	1,469	1,958	4,369
69	Small Tools/Equip.	10,612	2,025	1,177	1,569	2,106
70	Supplies	2,458	3,375	1,658	2,211	3,510
71	Meters/Equip.	12,546	13,498	4,887	6,517	14,038
72	Vehicles	4,194	4,050	6,254	8,338	4,212
73	TOTAL MAINT. & SUP.	\$192,960	\$299,647	\$222,681	\$296,908	\$386,544
74						
75	GENERAL & ADMINISTRATION					
76	Allocation of General Fund	502,476	467,778	329,792	439,723	550,667
77	Alarm/Answering Service	901	1,125	859	1,145	1,170
78	Bank Charges/Fees	0	0	0	0	0
79	Consulting/Engineering	0	5,000	0	0	5,000
80	Dues/Subscription	5,292	6,974	3,680	4,907	4,000
81	Insurance (Property/Liability)	18,239	21,317	0	0	23,247
82	Legal/Attorney	0	0	0	0	0
83	Licenses/Permits	22,007	18,110	21,080	28,107	18,834
84	Plan Check & Inspection	0	800	0	0	800
85	Professional Service	3,128	58,493	10,337	13,783	60,833
86	Training & Travel	717	3,375	502	669	3,510
87	TOTAL G & A	\$552,761	\$582,972	\$366,250	\$488,334	\$668,060
88						
89						
90	CAPITAL PROJECTS & EQUIPMENT					
91	Project	248,045	1,211,425	229,870	306,494	1,109,901
92	Equipment	18,571	42,000	0	0	30,000
93	TOTAL CAPITAL	\$266,616	\$1,253,425	\$229,870	\$306,494	\$1,139,901
94						
95	DEBT					
96	State Loan Payment-DWR	103,628	103,628	103,628	103,628	103,628
97	State Loan Payment Phase II-SRF	58,739	58,740	29,369	58,740	58,740
98	Western Alliance Lease-PVS	114,215	113,814	113,814	113,814	114,075
99	TOTAL DEBT	\$276,582	\$276,182	\$246,812	\$276,182	\$276,443
100						
101						
102	FUNDED DEPRECIATION	175,000	175,000	131,250	175,000	175,000
103	UNFUNDED DEPRECIATION	0	0	0	0	0
104						
105	TOTAL EXPENSE	\$1,951,661	\$3,296,990	\$1,643,515	\$2,128,919	\$3,312,658
106						
107	TRANSFER TO RESERVES	\$11,185	\$12,698	\$6,698	\$8,931	\$12,698
108						
109	FUND TOTAL	\$753,614	\$260,325	\$512,393	\$745,624	\$404,986

	A	B	C	D	E	F
1	HERITAGE RANCH COMMUNITY SERVICES DISTRICT - SEWER FUND					
2	2024/25 un-audited, Summary 2025/26 & Draft 2026/27					
3						
4						
5						
6		Un-audited	Budget	Actual 9 month	Annualized	Draft
7	OPERATING REVENUE	24/25	25/26	7/1/25 - 3/31/26	F.Y.E. 6/30/26	26/27
8	Sewer Fees	1,211,488	1,600,609	1,192,366	1,589,821	1,920,185
9	Late Fees	13,933	9,600	15,291	20,388	9,600
10	Hook-Up Fees	0	400	100	133	400
11	Turn on Fees	840	1,500	650	867	1,500
12	Plan Check & Inspection	0	800	2,709	3,612	800
13	Miscellaneous Income	6,174	0	2,759	3,679	0
14	TOTAL OPERATING REVENUE	\$1,232,435	\$1,612,909	\$1,213,875	\$1,618,500	\$1,932,485
15						
16						
17	NON-OPERATING REVENUE					
18	Standby Charges	39,723	39,200	27,452	36,602	39,200
19	Property Tax	144,229	149,367	103,091	137,455	155,999
20	Interest	57,265	45,071	30,117	40,156	92,953
21	Connection Fees	0	15,534	8,212	10,949	15,534
22	TOTAL NON-OPERATING REVENUE	\$241,216	\$249,172	\$168,872	\$225,162	\$303,686
23						
24			\$1,862,081			
25	RESERVE REVENUE					
26	Capital Reserves	305,530	83,450	40,122	53,495	7,234,657
27	General Reserves	575,908	23,316,096	262,057	349,409	13,932,276
28	TOTAL RESERVE	\$881,438	\$23,399,546	\$302,179	\$402,905	\$21,166,933
29						
30	TOTAL REVENUE	\$2,355,089	\$25,261,627	\$1,684,925	\$2,246,567	\$23,403,104
31						
32	OPERATING EXPENSES					
33						
34	SALARIES AND BENEFITS					
35	Salaries	145,114	239,702	142,847	190,462	230,009
36	Overtime	1,421	1,594	536	714	743
37	Standby	10,860	13,752	8,425	11,234	13,752
38	Health Insurance	44,150	67,413	33,161	44,215	48,117
39	Pers Retirement	44,114	41,494	40,131	53,508	40,553
40	Workers Comp. Ins.	701	12,064	9,031	12,042	11,311
41	Medicare/FICA	2,277	3,476	2,349	3,132	3,335
42	Uniforms	2,346	3,370	1,869	2,492	3,504
43	TOTAL SALARIES & BENEFITS	\$250,982	\$382,865	\$238,349	\$317,799	\$351,324
44						
45						
46	UTILITIES					
47	Electricity	108,181	38,382	60,164	80,218	40,685
48	Telephone/Internet	3,958	3,330	2,973	3,964	3,463
49	TOTAL UTILITIES	\$112,139	\$41,713	\$63,137	\$84,182	\$44,148
50						
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52						

	A	B	C	D	E	F
53	HERITAGE RANCH COMMUNITY SERVICES DISTRICT - SEWER FUND					
54	2024/25 un-audited, Summary 2025/26 & Draft 2026/27					
55						
56						
57						
58		Un-audited	Budget	Actual 9 month	Annualized	Draft
59	MAINTENANCE & SUPPLIES	24/25	25/26	7/1/25 - 3/31/26	F.Y.E. 6/30/26	26/27
60	Chemicals	30,054	19,490	21,136	28,181	20,659
61	Computer/Software	248	9,168	175	233	9,534
62	Equip. Rental/Lease	1,354	562	0	0	584
63	Fixed Equip.	136,061	68,054	53,883	71,844	70,776
64	Fuel & Oil	6,278	6,749	5,668	7,558	7,019
65	Lab Testing	31,477	27,672	25,177	33,569	28,779
66	Struct./Grnds.	5,400	8,403	2,973	3,965	8,739
67	Small Tools/Equip.	7,075	1,350	784	1,046	1,404
68	Supplies	1,652	1,687	1,164	1,552	1,754
69	Vehicles	2,796	2,700	4,169	5,559	2,808
70	TOTAL MAINT. & SUP.	\$222,394	\$145,835	\$115,130	\$153,507	\$152,056
71						
72						
73	GENERAL & ADMINISTRATION					
74	Allocation of General Fund	386,520	359,829	253,686	338,248	423,590
75	Alarm/Answering Service	979	1,125	859	1,145	1,170
76	Bank Charges/Fees	0	0	0	0	0
77	Consulting/Engineering	0	5,000	0	0	5,000
78	Dues/Subscription	2,504	4,274	2,023	2,697	2,146
79	Insurance (Property/Liability)	30,042	16,241	0	0	17,712
80	Legal/Attorney	0	0	0	0	0
81	Licenses/Permits	12,010	14,511	12,718	16,958	15,091
82	Plan Check & Inspection	2,709	800	0	0	800
83	Professional Service	22,128	28,122	6,619	8,825	29,247
84	Training & Travel	0	3,375	777	1,036	3,510
85	TOTAL G & A	\$456,892	\$433,277	\$276,683	\$368,910	\$498,266
86						
87						
88						
89	CAPITAL PROJECTS & EQUIPMENT					
90	Project	875,248	23,371,546	302,178	402,905	21,146,933
91	Equipment	6,190	28,000	0	0	20,000
92	TOTAL CAPITAL	\$881,438	\$23,399,546	\$302,178	\$402,905	\$21,166,933
93						
94	DEBT					
95	Western Alliance Lease-PVS	38,642	38,507	38,507	38,507	38,595
96	TOTAL DEBT	\$38,642	\$38,507	\$38,507	\$38,507	\$38,595
97						
98						
99	FUNDED DEPRECIATION	98,000	98,000	73,500	98,000	98,000
100	UNFUNDED DEPRECIATION	0	0	0	0	0
101						
102	TOTAL EXPENSE	\$2,060,487	\$24,539,742	\$1,107,484	\$1,463,810	\$22,349,322
103						
104	TRANSFER TO RESERVES	\$0	\$15,534	\$8,212	\$10,949	\$15,534
105						
106						
107	FUND TOTAL	\$294,602	\$706,351	\$569,229	\$771,808	\$1,038,247

	A	B	C	D	E	F
1	HERITAGE RANCH COMMUNITY SERVICES DISTRICT - SOLID WASTE FUND					
2	2024/25 un-audited, Summary 2025/26 & Draft 2026/27					
3						
4						
5						
6		Un-audited	Budget	Actual 9 month	Annualized	Draft
7	OPERATING REVENUE	24/25	25/26	7/1/25 - 3/31/26	F.Y.E. 6/30/26	26/27
8	TOTAL FRANCHISE FEES	\$98,583	\$46,336	\$47,616	\$63,488	\$47,819
9						
10						
11						
12						
13	EXPENSE					
14	Allocation of General Fund	77,304	71,966	50,737	67,650	84,718
15	TOTAL EXPENSES	\$77,304	\$71,966	\$50,737	\$67,650	\$84,718
16						
17	TRANSFER TO RESERVES	\$21,279	-\$25,630	(\$3,121)	(\$4,161)	-\$36,899
18						
19	FUND TOTAL	\$0	\$0	\$0	\$0	\$0
20						

	A	B	C	D	E	F
1	HERITAGE RANCH COMMUNITY SERVICES DISTRICT - GENERAL FUND					
2	2024/25 un-audited, Summary 2025/26 & Draft 2026/27					
3						
4						
5						
6		Un-audited	Budget	Actual 9 month	Annualized	Draft
7	OPERATING REVENUE	24/25	25/26	7/1/25 - 3/31/26	F.Y.E. 6/30/26	26/27
8	Transfer from other Funds	0	0	0	0	0
9	Miscellaneous Income	0	500	4,767	6,356	500
10	TOTAL OPERATING	\$0	\$500	\$4,767	\$6,356	\$500
11						
12						
13						
14	NON-OPERATING REVENUE					
15	Property Tax	72,114	74,684	51,545	68,727	77,999
16	Interest	0	0	0	0	0
17	TOTAL NON-OPERATING	\$72,114	\$74,684	\$51,545	\$68,727	\$77,999
18						
19						
20						
21	RESERVE REVENUE					
22	Capital Reserves	0	0	0	0	0
23	General Reserves	0	0	0	0	70,000
24	TOTAL RESERVE	\$0	\$0	\$0	\$0	\$70,000
25						
26	TOTAL REVENUE	\$72,114	\$75,184	\$56,312	\$75,083	\$148,499
27						
28						
29						
30	OPERATING EXPENSES					
31						
32	SALARIES AND BENEFITS					
33	Salaries	558,906	496,037	372,432	496,576	583,417
34	Overtime	0	0	0	0	0
35	Health Insurance	69,415	79,060	50,182	66,909	110,593
36	Health Insurance - Retirees	88,067	62,535	42,840	57,120	59,416
37	Pers Retirement	112,501	92,228	85,853	114,470	106,973
38	OPEB Funding/Transfer	0	35,000	0	0	35,000
39	Workers Comp. Ins.	240	4,136	3,096	4,129	3,878
40	Directors' Fees	6,300	36,000	4,500	6,000	36,000
41	Medicare/FICA	8,663	7,715	5,470	7,293	8,982
42	Car Allowance	3,000	3,000	2,250	3,000	3,000
43	SUI/ETT	456	1,000	454	605	1,000
44	TOTAL SALARIES & BENEFITS	\$847,548	\$816,711	\$567,077	\$756,102	\$948,259
45						
46						
47						
48	UTILITIES					
49	Electricity	4,524	236	654	872	245
50	Propane	1,640	1,649	668	891	1,715
51	Telephone/Internet	7,570	5,738	5,651	7,534	5,968
52	TOTAL UTILITIES	\$13,734	\$7,623	\$6,973	\$9,297	\$7,928
53						
54						

	A	B	C	D	E	F
55	HERITAGE RANCH COMMUNITY SERVICES DISTRICT - GENERAL FUND					
56	2024/25 un-audited, Summary 2025/26 & Draft 2026/27					
57						
58						
59						
60		Un-audited	Budget	Actual 9 month	Annualized	Draft
61	MAINTENANCE & SUPPLIES	24/25	25/26	7/1/25 - 3/31/26	F.Y.E. 6/30/26	26/27
62	Computer/Software	27,609	19,573	10,391	13,854	20,356
63	Equip. Rental/Lease	0	0	0	0	0
64	Fixed Equip.	0	0	0	0	0
65	Office Supplies	1,341	1,687	1,352	1,803	1,755
66	Parks & Recreation	0	0	0	0	0
67	Struct./Grnds.	2,643	4,201	1,469	1,958	4,369
68	Supplies	28	0	35	47	100
69	TOTAL MAINT. & SUP.	\$31,621	\$25,461	\$13,247	\$17,663	\$26,580
70						
71						
72	GENERAL & ADMINISTRATION					
73	Ads./Advertising	748	1,622	963	1,284	1,687
74	Alarm/Answering Service	1,958	2,250	1,718	2,290	2,340
75	Audit	9,685	10,816	9,745	12,993	20,000
76	Bank Charges/Fees	0	0	35	47	500
77	Consulting/Engineering	0	0	0	0	0
78	Dues/Subsription	5,703	0	5,133	6,844	5,568
79	Elections	444	0	0	0	10,000
80	Insurance (Property/Liability)	24,409	13,196	0	0	14,391
81	LAFCO	8,361	8,652	9,227	12,302	9,604
82	Legal/Attorney	24,575	27,040	22,448	29,930	28,122
83	Licenses/Permits	0	0	0	0	0
84	Postage	16,966	16,873	16,887	22,516	17,548
85	Professional Service	21,015	13,836	21,460	28,614	14,389
86	Tax Collection	7,847	7,847	0	0	7,414
87	Staff Training & Travel	8,803	6,749	4,077	5,436	7,019
88	Board Training & Travel	0	1,082	289	385	1,125
89	TOTAL G & A	\$130,513	\$109,962	\$91,982	\$122,642	\$139,707
90						
91						
92						
93	CAPITAL PROJECTS & EQUIPMENT					
94	Project	0	0	0	0	0
95	Equipment	0	0	0	0	70,000
96	TOTAL CAPITAL	\$0	\$0	\$0	\$0	\$70,000
97						
98						
99	FUNDED DEPRECIATION	15,000	15,000	11,250	15,000	15,000
100	UNFUNDED DEPRECIATION	0	0	0	0	0
101						
102	TOTAL EXPENSE	\$1,038,415	\$974,757	\$690,528	\$920,704	\$1,207,474
103						
104	TRANSFERRED TO OTHER FUNDS	(\$966,301)	(\$899,574)	(\$634,216)	(\$845,621)	(\$1,058,975)
105						
106	FUND TOTAL	\$0	\$0	\$0	\$0	\$0

	A	B	C	D	E	F
1	HERITAGE RANCH COMMUNITY SERVICES DISTRICT - CONSOLIDATED BUDGET					
2	2024/25 un-audited, Summary 2025/26 & Draft 2026/27					
3						
4						
5						
6		Un-audited	Budget	Actual 9 month	Annualized	Draft
7	OPERATING REVENUE	24/25	25/26	7/1/25 - 3/31/26	F.Y.E. 6/30/26	26/27
8	Water Fees	1,760,397	1,791,637	1,452,006	1,936,008	2,052,970
9	Sewer Fees	1,211,488	1,600,609	1,192,366	1,589,821	1,920,185
10	Hook-Up Fees	700	2,400	600	800	2,400
11	Turn on Fees	2,100	3,500	1,625	2,167	3,500
12	Late Fees	34,135	20,790	33,981	45,308	20,820
13	Plan Check & Inspection	0	1,600	4,213	5,617	1,600
14	Miscellaneous Income	15,435	500	11,665	15,553	500
15	OPERATING	\$3,024,254	\$3,421,036	\$2,696,456	\$3,595,275	\$4,001,975
16						
17						
18						
19	FRANCHISE REVENUE					
20	FRANCHISE	98,583	46,336	47,616	63,488	\$47,819
21						
22						
23	TOTAL OPERATING	\$3,122,838	\$3,467,372	\$2,744,072	\$3,658,763	\$4,049,794
24						
25						
26	NON-OPERATING REVENUE					
27	Standby Charges	233,666	242,200	161,481	215,308	242,200
28	Property Tax	480,762	497,890	343,637	458,182	519,995
29	Interest	245,743	64,494	155,310	207,080	112,709
30	Connection Fees	11,185	28,232	14,910	19,880	28,232
31	TOTAL NON-OPERATING	\$971,356	\$832,816	\$675,338	\$900,451	\$903,136
32						
33						
34						
35	RESERVE REVENUE					
36	Capital Reserves	361,086	223,288	92,579	123,439	7,299,108
37	General Reserves	786,968	24,429,683	439,470	585,960	15,077,726
38	TOTAL RESERVE	\$1,148,054	\$24,652,971	\$532,049	\$709,399	\$22,376,834
39						
40						
41	TOTAL NON-OPERATING	\$2,119,409	\$25,485,787	\$1,207,387	\$1,609,849	\$23,279,970
42						
43						
44	TOTAL ALL REVENUE	\$5,242,247	\$28,953,159	\$3,951,459	\$5,268,612	\$27,329,764
45						
46						
47						
48						
49						
50						
51						
52						
53						

	A	B	C	D	E	F
54	HERITAGE RANCH COMMUNITY SERVICES DISTRICT - CONSOLIDATED BUDGET					
55	2024/25 un-audited, Summary 2025/26 & Draft 2026/27					
56						
57						
58						
59	OPERATING EXPENSES					
60	<hr/>					
61		Un-audited	Budget	Actual 9 month	Annualized	Draft
62	SALARIES AND BENEFITS	24/25	25/26	7/1/25 - 3/31/26	F.Y.E. 6/30/26	26/27
63	Salaries	921,690	1,095,291	729,549	972,732	1,158,439
64	Health Insurance	178,906	247,593	132,448	176,597	230,886
65	Health Insurance - Retiree	88,067	62,535	42,840	57,120	59,416
66	Pers Retirement	223,423	195,963	186,731	248,975	208,355
67	OPEB Funding/Transfer	0	35,000	0	0	35,000
68	Standby	27,151	34,380	21,063	28,084	34,380
69	Overtime	3,552	3,985	1,339	1,786	1,857
70	Workers Comp. Ins.	2,003	34,469	25,804	34,405	32,318
71	Directors' Fees	6,300	36,000	4,500	6,000	36,000
72	Medicare/FICA	14,355	16,405	11,343	15,125	17,320
73	Car Allowance	3,000	3,000	2,250	3,000	3,000
74	SUI/ETT	456	1,000	454	605	1,000
75	Uniforms	5,864	8,424	4,672	6,230	8,761
76	TOTAL SALARIES & BENEFITS	\$1,474,768	\$1,774,046	\$1,162,993	\$1,550,658	\$1,826,732
77						
78						
79						
80	UTILITIES					
81	Electricity	189,933	140,535	117,036	156,048	146,924
82	Propane	1,640	1,649	668	891	1,715
83	Water Purchase	28,600	28,600	28,600	28,600	28,600
84	Telephone/Internet	17,205	13,846	12,890	17,186	14,400
85	TOTAL UTILITIES	\$237,377	\$184,630	\$159,194	\$202,725	\$191,639
86						
87						
88						
89	MAINTENANCE & SUPPLIES					
90	Chemicals	78,342	89,232	64,960	86,613	93,190
91	Computer/Software	28,136	38,133	10,741	14,321	39,659
92	Equip. Rental/Lease	1,895	2,812	0	0	2,834
93	Fixed Equip.	216,460	210,350	192,335	256,446	293,763
94	Fuel & Oil	15,695	16,873	14,171	18,895	17,548
95	Lab Testing	52,945	66,367	41,460	55,280	69,022
96	Office Supplies	1,341	1,687	1,352	1,803	1,755
97	Parks & Recreation	0	0	0	0	0
98	Struct./Grnds.	10,800	16,805	5,911	7,881	17,477
99	Small Tools/Equip.	17,687	3,375	1,961	2,614	3,510
100	Supplies	4,137	5,062	2,858	3,810	5,364
101	Meters/Equip.	12,546	13,498	4,887	6,517	14,038
102	Vehicles	6,991	6,749	10,423	13,897	7,020
103	TOTAL MAINT. & SUP.	\$446,975	\$470,943	\$351,058	\$468,078	\$565,180
104						
105						
106						
107						

	A	B	C	D	E	F
108	HERITAGE RANCH COMMUNITY SERVICES DISTRICT - CONSOLIDATED BUDGET					
109	2024/25 un-audited, Summary 2025/26 & Draft 2026/27					
110						
111						
112						
113		Un-audited	Budget	Actual 9 month	Annualized	Draft
114	GENERAL & ADMINISTRATION	24/25	25/26	7/1/25 - 3/31/26	F.Y.E. 6/30/26	26/27
115	Ads./Advertising	748	1,622	963	1,284	1,687
116	Alarm/Answering Service	3,838	4,499	3,436	4,581	4,680
117	Audit	9,685	10,816	9,745	12,993	20,000
118	Bank Charges/Fees	0	0	35	47	500
119	Consulting/Engineering	0	10,000	0	0	10,000
120	Dues/Subscription	13,499	11,249	10,836	14,448	11,714
121	Elections	444	0	0	0	10,000
122	Insurance (Property/Liability)	72,690	50,754	0	0	55,350
123	LAFCO	8,361	8,652	9,227	12,302	9,604
124	Legal/Attorney	24,575	27,040	22,448	29,930	28,122
125	Licenses/Permits	34,017	32,621	33,798	45,064	33,925
126	Plan Check & Inspection	2,709	1,600	0	0	1,600
127	Postage/Billing	16,966	16,873	16,887	22,516	17,548
128	Professional Service	46,271	100,450	38,416	51,222	104,469
129	Tax Collection	7,847	7,847	0	0	7,414
130	Staff Training & Travel	9,520	13,498	5,356	7,142	14,039
131	Board Training & Travel	0	1,082	289	385	1,125
132	TOTAL G & A	\$251,169	\$298,603	\$151,436	\$201,915	\$331,776
133						
134						
135						
136	CAPITAL PROJECTS & EQUIPMENT					
137	Structures/Improvements	1,123,292	24,582,971	532,049	709,398	22,256,834
138	Equipment	24,762	70,000	0	0	120,000
139	TOTAL CAPITAL	\$1,148,054	\$24,652,971	\$532,049	\$709,398	\$22,376,834
140						
141						
142						
143	DEBT					
144	State Loan Payment - DWR	103,628	103,628	103,628	103,628	103,628
145	State Loan Payment Phase II - SRF	58,739	58,740	29,369	58,740	58,740
146	Western Alliance Lease-PVS	152,858	152,321	152,321	152,321	152,669
147	TOTAL DEBT	\$315,225	\$314,689	\$285,318	\$314,689	\$315,037
148						
149	FUNDED DEPRECIATION	\$288,000	\$288,000	\$216,000	\$288,000	\$288,000
150	UNFUNDED DEPRECIATION	\$0	\$0	\$0	\$1	\$0
151						
152						
153	TOTAL EXPENSE	\$4,161,567	\$27,983,881	\$2,858,048	\$3,735,462	\$25,895,198
154						
155	CAPACTIY CHARGES TRANSFER	\$11,185	\$28,232	\$14,910	\$19,880	\$28,232
156						
157	SOLID WASTE FEES TRANSFER	\$21,279	-\$25,630	(\$3,121)	(\$4,161)	-\$36,899
158			\$2,602			-\$8,667
159						
160	FUND TOTAL	\$1,048,216	\$966,676	\$1,081,622	\$1,517,431	\$1,443,233

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors
FROM: Scott Duffield, General Manager
DATE: May 21, 2026
SUBJECT: Receive and file Water Resource Recovery Facility Project updates.

Background

The District has been working towards the Water Resource Recovery Facility Project (Project) since 2019. The Notice to Proceed with construction was issued to the contractor, W.M. Lyles Co., on February 25, 2026.

Discussion

This report is regarding the Project construction unless otherwise noted.

Scope

The contractor continues to work on submittals. A summary as of May 13, 2026 is:

Submittals = 93
Requests for Information = 22
General Correspondence = 4
Contract Change Orders = 0

Site work commenced the week of May 4, 2026 with clearing and grubbing of the site, installation of the Project sign, and other minor tasks. The contractor worked on relocation of existing conduits, excavation of the influent pump station, and rerouting of the v-ditch through the site. This week the schedule included rough grading of the site and pouring of the relocated v-ditch.

Schedule

The construction Contract Time is on schedule. The 3-week-look-ahead schedule dated 5/18/26 is attached. A summary as of May 13, 2026 is:

Original Contract Time = 545 Days (Completion August 25, 2027)
Adjustment to Days = 0
Updated Contract Time = 545 Days
Contract Time completed = 77 Days
Contract Time completed = 14.1%

Budget

The construction Contract Price is within budget. A summary as of May 13, 2026 is:

Original Contract Price = \$14,560,000
Adjustment to Contract Price = \$0
Updated Contract Price = \$14,560,000
Contract Price performed = \$2,019,135
Contract Price performed = 13.9%

Fiscal Considerations

The Project Budget is \$22,752,000. A detailed breakdown of the Project Budget as of May 13, 2026 is shown below.

	Original Budget	Revised Budget	Total Earned to Date	Balance to Finish
Bond Counsel	50,000	95,000	42,000	53,000
Municipal Advisor	55,000	90,000	41,245	48,755
Interim Financing Expenses	519,292	95,350	90,350	5,000
Prepaid Interest		1,241,623	1,241,623	0
Environmental Report Services	141,839	182,643	145,237	37,407
Engineering Services				
Report Phase	63,420	63,420	63,420	0
Design Phase	1,741,798	1,741,798	1,855,979	-114,181
Bidding Phase	22,424	22,424	42,862	-20,438
Construction Phase	1,367,212	1,367,212	119,745	1,247,467
Post-Construction Phase	170,902	170,902	0	170,902
Resident Project Representative	1,504,214	1,504,214	141,329	1,362,885
Materials Testing	25,720	60,000	0	60,000
Construction Contract	14,861,000	14,560,000	2,019,135	12,540,865
Change Orders			0	0
Change Orders			0	0
Change Orders			0	0
Project Contingency	2,229,179	1,557,414	0	1,557,414
<u>Total</u>	<u>22,752,000</u>	<u>22,752,000</u>	<u>5,802,924</u>	<u>16,949,076</u>

Attachments: 3-week-look-ahead schedule

File: Projects_WRRF

W. M. Lyles Co.

Heritage Ranch WRRF Improvement Project - 3 Week Look Ahead Schedule

5/18/2026		Current Week						Week 1						Week 2						Week 3					
Description	Resource	M	T	W	TH	F	Sa	M	T	W	TH	F	Sa	M	T	W	TH	F	Sa	M	T	W	TH	F	Sa
		11-May	12-May	13-May	14-May	15-May	16-May	18-May	19-May	20-May	21-May	22-May	23-May	25-May	26-May	27-May	28-May	29-May	30-May	1-Jun	2-Jun	3-Jun	4-Jun	5-Jun	6-Jun
SITE																									
Paleontological Training	Rincon																								
Potholing	WML																								
Relocate Existing Conduit and Pipes	???																								
Rough Grade Site	WML																								
Reroute V-Ditch	WML							POUR																	
Fill Existing Culvert with CLSM	WML							POUR																	
INFLUENT PUMP STATION																									
Excavate for INF PS	WML																								
Pour Rat Slab	WML							POUR																	
Set Influent Lift Station	WML																								
Backfill Influent Lift Station to Bottom of Manholes	WML																								
Set SS Manholes 1,2,3 & Install 10" to INF PS	WML																								
MBR FACILITY																									
Overexcavate for MBR Slab	WML																								

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

General Manager Report For the Month of May 2026

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

Administration

- Continue preparation of the Fiscal Year End 2027 Budget.
- Participated in the SLO County CSDA Chapter quarterly meeting.
- Participated in the Santa Barbara County CSDA Chapter quarterly meeting.
- Met with Steve Negros of the HROA ESC regarding the update to the major incident management plan.
- Participated in the CSDA Professional Development Committee May meeting.
- Participated in the CSDA General Manager monthly meeting.
- Attended the Heritage Village Seniors May Board meeting.

Development

- The General Manager received an email from HR Holdings informally requesting that we “process another conditional will-serve letter for their subdivisions.” Additional and formal information is needed and will be requested. An item will be presented to your Board for consideration at a future meeting.

Human Resources

- Continued the process for negotiation of the Memorandum of Understanding between the Employees Association and the District.

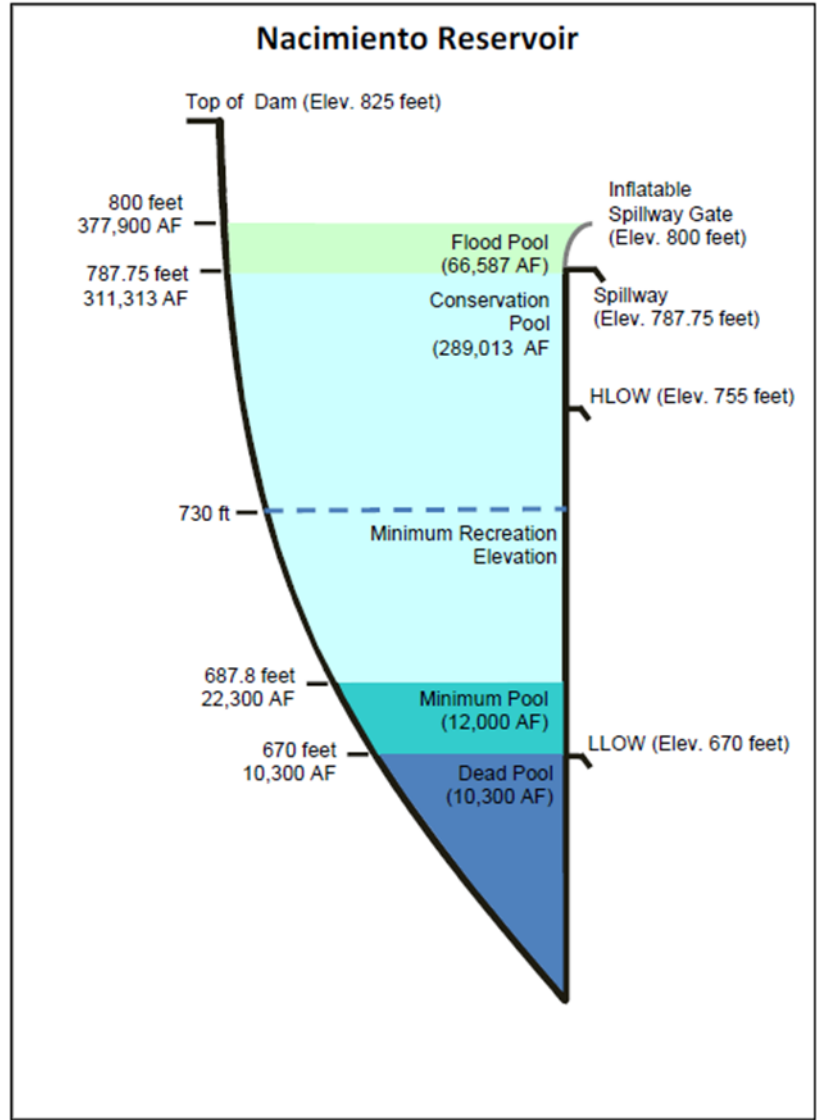
Solid Waste

- The IWMA completed demolition of the concrete slab that previously housed the Household Hazardous Waste facility.
- Participated in the IWMA Technical Support Group May meeting.

Reservoir Status

- As reported by Monterey County Water Resources Agency (MCWRA), as of May 11, 2026, the reservoir was at approximately 771.15 feet in elevation, 62% of capacity, and 232,503-acre feet of storage. MCWRA water releases were shown as 261 cfs.

Nacimiento Reservoir



* * *