

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors

FROM: Scott Duffield, General Manager

DATE: April 18, 2019

SUBJECT: Request to consider approving change of the class of service for solid waste collection for Tract 447 from Commercial / bin customer to curbside customers, and if approved, set a public hearing for May 16, 2019, for adoption.

Recommendation

It is recommended that the Board of Directors:

1. Consider approving change of the class of service for solid waste collection for Tract 447 from Commercial / bin customer (HROA), to Curbside customers (individual lot owners); and
2. If approved, set a public hearing for May 16, 2019, for adoption.

Background

The District is the solid waste authority at Heritage Ranch and has a Franchise Agreement with San Miguel Garbage Company (SMGC) to provide solid waste services within the District.

The current District ordinance specifies the following for mandatory solid waste service:

“8.200 – Mandatory Solid Waste Collection

All developed properties located within the District with a water meter shall be subject to mandatory solid waste service. The collection service may be either curbside or by commercial bin service. This requirement is predicated on an identical requirement adopted by the Heritage Ranch Owner’s Association, dated March 25, 1999.”

The District’s Franchise Agreement with San Miguel Garbage Company (SMGC), and the HROA policies contain similar language.

The current District ordinance also specifies classes of service:

“8.300 – Classes of Service

All solid waste services will be classified as follows:

- A. Curbside*
- B. Commercial / bin”*

At the March meeting your Board received and filed a letter from the HROA requesting to change the class of service for solid waste collection for Tract 447 from Commercial / bin customer, to Curbside customers. Your Board directed staff to present this item for consideration at this meeting.

Discussion

Tract 447 has historically and is currently receiving Commercial / bin class solid waste service. The customer is the Heritage Ranch Owners Association (HROA). Staff understands that the HROA assesses individual lot owners for solid waste services in addition to the normal dues. As the customer, it is the HROA responsibility to maintain their commercial bin collection area in accordance with the District Code of Ordinances and the Franchise Agreement.

The HROA Rules & Regulations acknowledge this and state,

“2.05.10 Illegal Dumping

The roll-off refuse collection containers (‘dumpsters’) in Tracts 447, 466 and 720 are for OWNERS’ in those individual Tracts exclusive use. Unauthorized use of these facilities is considered illegal dumping and is prohibited. The cost of clean up may be part of any fine issued.”

And,

2.07.01 Refuse Collection

Curbside trash service and recycling is mandatory for all properties with a water meter except Tracts 447, 466 and 720 which pay for ‘dumpster’ service. The Heritage Ranch Community Services District (CSD) administers the solid waste program on the RANCH and is under contract with San Miguel Garbage Company (SMGC). SMGC bills customers monthly. The CSD is located at 4870 Heritage Road, Paso Robles, California 93446. The CSD phone number is 805-227-6230. SMGC’s address is P.O. Box 249, San Miguel, California 93451. SMGC’s phone number is 805-467-9283.

Refuse collection containers and loose pick up items, may not be put out before 6:00 a.m. the day before collection, or kept out past 6:00 a.m. the day after collection. No refuse collection containers, or other loose pick up items, are to be visible from the streets and RANCH roads other than during the above periods.”

And,

“4.05.05 Unsightly – Trash Receptacles

Garbage or trash cans, dumpsters or receptacles that are visible or otherwise detectable to the senses from neighboring properties or the common areas (including roads) must be maintained.”

It should also be noted that Tract 447 was approved by the County Planning & Building Department as a cluster subdivision for RV type camping only. According to the County,

“The lots are limited for (RV) Recreation Vehicle use only. Development limited to a small storage shed, simple decking and paving for vehicle, boat, and RV parking. The RV is not to be lived in as a permanent residence and must be removed from the site for a portion of the year.”

Staff does not have a copy of and therefore has not reviewed the County approved Covenants, Conditions, and Restrictions (CCRs) for Tract 447.

It is unclear what all the impacts would be if Tract 447 were to have curbside service. Some potential opportunities and challenges to consider are listed below:

Opportunities	Challenges
Recycling carts	Limitations on space
	Aesthetics
	Enforcement issues
	TR 447 property owner’s schedule
	TR 447 property owner’s costs
	SMGC & Other customer’s costs?

Potential alternatives to consider.

1. No change. The HROA remains the Commercial / bin Customer and responsible to maintain their collection area in accordance with District Code of Ordinances and the Franchise Agreement.
2. Commercial / bin Customer with changes. The HROA remains the Commercial / bin Customer but relocate the collection area. This could be one area, or multiple areas within Tract 447 with fewer bins at each location and potential to add recycling.

It is anticipated that if approved by your Board today, Curbside service for Tract 447 could begin as early as July 1, 2019.

Fiscal Considerations

If approved by your Board, it is anticipated that the change in service class for Tract 447 could result in an initial net increase of approximately \$2,600 in District solid waste franchise revenue. However, it is unknown if there will be other implications such as the

effect, if any, on the solid waste collection service rates for the other customers within the District, the impacts of transferring the cost for services to the individual lot owners, etc. A cost comparison is shown in the table below:

Tract 447 Solid Waste Collection Service Comparison

	Property Owners \$ / Month	Approximate Number of Accounts	Total \$ / Month	Total \$ / Year	Actual \$ / 2018
Current	\$12.00 ¹	178	\$2,136	\$25,632	\$32,133
If Curbside	\$27.29 ²	178	\$4,858	\$58,291	n/a

¹ Staff understands property owners pay HROA for trash service in addition to normal dues.

² This is the current cost for Curbside service for a 35-gallon trash cart.

Results

Approval of the change to curbside service for Tract 447 today will initiate the approval process and set May 16, 2019, to consider formal adoption. If not approved, solid waste collection service for Tract 447 will remain the same. Alternatively, your Board may provide direction to staff that could be considered at a future meeting.

Attachments: Letter from the Board of Directors of the HROA dated March 11, 2019

FILE: Solid Waste_SMGC



PHONE: (805) 238 9641
FAX: (805) 238 3430
GATE HOUSE: (805) 227 6560

3945 HERITAGE ROAD
LAKE NACIMIENTO
PASO ROBLES CA 93446

March 11, 2019

Heritage Ranch Community Services District
Board of Directors
4870 Heritage Road
Paso Robles, California 93446

Dear Heritage Ranch CSD Board members,

Scott Duffield and our General Manager, Tina Platt, met on February 19, 2019 and discussed the removal of the dumpster enclosure at Tract 447 within the Heritage Ranch community, and all lots/residents within Tract 447 switching to individual trash containers as is established in every other tract within Heritage Ranch. The Association has also met with San Miguel Garbage, who is also in favor of this change for Tract 447, and can accommodate it. San Miguel Garbage has provided the attached documents as back-up, and these documents are as follows, in order:

1. Breakdown of estimated garbage quantity per lot in Tract 447, based on current dumpster volume (back-up for 35 gallon trash containers necessary per lot, the smallest size container available)
2. 2017 and 2018 HROA invoices from San Miguel Garbage for Tract 447 dumpster area
3. 2018 rate sheet for San Miguel Garbage – their current rates

The Association currently has a large amount of resources dedicated to the Tract 447 dumpster area, as we have three (3) security cameras we have installed in the dumpster area to try and catch illegal dumping, our Ranch Patrol spends a significant amount of time controlling the area and enforcing, and our Maintenance Department time with having to clean-up everyone's mess from dumpster overflows and large items dumping. In other words, the dumpster area at Tract 447 is a significant concern for waste of the Association's resources and monies overall, and the Heritage Ranch community as a whole would benefit greatly from Tract 447 residents going to individual trash containers instead of retaining the existing dumpsters.

In conclusion, the Association is hopeful that that Heritage Ranch CSD will approve, and support, Tract 447 switching over to individual trash containers. The Association is more than happy to assist CSD with drafting a notification letter to the Tract 447 residents, to showcase the many benefits to them switching over to individual trash containers. Benefits not only to themselves (convenience and ease of use), but for helping to save the environment as well (active recycling and green waste program at no cost, used oil recycling at no cost, metal/used appliance pick-up service at no cost). Please advise if you have any questions, or need any further information from us at this time. Thank you in advance for your consideration.

Sincerely,

The Board of Directors
Heritage Ranch Owners Association

Heritage Ranch Rv enclosure

2/12/2019

Current service

Mondays Current Service

Size Container	3.00	yard
Quantity	6.00	
Total yards/Monday	18.00	
July 2017-June 2018	936.00	yards/year
	18.00	avg yards/week

Fridays Current Service

Size Container	3.00	yard
Quantity	6.00	
Dumped as needed		
July 2017-June 2018	673.00	yards/year
Average/Friday	12.94	avg yards/week

Current Service	1609.00	Total yards/year	
	323409.00	Total Gallons/year	current service
	1816.90	Total Gallons/year	current service/resident
	34.94	Total Gallons/week	current service/resident

The average Heritage Ranch Customer has a 35 gallon trash service
There is 201 us liquid gallons in 1 yard.

1816.90	Total gallons divided by 178 services
34.94	Then divide by 52 for weekly service. This is the amount of gallons/customer/week

Current Heritage ranch rates for Service

35 Gallon Trash	\$18.00 27.29
64 Gallon Trash	\$34.95
96 Gallon Trash	\$40.37

All 3 services levels come with Recycling and greenwaste

PostDate	Name	Acct#	Type/Method	Amount	Check#	Invoice#
AMT BY POSTDATE						
01/09/17		1	4.2%	<1,789.40>		2.8%
02/17/17		1	4.2%	<2,100.90>		3.3%
03/13/17		1	4.2%	<1,885.45>		3.0%
04/17/17		1	4.2%	<2,659.50>		4.2%
05/15/17		1	4.2%	<2,266.81>		3.6%
06/12/17		1	4.2%	<3,311.97>		5.3%
07/17/17		1	4.2%	<4,397.96>		7.0%
08/14/17		1	4.2%	<2,949.18>		4.7%
09/12/17		1	4.2%	<2,068.20>		3.3%
10/16/17		1	4.2%	<2,120.20>		3.4%
11/10/17		1	4.2%	<2,473.00>		3.9%
12/07/17		1	4.2%	<2,120.20>		3.4%
01/11/18		1	4.2%	<2,437.53>		3.9%
02/15/18		1	4.2%	<2,887.56>		4.6%
03/19/18		1	4.2%	<1,570.27>		2.5%
04/16/18		1	4.2%	<2,131.05>		3.4%
05/11/18		1	4.1%	<2,614.64>		4.2%
06/15/18		1	4.1%	<3,296.47>		5.2%
07/13/18		1	4.1%	<3,353.76>		5.3%
08/10/18		1	4.1%	<3,352.77>		5.3%
09/13/18		1	4.1%	<2,291.27>		3.6%
10/11/18		1	4.1%	<3,318.64>		5.3%
11/19/18		1	4.1%	<2,531.60>		4.0%
12/13/18		1	4.1%	<2,932.15>		4.8%
*** TOTALS		24	100.0%	<62,860.48>		100.0%

San Miguel Garbage Co, Inc.
6625 Benton Rd.
Paso Robles, CA 93446

HERITAGE RANCH
2018 Waste Collection Price List
Effective Date: February 1st, 2018

RESIDENTIAL CAN SERVICE		OLD		CURRENT
		CUST RATE		CUST RATE
35 GAL	monthly	\$26.90	=	\$27.29
64 GAL	monthly	\$34.95	=	\$35.45
96 GAL	monthly	\$40.37	=	\$40.95

*All can rates based on standard garbage cans 35 gallon or smaller with 50-pound weight limit.
Cans must be readily accessible.*

CAN SERVICE MISCELLANEOUS

Stickers	per sticker	\$4.55	=	\$4.66
Re-Delivery Cans	per occurrence	\$28.52	=	\$29.16
Go Back Residential	per occurrence	\$6.07	=	\$6.20 plus add additional mileage fee per mile
Walk-In Fee Service - Truck does not leave road & worker must walk in yard	per occurrence	\$2.64	=	\$2.70
2nd Recycle or Greenwaste Cart	per cart monthly	\$5.90	=	\$6.03

*Carts are the property of the garbage company & must be returned when service is stopped or cancelled.
If cart is not returned the company may impose the appropriate fee to the customer for each cart not returned.*

Missing Cart - 35 GAL	per cart	\$44.86	=	\$45.86
Missing Cart - 64 GAL	per cart	\$59.01	=	\$60.32
Missing Cart - 96 GAL	per cart	\$80.26	=	\$82.04

COMMERCIAL CONTAINER SERVICE (one time delivery fee will apply upon delivery)

1 YARD	1X WK	monthly	\$89.27	=	\$94.28
	2X WK	monthly	\$120.51	=	\$127.28
1.5 YARD	1X WK	monthly	\$99.77	=	\$105.38
	2X WK	monthly	\$134.70	=	\$142.26
2 YARD	1X WK	monthly	\$127.50	=	\$134.65
	2X WK	monthly	\$172.13	=	\$181.79
3 YARD	1X WK	monthly	\$146.67	=	\$154.90
	2X WK	monthly	\$224.39	=	\$236.98
4 YARD	1X WK	monthly	\$194.20	=	\$205.11
	2X WK	monthly	\$297.11	=	\$313.79
6 YARD	1X WK	monthly	\$293.05	=	\$309.50
	2X WK	monthly	\$389.72	=	\$411.59

Every other week rate is the same as 1X WK rate.

COMMERCIAL EXTRA PICKUP + PER MILE TRIP CHARGE *

1 YARD	per occurrence	\$25.28	=	\$26.70
1.5 YARD	per occurrence	\$28.21	=	\$29.80
2 YARD	per occurrence	\$31.34	=	\$33.09
3 YARD	per occurrence	\$41.05	=	\$43.36
4 YARD	per occurrence	\$61.96	=	\$65.44
6 YARD	per occurrence	\$82.35	=	\$86.98

**San Miguel Garbage Co, Inc.
6625 Benton Rd.
Paso Robles, CA 93446**

**HERITAGE RANCH
2018 Waste Collection Price List
Effective Date: February 1st, 2018**

COMMERCIAL SERVICE MISCELLANEOUS		OLD CUST RATE	=	CURRENT CUST RATE
* Trip Charge per Mile	per occurrence	\$5.19	=	\$5.48
Delivery Fee & Re-Delivery Containers	per occurrence	\$29.09	=	\$29.74
Extra trash less than 1 yard	per occurrence	\$22.08	=	\$23.32
Extra trash per yard	per occurrence	\$25.28	=	\$26.70
Manual Labor per yard	per occurrence	\$20.20	=	\$20.88
Go Back Commercial	per occurrence	\$9.99	=	\$10.55
				plus add additional mileage fee per mile
Lock Bar Set Up	per occurrence	\$45.41	=	\$47.96
Lock Bar Set Up Plus Key & Lock	per occurrence	\$54.84	=	\$57.92
Unlocking Fee	per occurrence	\$2.42	=	\$2.56
Container Exchange Fee	per occurrence	\$116.41	=	\$122.93

DRIVE IN-YARD CHARGES

Charged to customers that require the waste collection truck to enter the customers property

In-Yard 100'	monthly	\$10.78	=	\$11.02
In-Yard 1/4 Mile	monthly	\$15.12	=	\$15.46
In-Yard 1 Mile	monthly	\$16.70	=	\$17.07
In-Yard Over 1 Mile	monthly	multiply "In-Yard 1 Mile" rate X total miles		

ADDITIONAL CHARGES - Rates below will fluctuate depending on current disposal and handling fees to remove.

Can Pressure Wash Fee	per occurrence	\$28.52	=	\$29.16
Water Heater	each	2017 N/C White Goods \$23.64	=	\$24.13
Fridge	each	2017 N/C White Goods \$31.86	=	\$32.57
Washer/Dryer	each	2017 N/C White Goods \$23.64	=	\$24.13
Toilet	each	N/C with Low Flow Incentive \$10.60	=	\$10.83
Mattress or boxspring TWN	each	\$20.96	=	\$21.42
Mattress or boxspring Q-K	each	\$36.36	=	\$37.17
Couches	each	\$25.97	=	\$26.54
Truck Tires	each	\$20.96	=	\$21.42
Car Tire only	each	\$4.14	=	\$4.23
Car Tire with Rim	each	\$6.21	=	\$6.34
T.V.	CAN NOT TAKE			
All other items not listed call office for rate.				

NSF FEES

1ST occurrence	\$20.00
2ND occurrence	\$30.00
3RD occurrence	\$35.00
4TH occurrence	\$40.00

RENT-A-BIN (all areas)		OLD CUST RATE	=	CURRENT CUST RATE
2 YARD - 1 PU 1 WEEK	60x43x38	\$90.22	=	\$95.28
3 YARD - 1 PU 1 WEEK	72x43x52	\$121.29	=	\$128.09
DAILY RENTAL after 1 wk with no pickup	per day	\$2.55	=	\$2.69

ROLL-OFF RENTALS

20 YARD ROLL-OFF (includes 2 tons trash)	per dump	\$466.18	=	\$492.30
40 YARD ROLL-OFF (includes 3 tons of trash)	per dump	\$529.16	=	\$558.82

Roll-Off Service is for 7 days. Rental after 7 days is \$5.00/day for 20yd and \$7.00/day for 40 yd.

Weight in excess of allowed weight will be charged current landfill per ton rate up to 10 tons.

Any load that exceeds 10 tons will be charged an additional \$50.00 per ton, in addition to the current landfill rate, after the first 10 tons.

Contracts must be completely filled out and signed, and deposits received, before delivery of all containers and roll-offs.

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors

FROM: Scott Duffield, General Manager

DATE: April 18, 2019

SUBJECT: Request to consider approval of an agreement for professional services with Kenwood Energy related to development and delivery of a photovoltaic system (PVS) project for a not to exceed amount of \$27,800, and amend the FY 2018/19 capital budget to include the PVS project work.

Recommendation

It is recommended that the Board of Directors:

1. Consider approval of an agreement for professional services with Kenwood Energy related to development and delivery of a photovoltaic system (PVS) project for a not to exceed amount of \$27,800; and
2. Amend the FY 2018/19 capital budget to include the PVS project work.

Background

- Your Board approves a Budget annually that includes an operating budget and a capital budget.
- A System Energy Plan (SEP) was completed in 2014 and several of the projects identified in that plan have been implemented or will be implemented with future wastewater system projects.
- Your Board also approved a 5-year Capital Improvement Plan (CIP) in 2017.
- A photovoltaic system (PVS) project is included in the SEP and the CIP.
- In December 2018, staff received direction from your Board to begin developing a PVS project.
- At the February 21, 2019 meeting your Board requested a standing agenda item for a PVS project.

Discussion

At the March meeting your Board discussed the possibility of hiring a consultant to assist the District in developing and delivering a PVS project.

Staff has met with other agencies with a PVS to research and investigate how they delivered and managed their projects. Staff has found that these are not simple projects because they involve close coordination with the power company, and the ability, and time, to navigate the complicated planning and design process. In our research and meeting with other agencies, it was recommended that we look at Kenwood Energy as a consultant that could assist us.

Staff has reached out to Kenwood Energy and a draft scope of work and professional services agreement is attached for your Board's discussion and consideration. If approved, Kenwood Energy would coordinate and facilitate delivery of a District PVS project in close communication with staff, the Operations & Engineering Committee, and your Board.

Alternatively, the Board may consider putting out an RFP for these services.

Fiscal Implications

A PVS project is not included in the FY 2018/19 Budget. A transfer from reserves to fund the proposed agreement for professional services would be warranted.

For your Board's information, the project identified in the SEP was sized to offset energy use only at the Wastewater Treatment Plant and the Administration building (230kW-DC) and was estimated to cost about \$1M in 2014. A rough estimate for a project to offset all/most of our energy use (500kW-DC) is about \$2.2M currently.

Results

Approval of a professional services agreement would provide resources and expertise to move forward in developing a PVS project.

The Board would also need to consider 1) approving a project, and 2) how to finance it.

Attachments: Draft Agreement for Professional Services with Kenwood Energy

FILE: Projects_PVS

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
AGREEMENT FOR PROFESSIONAL SERVICES**

THIS AGREEMENT for professional services (hereinafter referred to as “Agreement”) is made by and between the Heritage Ranch Community Services District, a Community Services District duly existing and operating pursuant to the provisions of Government Code Section 61000 et seq. (hereinafter referred to as “HRCSD” or “District”) and Kenwood Energy (hereinafter referred to as “Consultant”), with reference to the following Recitals:

RECITALS

A. HRCSD desires to retain Consultant to provide services related to development and delivery of a photovoltaic system project as identified in the attached proposal (“Proposal”).

B. HRCSD desires to engage Consultant to provide services by reason of qualifications and experience in performing such services, and Consultant has offered to provide the required services through the Proposal on the terms and in the manner set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, the parties agree as follows:

1. DESIGNATED REPRESENTATIVES. Scott Duffield, General Manager, at telephone number (805) 227-6230 is the representative of HRCSD and will administer this Agreement for and on behalf of HRCSD. Tim Holmes, at telephone number (707) 695-2158, is the authorized representative for Consultant. Changes in designated representatives shall be made only after prior written notice to the other party.

2. NOTICES. Any notice or consent required or permitted to be given under this Agreement shall be given to the respective parties in writing, by first-class mail, postage prepaid, or otherwise delivered as follows:

HRCSD: Heritage Ranch Community Services District
4870 Heritage Road
Paso Robles, CA 93446
Attn: Scott Duffield, General Manager
Facsimile: (805) 227-6231
Email: scott@heritageranchcsd.ca.gov

CONSULTANT: Kenwood Energy
PO Box 692
Kenwood, CA 95452
Attn: Tim Holmes
Email: tim@kenwoodenergy.com

or at such other address or to such other person that the parties may from time to time designate. Notices and consents under this section, which are sent by mail, shall be deemed to be received five (5) days following their deposit in the U.S. mail.

3. TASK ORDERS.

A. Task Orders of this Agreement are outlined as Task 1 and Task 2 in the attached Proposal:

1. The Scope of Services that shall be performed by Consultant are outlined in the attached Proposal as "Tasks" and include work towards delivery of an on-site photovoltaic system project;

2. The compensation schedules for services including reimbursable expenses are detailed in the attached Proposal;

3. This Agreement has a total Not-to-Exceed amount of \$27,800.00 for all Tasks as outlined in the attached proposal.

B. The terms and conditions of this Agreement are incorporated into individual Task Orders.

4. SCOPE OF SERVICES. Consultant agrees to provide the services and submit deliverables to HRCSD in accordance with the individual Task Orders and this Agreement, subject to the direction of HRCSD as provided from time to time. Consultant represents and warrants that the Not-to-Exceed amount represented in individual Task Orders will be sufficient to provide the services and submit the deliverables identified in individual Task Orders.

5. TERM. Consultant shall commence performance within five (5) days of HRCSD's Execution of Task Orders and unless otherwise directed in writing by HRCSD or unless earlier terminated as provided in this Agreement, shall complete performance and make deliverable as provided in this Agreement and individual Task Orders.

6. COMPENSATION OF CONSULTANT.

A. Consultant will be paid for the services provided to HRCSD in accordance with the schedule set forth in the Task Orders and subject to the Not-to-Exceed amount.

B. Consultant shall submit invoices no more often than monthly for services performed and reimbursable expenses incurred. Each invoice shall identify the person providing the service, the services performed, a report on the services performed that at a minimum summarizes the meetings and conferences attended by Consultant on behalf of the District, and the corresponding Task Order.

C. HRCSD shall review each invoice submitted by Consultant to determine whether it accurately reflects the services performed and reimbursable expenses incurred in compliance with the provisions of this Agreement and the Task Order. In the event no charges or expenses are disputed, the invoice shall be approved and paid within thirty (30) days of receipt of the invoice. In the event HRCSD disputes any charge or expense, it shall return the original invoice to Consultant for correction and resubmission, however, the undisputed amount shall be paid as indicated above.

D. HRCSD shall not pay Consultant more than the Not-to-Exceed amount referenced in individual Task Orders without the prior written authorization of the HRCSD. In order for HRCSD to increase the Not-to-Exceed amount, Consultant must identify and document how circumstances beyond its reasonable control have increased the time and/or costs of performing the services beyond the amounts identified in the Task Orders. The HRCSD, in its sole discretion, may deny in part or in whole the request to increase the Not-to-Exceed amount, modify the Scope of Services, or approve the increase in the Not-to-Exceed amount.

E. Payment to Consultant shall be full compensation for all personnel, materials, supplies, and equipment used in carrying out the services.

F. Payment of an invoice by HRCSD shall not constitute acceptance of defective services, and HRCSD's failure to discover or object to any unsatisfactory services or billing prior to payment will not constitute a waiver of HRCSD's right to:

1. Require Consultant to correct such work or billings; or
2. Seek any other legal remedy.

G. HRCSD may withhold, or on account of subsequently discovered evidence nullify, the whole or a part of any payment to such extent as may be necessary to protect HRCSD from loss, including costs and attorneys' fees, on account of (1) defective or deficient work product not remedied; (2) subsequently discovered errors in invoices previously paid; (3) claims filed or reasonable evidence indicating probable filing of a claim or claims; (4) failure of Consultant to make payments properly to its employees or sub-consultants; or (5) Consultant's failure to adhere to the schedules or to achieve sufficient progress with the services such that Consultant is unlikely to achieve timely completion.

7. STATUS OF CONSULTANT.

A. Consultant is and shall at all times remain a wholly independent contractor and not an officer, employee or agent of HRCSD. Consultant shall have no authority to bind HRCSD in any manner, nor to incur any obligation, debt or liability of any kind on behalf of or against HRCSD, whether by contract or otherwise, unless such authority is expressly conferred under this Agreement or is otherwise expressly conferred in writing by HRCSD.

B. The personnel performing the services under this Agreement on behalf of Consultant shall at all times be under Consultant's exclusive direction and control. Neither HRCSD, nor any elected or appointed boards, officers, officials, employees or agents of HRCSD, shall have control over the conduct of Consultant or any of Consultant's officers, employees or agents, except as set forth in this Agreement. Consultant shall not at any time or in any manner represent that Consultant or any of Consultant's officers, employees, subcontractors, or agents are in any manner officials, officers, employees or agents of HRCSD.

C. Neither Consultant, nor any of Consultant's officers, employees, subcontractors, or agents, shall obtain any rights to retirement, health care or any other benefits which may otherwise accrue to HRCSD's employees. Consultant expressly waives any claim Consultant may have to any such rights.

8. PERFORMANCE STANDARDS.

A. Compliance with laws. Consultant shall (and shall cause its agents and subcontractors), at its sole cost and expense, comply with all State and Federal ordinances, regulations and statutes now in force or which may hereafter be in force with regard to the services referenced in individual Task Orders, and this Agreement. The judgment of any court of competent jurisdiction, or the admission of Consultant in any action or proceeding against Consultant, whether HRCSD be a party thereto or not, that Consultant has violated any such ordinance or statute, shall be conclusive of that fact as between Consultant and HRCSD. Except as provided above any corrections to Consultant's services which become necessary as a result of the Consultant's failure to comply with these requirements shall be made at Consultant's expense.

B. Standard of Performance. Consultant represents that it has the skills, expertise, and licenses necessary to perform the services required under this Agreement and subsequently executed Task Orders. Consultant shall perform all such services in the manner and according to the standards observed by professionals experienced in providing services identified in individual Task Orders. All documents and services of whatsoever nature that Consultant delivers to HRCSD pursuant to this Agreement and individual Task Orders shall conform to the standards of quality normally observed by professionals experienced in providing services identified in individual Task Orders. Consultant shall promptly correct or revise any errors or omissions at HRCSD's request without additional compensation. Licenses required to perform such services shall be obtained and maintained by Consultant without additional compensation throughout the term of this Agreement

9. FAMILIARITY WITH SERVICES TO BE PERFORMED. By executing individual Task Orders, Consultant represents that Consultant, (a) has thoroughly investigated and considered the Scope of Services referenced in Task Orders to be performed; (b) has carefully considered how the services should be performed; (c) fully understands the difficulties and restrictions attending performance of the services under this Agreement;

an (d) that the Not-to-Exceed amount is adequate for the services to be performed by Consultant.

10. TAXES. Consultant shall pay all taxes, assessments and premiums under the federal Social Security Act, any applicable unemployment insurance contributions, Workers Compensation insurance premiums, sales taxes, use taxes, personal property taxes, or other taxes or assessments now or hereafter in effect and payable by reason of or in connection with the services to be performed by Consultant.

11. CONFLICT OF INTEREST. Consultant covenants that neither it, nor any officer or principal of its firm, or subcontractors retained by Consultant has, or shall acquire any interest, directly or indirectly, which would conflict in any manner with the interests of HRCSD for Task Order work or which would in any way hinder Consultant's performance of services under this Agreement or Task Order. Consultant further covenants that in the performance of the services, no person having any such interest shall be employed by it as an officer, employee, agent or subcontractor without the prior express written consent of the HRCSD Manager. Consultant agrees to at all times avoid conflicts of interest, or the appearance of any conflicts of interest, with the interests of the HRCSD in the performance of the services pursuant to individual Task Orders.

12. RESPONSIBILITIES OF HRCSD. HRCSD shall provide all information reasonably necessary by Consultant in performing the services provided herein.

13. OWNERSHIP OF DOCUMENTS. All reports, documents, drawings, photographs, videotape, specifications, data, and other instruments of professional service, in paper and electronic form, whether in draft or final, prepared by Consultant during the performance of this Agreement (the "Documents") shall be and become the property of HRCSD. Consultant shall deliver the Documents to the HRCSD promptly upon completion of the services or termination of this Agreement, for any reason, whichever shall occur first.

14. RECORDS, AUDIT AND REVIEW. Consultant and Consultant's subcontractors shall keep such business records pursuant to this Agreement as would be kept by a reasonably prudent practitioner of Consultant's profession and shall maintain such records for at least four (4) years following the termination of this Agreement. All accounting records shall be kept in accordance with generally accepted accounting practices. HRCSD shall have the right to audit and review all such documents and records at any time during Consultant's regular business hours or upon reasonable notice.

15. INDEMNIFICATION

A. To the fullest extent permitted by law, Consultant shall defend, (with legal counsel reasonably acceptable to the HRCSD) indemnify and hold harmless HRCSD and its officers, agents, departments, officials, representatives and employees (collectively "Indemnitees") from and against any and all claims, loss, cost, damage, injury (including, without limitation, injury to or death of an employee of Consultant or its subconsultants),

expense and liability of every kind, nature and description (including, without limitation, fines, penalties, incidental and consequential damages, court costs, attorney's fees, litigation expenses and fees of expert consultants or expert witnesses incurred in connection therewith, and costs of investigation), to the extent that they arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of Consultant, any subconsultant, anyone directly or indirectly employed by them, or anyone that they control (collectively "Liabilities") in performing services pursuant to Task Orders. Such obligations to defend, hold harmless and indemnify any Indemnitee shall not apply to the extent that such Liabilities are caused by the sole negligence, or willful misconduct of such Indemnitee.

B. Neither termination of this Agreement or completion of the services referenced in individual Task Orders under this Agreement shall release Consultant from its obligations referenced in subsection A, above, as to any claims, so long as the event upon which such claims is predicated shall have occurred prior to the effective date of any such termination or completion and arose out of or was in any way connected with performance or operations under this Agreement by Consultant, its employees, agents or consultants, or the employee, agent or consultant of any one of them.

C. Consultant agrees to obtain executed indemnity agreements with provisions identical to those set forth in this section from each and every subconsultant or any other person or entity involved by, for, with or on behalf of Consultant in the performance of this Agreement and individual Task Orders. If Consultant fails to obtain such indemnity obligations from others as required, Consultant shall be fully responsible for all obligations under this Section. HRCSD's failure to monitor compliance with this requirement imposes no additional obligations on HRCSD and will in no way act as a waiver of any rights hereunder. The obligation to indemnify and defend HRCSD as set forth herein is binding on the successors, assigns or heirs of Consultant and shall survive the termination of this Agreement or this section.

D. Submission of insurance certificates or submission of other proof of compliance with the insurance requirements in the Agreement does not relieve Consultant from liability referenced in this Section 15. The obligations of this Section 15 shall apply whether or not such insurance policies shall have been determined to be applicable to any of such damages or claims for damages.

16. INSURANCE.

A. Consultant and its subconsultants shall procure and maintain insurance with companies authorized to do business in the State of California and assigned an A.M. Best's rating of no less than A-(IX), the following insurance coverage on an "occurrence basis", written on the ISO form shown below (or its equivalent) at the limits of liability specified for each:

General Liability Insurance (ISO Form CG001 11/85)
including coverage for premises, products
and completed operations, independent

Consultants/vendors, personal injury and contractual obligations with combined single limits of coverage of at least

\$ 1 Million per occurrence.
\$ 2 Million in the aggregate

Workers' Compensation Insurance*	Statutory
Employer's Liability Insurance	\$ 1 Million policy limit
Professional Liability Insurance or	\$ 1 Million per claim
Errors and Omissions Insurance	\$ 1 Million in the aggregate

* Required if/when the Consultant has employees

B. To the extent Consultant or its employees and agents use personal automobiles in any way performing services contemplated by this Agreement, Consultant represents and warrants that evidence of personal auto liability coverage for each person shall be maintained at commercially reasonable levels.

C. The General and Commercial Automobile liability policies shall be endorsed to include the following:

(1) HRCSD, its officers, directors, employees and agents shall be named as Additional Insureds using an endorsement appropriate for design professionals; and

(2) The coverage afforded HRCSD shall be primary and non-contributing with any other insurance maintained by HRCSD.

(3) If not covered separately under a business automobile liability policy, the general liability policy shall also be endorsed to include non-owned and hired automobile liability.

D. Professional Liability or Errors and Omissions Insurance as appropriate shall be written on a policy form coverage specifically designed to protect against acts, errors or omissions of the Consultant and "Covered Professional Services" as designated in the policy must specifically include work performed under this Agreement. The policy must "pay on behalf of" the insured and must include a provision establishing the insurer's duty to defend. The policy retroactive date shall be on or before the effective date of this Agreement.

E. Prior to commencing work under this Agreement, Consultant shall provide HRCSD with Certificates of Insurance evidencing compliance with the foregoing requirements, accompanied by copies of the required endorsements. Certificates of Insurance for commercial general liability, automobile liability, employer's liability, and professional liability insurance shall specify that the Consultant shall give HRCSD thirty (30) days advance written notice by the insurer prior to cancellation of the policy except ten (10) days for nonpayment of premium. Consultant shall give HRCSD fifteen (15) days advance written notice prior to cancellation of the workers' compensation policy except seven (7) days for nonpayment of premium.

F. All insurance coverage required hereunder shall be kept in full force and effect for the term of this Agreement. Professional liability insurance shall be maintained for an additional, uninterrupted period of three (3) years after termination of this Agreement, provided such insurance is commercially available at rates reasonably comparable to those currently in effect. Certificates of Insurance evidencing renewal of the required coverage shall be provided within ten (10) days of the expiration of any policy at any time during the period such policy is required to be maintained by Consultant hereunder. Any failure to comply with this requirement shall constitute a material breach of this Agreement.

G. All insurance coverage and limits provided by Consultant and available or applicable to this Agreement are intended to apply to the full extent of the policies. Nothing contained in this Agreement or any other agreement relating to the HRCSD or its operations limits the application of such insurance coverage.

H. None of the coverages required herein will be in compliance with these requirements if they include any limiting endorsement of any kind that has not been first submitted to HRCSD and approved of in writing.

I. No liability policy shall contain any provision or definition that would serve to eliminate so-called "third party action over" claims, including any exclusion for bodily injury to an employee of the insured or of any contractor or subcontractor.

J. Consultant agrees to provide immediate notice to HRCSD of any claim or loss against Consultant arising out of the work performed under this Agreement. HRCSD assumes no obligation or liability by such notice but has the right (but not the duty) to monitor the handling of any such claim or claims if they are likely to involve HRCSD.

17. PERSONNEL.

A. The Consultant represents that it has, or will secure at its own expense, all personnel, sub-consultants and/or subcontractors required in performing the services under this Agreement. All the services required hereunder will be performed by the Consultant or under Consultant's supervision, and all personnel engaged in the work shall be qualified to perform such services.

B. Consultant shall make every reasonable effort to maintain the stability and continuity of Consultant's employees, associates and subconsultants assigned to perform the services required under this Agreement.

18. TERMINATION.

A. If Consultant at any time refuses or neglects to perform the services in a timely fashion or in accordance with the schedule referenced in Task Orders, or is adjudicated a bankrupt, or commits any act of insolvency, or makes an assignment for the benefit of creditors without HRCSD's written consent, or fails to make prompt payment to persons furnishing labor, equipment, or materials, or fails in any respect to properly

and diligently prosecute the services, or otherwise fails to perform fully any and all of the Agreements herein contained, Consultant shall be in default.

B. If Consultant fails to cure the default within seven (7) days after written notice thereof, HRCSD may, at its sole option, take possession of any documents, files (including CAD and other electronic files), or other materials prepared or used by Consultant in connection with the services and, (a) provide any such services, labor, or materials as may be necessary to overcome the default and deduct the cost thereof from any money then due or thereafter to become due to Consultant under this Agreement; or (b) terminate Consultant's right to proceed with the services.

C. In the event HRCSD elects to terminate this Agreement, HRCSD shall have the right to immediate possession of all Documents and other work in progress prepared by or on behalf of Consultant, whether located at the District Office, at Consultant's place of business, or at the offices of a subcontractor, and may employ any other person or persons to provide the services and provide the materials therefore. In case of such default termination, Consultant shall not be entitled to receive any further payment under this Agreement until the services are completely finished. At that time, if the unpaid balance of the amount to be paid under this Agreement exceeds the expenses incurred by HRCSD in obtaining services, such excess shall be paid by HRCSD to Consultant, but, if such expense shall exceed such unpaid balance, then Consultant shall promptly pay to HRCSD the amount by which the expenses exceeds the unpaid balance. The expense referred to in the last sentence shall include expenses incurred by HRCSD in obtaining the services from others, for attorneys' fees, and for any damages sustained by HRCSD by reason of Consultant's default or defective services.

D. In addition to the foregoing right to terminate for default, HRCSD reserves the absolute right to terminate the services authorized by this Agreement without cause ("Terminate for Convenience"), upon 72-hours' written notice to Consultant. In the event of termination without cause, Consultant shall be entitled to payment in an amount not to exceed the Not-to-Exceed amount referenced in Task Orders, which shall be calculated as follows: (1) Payment for any services then satisfactorily completed and accepted by HRCSD, plus (2) reimbursable costs actually incurred by Consultant; plus (3) reasonable termination costs incurred by Consultant solely on account of the termination for convenience. There shall be deducted from such sums as provided in this section the amount of any payment made to Consultant prior to the date of termination of the services. Consultant shall not be entitled to any claim or lien against HRCSD or the proposed project for any additional compensation or damages in the event of such termination and payment. In addition, the HRCSD's right to hold funds pursuant to Section 6 G shall be applicable in the event of a termination for convenience.

E. If this Agreement is terminated by HRCSD for default and it is later determined that the default termination was wrongful, such termination automatically shall be converted to and treated as a Termination for Convenience under Section D, above, and Consultant shall be entitled to receive only the amounts payable hereunder in the event of a Termination for Convenience.

F. Should HRCSD fail to pay Consultant undisputed payments set forth in Section 6 above, Consultant may, at Consultant's option, suspend its services if such failure is not remedied by HRCSD within thirty (30) days of written notice to HRCSD of such late payment.

19. BREACH OF LAW. In the event the Consultant or any of its officers, directors, shareholders, employees, agents, subsidiaries or affiliates is convicted (i) of a criminal offense as an incident to obtaining or attempting to obtain a public or private contract or subcontract, or in the performance of a contract or subcontract; (ii) under state or federal statutes of embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, or any other offense indicating lack of business integrity or business honesty which currently, seriously, and directly affects responsibility as a public consultant or Consultant; (iii) under state or federal antitrust statutes arising out of the submission of bids or proposals; or (iv) of violation of Paragraphs 11, 23, 24, 25 of this Agreement; or for any other cause the HRCSD determines to be so serious and compelling as to affect Consultant's responsibility as a public consultant or Consultant, including but not limited to, debarment by another governmental agency, then the HRCSD reserves the unilateral right to terminate this Agreement, seek indemnification and/or to impose such other sanctions (which may include financial sanctions, temporary suspensions or any other condition deemed appropriate short of termination) as it deems proper.

20. DISPUTE RESOLUTION.

A. The parties agree in good faith to attempt to resolve amicably, without litigation, any dispute arising out of or relating to this agreement. In the event that any dispute cannot be resolved through direct discussions, the parties agree to endeavor to settle the dispute by mediation. Either party may make a written demand for mediation, which demand shall specify the facts of the dispute. The matter shall be submitted to a mediator who shall hear the matter and provide an informal nonbinding opinion and advice in order to help resolve the dispute. The mediator's fee shall be shared equally by the parties. If the dispute is not resolved through mediation, the matter may be submitted to the judicial system, in which event all litigation and collection expenses, witness fees, court costs and attorneys' fees shall be paid to the prevailing party.

B. No claim, potential claim, dispute or controversy, except non-payment by HRCSD of undisputed amounts, shall interfere with the progress and performance of the services referenced in Task Orders, or any changes thereto, and Consultant shall proceed as directed by the HRCSD in all instances with its services, including any disputed services, or any changes thereto and any failure of Consultant to proceed shall be deemed a material breach of this Agreement entitling HRCSD to all remedies available under Section 19 or other provision of the Agreement and/or applicable law. Except as provided elsewhere in this Agreement, HRCSD shall continue to make payments in accordance with the Agreement.

21. HRCSD NOT OBLIGATED TO THIRD PARTIES. HRCSD shall not be obligated or liable for payment hereunder to any party other than the Consultant.

22. NON-DISCRIMINATION. Consultant shall not discriminate in any way against any person on the basis of race, color, religious creed, national origin, ancestry, sex, age, physical handicap, medical condition or marital status in connection with, or related to, the performance of this Agreement.

23. UNAUTHORIZED ALIENS. Consultant hereby promises and agrees to comply with all of the provisions of the Federal Immigration and Nationality Act, 8 U.S.C.A. §§ 1101, et. seq., as amended, and in connection therewith, shall not employ unauthorized aliens as defined therein. Should Consultant so employ such unauthorized aliens for the performance of work and/or services covered by this Agreement and should the any liability or sanctions be imposed against HRCSD for such use of unauthorized aliens, Consultant hereby agrees to and shall reimburse HRCSD for the cost of all such liabilities or sanctions imposed, together with any and all costs, including attorneys' fees, incurred by HRCSD. Consultant shall comply with all the provisions of the Federal Immigration and Nationality Act, 8 U.S.C.A. §§ 1101, et seq., as amended, and in connection therewith, shall not employ unauthorized aliens as defined therein.

24. CONFIDENTIAL INFORMATION; RELEASE OF INFORMATION.

A. All information gained, or work product produced by Consultant in performance of this Agreement shall be considered confidential, unless such information is in the public domain or already known to Consultant. Consultant shall not release or disclose any such information or work product to persons or entities other than HRCSD without prior written authorization from the District Manager, except as may be required by law.

B. Consultant, its officers, employees, agents or subcontractors, shall not, without prior written authorization from the District Manager or unless requested by the District Legal Counsel of HRCSD, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories or other information concerning the work performed under this Agreement. Response to a subpoena or court order shall not be considered "voluntary" provided Consultant gives HRCSD notice of such court order or subpoena.

C. If Consultant, or any officer, employee, agent or subcontractor of Consultant, provides any information or work product in violation of this Agreement, then HRCSD shall have the right to reimbursement and indemnity from Consultant for any damages, costs and fees, including attorney's fees, caused by or incurred as a result of Consultant's conduct.

D. Consultant shall promptly notify HRCSD should Consultant, its officers, employees, agents or subcontractors be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions or

other discovery request, court order or subpoena from any party regarding this Agreement and the work performed there-under. HRCSD retains the right, but has no obligation, to represent Consultant or be present at any deposition, hearing or similar proceeding. Consultant agrees to cooperate fully with HRCSD and to provide HRCSD with the opportunity to review any response to discovery requests provided by Consultant. However, this right to review any such response does not imply or mean the right by HRCSD to control, direct, or rewrite said response.

25. ASSIGNMENT. The expertise and experience of Consultant are material considerations for this Agreement. HRCSD has an interest in the qualifications of and capability of the persons and entities who will fulfill the duties and obligations imposed upon Consultant under this Agreement. In recognition of that interest, Consultant shall not assign or transfer this Agreement or any portion of this Agreement or the performance of any of Consultant's duties or obligations under this Agreement without the prior written consent of the District Board of Directors. Any attempted assignment shall be ineffective, null and void, and shall constitute a material breach of this Agreement entitling HRCSD to any and all remedies at law or in equity, including summary termination of this Agreement. HRCSD acknowledges, however, that Consultant, in the performance of its duties pursuant to this Agreement, may utilize subcontractors.

26. COSTS AND ATTORNEY'S FEES. Except for disputes that are resolved by non-binding mediation, the prevailing party in any action between the parties to this Agreement brought to enforce the terms of this Agreement or arising out of this Agreement may recover its reasonable costs and attorney's fees expended in connection with such an action from the other party.

27. SECTION HEADINGS. The headings of the several sections, and any table of contents appended hereto, shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof.

28. SEVERABILITY. If any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions hereof, and such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein.

29. REMEDIES NOT EXCLUSIVE. Except for disputes related solely to the payment for services performed by Consultant, no remedy herein conferred upon or reserved to the Parties is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

30. NONEXCLUSIVE AGREEMENT. Consultant understands that this is not an exclusive Agreement and that HRCSD shall have the right to negotiate with and enter into

contracts with others providing the same or similar services as those provided by Consultant as the HRCSD desires.

31. NOT USED

32. NON-LIABILITY OF DISTRICT OFFICERS AND EMPLOYEES. No officer or employee of HRCSD will be personally liable to Consultant, in the event of any default or breach by the HRCSD or for any amount that may become due to Consultant.

33. INTERPRETATION OF THIS AGREEMENT. The parties acknowledge that each party and its attorney had the opportunity to review, negotiate and revise this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any document executed and delivered by any party in connection with the obligations contemplated by this Agreement.

34. TIME IS OF THE ESSENCE. Time is of the essence in this Agreement and each covenant and term is a condition herein.

35. NO WAIVER OF DEFAULT. No delay or omission of HRCSD to exercise any right or power arising upon the occurrence of any event of default shall impair any such right or power or shall be construed to be a waiver of any such default of an acquiescence therein; and every power and remedy given by this Agreement to HRCSD shall be exercised from time to time and as often as may be deemed expedient in the sole discretion of HRCSD.

36. ENTIRE AGREEMENT AND AGREEMENT. In conjunction with the matters considered herein, this Agreement contains the entire understanding and Agreement of the parties and there have been no promises, representations, Agreements, warranties or undertakings by any of the parties, either oral or written, of any character or nature hereafter binding except as set forth herein. This Agreement may be altered, amended or modified only by an instrument in writing, executed by the parties to this Agreement and by no other means. Each party waives their future right to claim, contest or assert that this Agreement was modified, canceled, superseded, or changed by any oral Agreements, course of conduct, waiver or estoppel.

37. SUCCESSORS AND ASSIGNS. All representations, covenants and warranties set forth in this Agreement, by or on behalf of, or for the benefit of any or all of the parties hereto, shall be binding upon and inure to the benefit of such party, its successors and assigns.

38 CALIFORNIA LAW. This Agreement shall be governed by the laws of the State of California. Any litigation regarding this Agreement or its contents shall be filed in the County of San Luis Obispo, if in state court, or in the federal court nearest to San Luis Obispo County, if in federal court.

39. EXECUTION OF COUNTERPARTS. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the parties shall preserve undestroyed, shall together constitute one and the same instrument.

40. PRECEDENCE. In the event of a conflict between the Task Orders and this Agreement, the provisions of this Agreement shall control.

41. RECITALS. Recitals A through B are incorporated herein by reference as though set forth at length.

42. AUTHORITY TO EXECUTE. All parties to this Agreement warrant and represent that they have the power and authority to enter into this Agreement in the names, titles, and capacities herein stated and on behalf of any entities, persons, or firms represented or purported to be represented by such entity (ies), person(s), or firm(s) and that all formal requirements necessary or required by any state and/or federal law in order to enter into this Agreement have been fully complied with. Furthermore, by entering into this Agreement, Consultant hereby warrants that it shall not have breached the terms or conditions of any other contract or Agreement to which Consultant is obligated, which breach would have a material effect hereon.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective on the date executed by the HRCSD.

CONSULTANT: Kenwood Energy

By: _____
Tim Holmes, _____

Date: _____

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

By: _____
Scott Duffield, General Manager

Date: _____

Heritage Ranch CSD
Kenwood Energy Scope of Work
ENERGY RATE ANALYSES and ON-SITE GENERATION

Kenwood Energy (KE) understands that Heritage Ranch CSD (District) would like to better manage its energy use and costs through utility rate changes, on-site renewable electricity generation, and potentially on-site energy storage. There are four general steps to reaching this goal.

1. **Understanding the opportunity:** completing the rate analysis; understanding utility programs; properly sizing the renewable energy system; knowing the economic return of the investment.
2. **Competitive Bidding:** Developing a Request for Proposal (RFP) that solicits competitive bids from qualified contractors.
3. **Construction:** Enter into contract and complete the construction in a timely fashion, meeting all of the quality standards that are detailed in the RFP.
4. **Tracking:** After construction is complete, it is important to track the system(s) output to ensure that it is operating properly and all warranty items are addressed.

Kenwood Energy is proposing a scope that will take the District through the first two steps.

TASK 1 – RATES AND PV ANALYSIS

1. **Kick-off Meeting:** After the scope has been approved by the District, the project will begin with a kick-off meeting to discuss a detailed work plan and schedule. This will help to ensure that The District's goals and objectives are clearly understood at the outset. The meeting is an effective way to finalize the scope of each of the tasks, develop an implementation schedule, review expectations, and to obtain drawings and other materials that will be required to complete the scope.
2. **Site Visit:** Immediately after the kickoff meeting we will complete a site visit to each of the electric services to obtain preliminary electrical information and to evaluate the potential installation areas.
3. **Electric Rate Analysis:** KE will review two year's worth of electricity consumption information to evaluate the most cost-effective utility rates for the District's 19 electric accounts. This analysis utilizes interval data provided by PG&E and will reflect current rates. Because interval data shows electricity use for each 15-minute period over a year, it will provide very accurate results – including for demand charges. Analysis projections will reflect the future "time of use" (TOU) rate structure to best project future electricity costs. The results of the analysis will be used to implement changes to rates where appropriate. Kenwood Energy will lead that effort.
4. **On-Site Electric Generation:** Based on the results of the rate analysis, KE will evaluate the technical feasibility of renewable energy options to provide cost-effective alternatives to buying all power from the utility. Kenwood Energy will utilize its

proprietary PV Energy Production tool to project the production of energy, and assess the value of the energy produced by the PV system. The tool takes into account such factors as local solar radiation, system inclination and orientation angles, panel efficiency, inverter efficiency, the utility's electric rate, the facility energy use, and the effects of heat and dirt on PV system performance.

- 5. Summary Memo:** KE will deliver a technical memo that explains each of these tasks and their results. It will summarize utility programs (aggregated net energy metering and RES-BCT), key modeling inputs, assumptions, methodologies, and uncertainties. The results will include economic metrics that indicate the economic return of the investments and provide recommendations on the next steps. KE will meet with the District to discuss the results of the analysis and possible next steps.

- **Deliverables Task 1**

- Technical Memo
- Up to 3 onsite meetings: Kickoff/Visit; Discussion of Results; and one additional meeting as needed / upon request.
- Four to eight week schedule

TASK 2 – REQUEST FOR PROPOSAL DEVELOPMENT AND SUPPORT

- 1. Bid Specification and RFP Development:** Whether purchasing a PV system outright or through a PPA, the District will have the PV system on its property for twenty years or more. Therefore it is very important to develop a comprehensive specification and set of bid documents that clearly details District's performance requirements and quality standards. The specification will need to:

- a. Define the objectives of the District.
- b. Describe the Scope of Work to be provided
- c. Establish quality standards
- d. Detail pre-construction and post construction submittal requirements
- e. Specify materials
- f. Detail installation standards
- g. Define the requirements of the Data Acquisition System
- h. Outline commissioning and start-up requirements

In addition to the specification, the District will want a set of submittal documents that each bidder must include with the proposal. These documents may include Proposal Forms, Price Sheets for each of the purchasing options, the Proposal Bond form, list of subcontractors, contracting license information form, and statement of qualifications and experience, etc. Kenwood Energy will complete a draft of these forms and incorporate them into the District's preferred format.

Kenwood Energy will meet with the District to go over the RFP details, and obtain District's edits and input. Input from that meeting will be used to finalize the RFP.

2. **District Boilerplate Documents:** The RFP will typically include a set of "boilerplate" documents from the District, including insurance requirements, sample contract, and legal requirements. Kenwood Energy will review the District's documents for appropriateness.
3. **RFP Support:** Kenwood Energy will support the District throughout the bid process by answering technical questions throughout the proposal process. We will also be available for an onsite bidders meeting if needed.
4. **Proposal Review and Evaluation:** Kenwood Energy will complete a preliminary review of all proposals, including a financial pro forma. We will meet with the district either onsite or by phone to discuss the preliminary results, and from that meeting will develop a short list of three vendors for comprehensive review. We will develop a detailed summary of the three proposals.
5. **Results:** Kenwood Energy will complete a summary of the proposals, and will meet with District Staff to discuss, answer questions, and make final recommendations. We will update our recommendations based on input from the District.
6. **Board Meeting:** Kenwood Energy will summarize the competitive proposals and deliver a presentation of the results and recommendations to the Board.

- **Deliverables**

- Complete RFP
- Up to 5 onsite meetings: Review of Draft RFP; participate in vendor bid meeting;
- Preliminary proposal summary
- Detailed proposal Summary
- Four to six month schedule

Note that this scope does not include the negotiation of a PPA contract, which can be fairly time consuming. This scope is based on an 8-month implementation schedule.

FEES

Kenwood Energy proposes to bill The District on an hourly basis. KE's hourly rates are:

Senior Engineer	\$195.00 per hour
Senior Analyst	\$145.00 per hour
Not-to-exceed	\$27,800.00
Additional Meetings	\$1,500.00

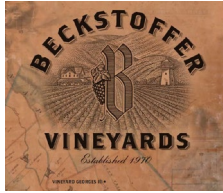
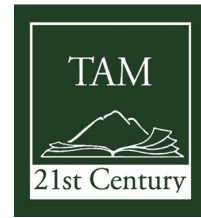
Costs include expenses. Kenwood Energy will submit monthly progress payment invoices. Payments shall be made within 30 days of receiving Kenwood Energy's invoice.

Kenwood Energy Company Overview

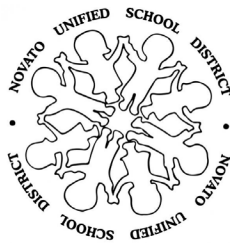
Kenwood Energy is an energy management consulting firm that acts as an advocate for our customers, serving as a source of independent information and guidance that enables customers to make informed decisions for achieving their goals related to energy use, GHG emissions and sustainability.

The services offered by Kenwood Energy fall into four categories:

- **Energy Management** – Our energy management services focus on the development of comprehensive energy assessments and plans, with expertise that includes lighting, refrigeration, pumping, fans, air conditioning, heating, hot water, manufacturing processes, and plug loads. Our assessments include technical and financial parameters that identify payback periods and cost, allowing our clients to make more informed implementation decisions.
- **Renewable Energy Generation** – We formulate sophisticated energy output projections and feasibility analyses to assess renewable energy options for our clients. We provide technical expertise to support implementation by developing Requests for Proposals and construction specifications, aiding in vendor selection after the evaluation of proposals, and providing support and supervision during installation. We have extensive experience with solar electricity, solar thermal, wind, fuel cells, battery storage, and conventional cogeneration. Kenwood Energy has supported our customers in the installation of more than 30 MW of renewable energy, with another 2 MW in process.
- **Sustainability** – Kenwood Energy has been helping customers reduce their environmental footprint while reducing operating costs. We offer comprehensive approaches that optimize operations, evaluating opportunities for energy and water efficiency and appraising the viability of renewable energy options. For wastewater treatment facilities, we recommend technologies that improve sustainability and effectiveness. We have also supported our customers in reducing and quantifying their greenhouse gas (GHG) emissions, including calculation of the GHG impacts of improvements and developing Action Plans that define how targets will be reached, reported, and tracked.
- **Energy Modeling** – Models developed by Kenwood Energy evaluate detailed energy consumption information in combination with relevant rates, reflecting not only differences between traditional utility providers but also the impact of Community Choice Aggregation (CCA) entities. Within rate categories, our models adjust for specifics such as seasonal changes, time-of-use differences, non-bypassable charges, and the power charge indifference adjustment (PCIA). The electricity rates are updated several times a year, corresponding with published changes made by the relevant utility or CCA.
 - On-site renewable energy options: our model includes detailed weather profiles for the site. It provides rate analyses as well as the impacts of programs such as netenergy metering, aggregated net metering, and lesser-known options such as the Renewable Energy Self-Generation Bill Credit Transfer program (RES-BCT) for local governments.
 - On-site energy storage systems: building on the renewable energy model, this model captures detailed battery performance parameters and optimizes system sizing in light of customer energy use and goals, such as reliability, peak energy reduction or overall cost savings.



San Lorenzo Unified School District



HERITAGE RANCH COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors

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

DATE: April 18, 2019

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

Recommendation

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

Background

This is the first budget meeting of this year with your Board. The budget year is July 1 through June 30. At the next budget meeting in May, a second draft will be presented to your Board with any updates. A preliminary budget should be adopted by your Board at the June or July meeting. A final budget must be adopted by your Board before September 1, 2019.

Discussion

Attached for your review is the first draft of the FY 2019/20 Budget. Each fund has its own budget. The consolidated budget provides a summary of the water, sewer, general, and solid waste funds. The first draft budgets include the following information:

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

Current Budget Summary

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

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

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

First Draft FY 2019/20 Budget Summary

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

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

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

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

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

Revenue Categories

1. Water and Sewer Operating Revenue. The first draft budget for the water fund uses demand from the 2018 Calendar Year. The new rates effective January 2020 have also been incorporated. **Water and sewer operating revenue is budgeted to increase by \$183,042 or 11.9%.**
2. Solid Waste Franchise Fee Revenue. All solid waste fees include a "franchise fee" that provides the local agency funds to administer and support solid waste programs in the community. Franchise fees are collected by the garbage company as part of their customer fees and forwarded to the local agency on a monthly basis. Our franchise fee is 10%. **Total solid waste franchise fee revenue is budgeted to increase by \$4,932 or 7.5%.**
3. Non-Operating Revenue. The County Auditor-Controller provided us an early estimate for property tax receipts and charges for next year which is reflected in the draft budget. For budgeting purposes, it is assumed that ten new homes will connect

to the systems. **Total non-operating revenue is budgeted to increase by \$114,848 or 16.9%.**

Expense Categories

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

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

- \$40,000 for Vertical Well - design phase

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

Attachment: First Draft FY 2019/20 Budget

File: FY 2019/20 Budget

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

OPERATING EXPENSES

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

UTILITIES

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

MAINTENANCE & SUPPLIES

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

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

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

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors

FROM: Scott Duffield, General Manager

DATE: April 18, 2019

SUBJECT: Request to receive and file a report on the status of Nacimiento Reservoir for 2019, and provide direction to staff.

Recommendation

It is recommended that the Board of Directors receive and file a report on the status of Nacimiento Reservoir for 2019, and provide direction to staff.

Background

District Code of Ordinances, Section 5.940 provides that the General Manager shall monitor the Nacimiento Reservoir water elevation and demand for water and shall report in writing to the Board, the Reservoir water level as determined to exist or as predicted to occur during the balance of the calendar year, based on the reservoir water level elevation at the end of the winter rain season, March 31st.

Discussion

The 2018/19 winter rain season has ended. As of April 1st, the reservoir was at approximately 791 feet in elevation, 86% of capacity, or 325,700-acre feet of storage.

The 2018/19 winter season provided a net increase of approximately 284,000-acre feet of water. This number should be viewed in the context that SLO County entitlement is 17,500-acre feet of water per year, of which 889-acre feet is the District's.

Inflows for the last seven seasons are shown below:

Winter	Nacimiento Net Inflow (ac-ft)	San Antonio Net Inflow (ac-ft)
2012-2013	56,252	19,882
2013-2014	7,500	195
2014-2015	50,513	5,122
2015-2016	68,700	14,500
2016-2017	245,000	159,000
2017-2018	60,000	11,000
2018-2019	284,000	90,000

As can be seen, four years of drought conditions were followed by a wetter year in 2016/17, with last year back to dry.

MCWRA Release Schedule 2019

On March 28, 2019, the MCWRA Reservoir Operations Committee approved recommending to their Board a release schedule for the remainder of 2019, which is attached to this report. According to MCWRA, the schedule is consistent with the Salinas Valley Water Project National Marine Fisheries Service Biological Opinion and water rights held by MCWRA. The schedule provides for releases to recharge the groundwater basin, and to operate the Salinas River Diversion Facility for a period between April and August (conservation releases), as well as minimum releases for fish spawning and rearing habitat. The estimated releases and types are shown in the table below.

Proposed Annual Release Totals for 2019

Releases	Annual (acre-feet)	Maximum Allowed (acre-feet)
Nacimiento Conservation	143,591	180,000
Nacimiento Total ¹	187,030	
San Antonio Conservation	47,634	210,000
San Antonio Total ¹	54,874	

¹Includes minimum releases for spawning and rearing habitat below the dam

The annual release total for Nacimiento Reservoir is estimated to be 187,030-acre feet. MCWRA has water rights for up to 180,000-acre feet per year for the conservation releases; minimum releases of 60 cfs equates to an additional 43,499-acre feet per year.

San Luis Obispo County has rights to 17,500-acre feet year (afy) of Nacimiento water pursuant to a 1959 Agreement with Monterey County. The 1959 Agreement specifies that Monterey County shall maintain a minimum pool above the present low-level outlet works at Nacimiento Dam of 12,000 acre-feet (AF) on September 30th of each year. At minimum pool (6%, 688' elevation), 22,300 AF of water remains in the reservoir (12,000 AF above the low-level outlet works and 10,300 AF below the low-level outlet works or what is commonly known as dead pool).

The MCWRA Reservoir Release Schedule for 2019 is attached. The current prediction for September 30, 2019, is that there will be approximately 134,363-acre feet of water remaining (36%, 744.9' elevation).

District Code of Ordinances Section 5.900

Section 5.900 of Chapter 5 of the District Code is known and cited as the Heritage Ranch Community Services District Emergency Water Shortage Regulations and Staged Water

Use Reduction Plan. The purpose and intent is to provide water shortage response procedures to minimize the effect of any existing or threatened water shortage conditions on customers. Conservation goals are based on historical average and staged conservation measures are triggered by reservoir elevation. Water shortage conservation stages are summarized below:

Stage I	Elevation 730' – 720'
Stage II	Elevation 720' – 700'
Stage III	Elevation 700' – 680'
Stage IV	Elevation 680' – 670'

The release schedule for 2019 will maintain sufficient water in the reservoir to allow river flow and the District's use of the gallery wells; use of the emergency intertie project should not be needed.

Conclusion

The release schedule provided indicates that implementation of the Staged Water Use Reduction Plan should not be necessary in 2019. The Manager will continue to monitor reservoir operations and provide your Board with updates as necessary.

Attachments: MCWRA Reservoir Release Schedule for 2019 dated 3/28/2019

FILE: Water_Conservation

MONTEREY COUNTY WATER RESOURCES AGENCY
Elevation/Storage/NWP Diversions - Estimated after Mar. 1

RESERVOIR RELEASE SCHEDULE FOR 2019

	NACIMIENTO							SAN ANTONIO								
	Combined Releases (cfs)*	Combined Releases (ac-ft)	Evap. Losses (ac-ft)**	Reservoir Releases (cfs)*	Reservoir Releases (ac-ft)	NWP Orders (ac-ft)	NWP Diversions (ac-ft)	Storage (ac-ft)	Storage (%)	Elev. (ft)	Evap. Losses (ac-ft)**	Reservoir Releases (cfs)*	Reservoir Releases (ac-ft)	Storage (ac-ft)	Storage (%)	Elev. (ft)
1/1/2019	70	4,304	268	60	3,689	591	403	41,480	11%	704.4	154	10	615	41,687	12%	684.6
2/1/2019	78	4,306	397	68	3,751	808	256	121,850	32%	740.8	223	10	555	59,050	18%	697.0
3/1/2019	79	4,854	1,112	69	4,239	1,078		262,985	70%	777.9	609	10	615	110,075	33%	722.5
4/1/2019	298	17,752	1,591	288	17,157	1,129		323,585	86%	790.1	907	10	595	131,925	39%	730.5
5/1/2019	555	34,116	2,229	545	33,501	1,380		303,863	80%	786.3	1,332	10	615	130,401	39%	730.0
6/1/2019	625	37,191	2,806	615	36,596	1,699		266,426	71%	778.6	1,785	10	595	128,422	38%	729.3
7/1/2019	690	42,447	2,732	458	28,156	1,834		224,754	59%	769.4	1,806	232	14,291	126,000	38%	728.5
8/1/2019	726	44,629	2,376	424	26,083	2,084		191,553	51%	761.2	1,477	302	18,546	109,848	33%	722.4
9/1/2019	664	39,531	1,780	385	22,909	1,999		161,025	43%	752.9	988	279	16,622	89,772	27%	713.9
10/1/2019	70	4,304	1,187	60	3,689			134,363	36%	744.9	637	10	615	72,110	22%	704.9
11/1/2019	70	4,165	603	60	3,570			127,759	34%	742.7	334	10	595	70,830	21%	704.2
12/1/2019	70	4,304	371	60	3,689			122,534	32%	741.0	209	10	615	69,888	21%	703.6
1/1/2020								118,006	31%	739.5				69,055	21%	703.2
TOTALS:		241,904	17,451		187,030	12,602	659				10,463		54,874			

* Mean daily flow for the month in cubic feet per second.

** Future Evap. Losses estimated from long term pan evaporation data at Nacimiento and San Antonio Reservoirs and replaced with calculated values once available.

- NOTES:**
1. Nacimiento Reservoir storage capacity 377,900 acre feet.
 2. San Antonio Reservoir storage capacity 335,000 acre feet.
 3. Reservoir Operations Committee may make release considerations for fish spawn and holiday periods to benefit recreation.
 4. Shaded areas represent periods when elevations could be influenced by inflow/runoff; releases may include flood control releases.
 5. Preliminary Schedule assumes no inflow to reservoirs after April 1st.
 6. "NWP Diversions" are San Luis Obispo County - Nacimiento Water Project conveyance facilities diversions. Max. allowable diversions for water year (Oct. 1 - Sept. 30) are 15,750 ac-ft.
 7. NACIMIENTO "NWP Diversions" do not include lakeside water use which is estimated at approximately 1,750 acre feet per year.

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors

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

DATE: April 18, 2019

SUBJECT: Submittal for approval Resolution 19-03 fixing the employer contribution at an equal amount for employees and annuitants under the Public Employees' Medical and Hospital Care Act.

Recommendation

It is recommended that the Board of Directors adopt Resolution 19-03 fixing the employer contribution at an equal amount for employees and annuitants under the Public Employees' Medical and Hospital Care Act.

Background

The District entered into agreement with CalPERS for medical coverage in 1992. The Resolution stipulates the District will contribute the total amount of insurance premiums for employees and retirees and their dependents.

In 2002, the Board adopted Resolution 02-13 setting health benefits vesting requirements for future retirees. The vesting applies to all employees hired on or after January 2003 and requires the retiree to have worked at least twenty years under the CalPERS system including at least five with the District and limited the employer's contribution to the average cost of CalPERS' various plans.

In 2006, the Board adopted Resolution 06-04 establishing health plans the District will fund for future retirees. The intent of this Resolution is to limit liability to the least expensive HMO or PPO.

In 2010, the Board adopted Resolution 10-01 establishing health plans the District will fund for employees and annuitants. The intent of this Resolution was to limit liability to the least expensive HMO or PPO.

In 2016, the Board adopted Resolution 16-10 fixing the employer contribution at an equal amount for employees and annuitants under the Public Employees' Medical and Hospital Care Act.

Discussion

The District needs to provide an amended resolution to CalPERS when the specified health plan the District covers changes, i.e. when the least expensive HMO or PPO changes. This was most recently done in September 2018.

Staff has discovered an error on the most recent resolution and is shown below with the corrected information.

2019	
Members	Health Plan Other Southern Region
Basic Enrollments	PERS Select
Medicare Enrollments	UnitedHealthcare
Combination Enrollments	UnitedHealthcare PERS Select

Fiscal Considerations and Results

Approval of Resolution 19-03 provides CalPERS with the correct information necessary to allocate costs from the correct parties.

Attachments: Resolution 19-03

FILE: CalPERS

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 19-03**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
HERITAGE RANCH COMMUNITY SERVICES DISTRICT
FIXING THE EMPLOYER CONTRIBUTION AT AN EQUAL AMOUNT FOR
EMPLOYEES AND ANNUITANTS UNDER THE PUBLIC EMPLOYEES' MEDICAL
AND HOSPITAL CARE ACT**

WHEREAS, the Heritage Ranch Community Services District is a contracting agency under Government Code Section 22920 and subject to the Public Employees' Medical and Hospital Care Act (the "Act"); and

WHEREAS, Government Code Section 22892(a) provides that a contracting agency subject to Act shall fix the amount of the employer contribution by resolution; and

WHEREAS, Government Code Section 22892(b) provides that the employer contribution shall be an equal amount for both employees and annuitants, but may not be less than the amount prescribed by Section 22892(b) of the Act; and

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

- A. That the employer contribution for each employee or annuitant shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members in a health benefits plan up to a maximum of:

2019	
Members	Health Plan Other Southern Region
Basic Enrollments	PERS Select
Medicare Enrollments	UnitedHealthcare
Combination Enrollments	PERS Select

Per month, plus administrative fees and Contingency Reserve Fund assessments; and be it further

- B. Heritage Ranch Community Services District has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above; and be it further
- C. That the participation of the employees and annuitants of Heritage Ranch Community Services District shall be subject to determination of its status as an "agency of instrumentality of the state or political subdivision of a State" that is eligible to participate in a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, upon publication of final Regulations pursuant to such Section. If it is determined that Heritage Ranch Community Services District would not qualify as an agency or instrumentality of the State of political subdivision of a State under such final Regulations, CalPERS may be obligated, and reserves the right to terminate the health coverage of all participants of the employer.

D. That the executive body appoint and direct, and it does hereby appoint and direct, the General Manager to file with the Board a verified copy of this resolution, and to perform on behalf of Heritage Ranch Community Services District all functions required of it under the Act.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Heritage Ranch Community Services District on the 18th day of April 2019, by the following roll call vote.

AYES:

NOES:

ABSTAIN:

ABSENT:

APPROVED: _____
Bill Barker Jr., President
Board of Directors

ATTEST: _____
Kristen Gelos, Secretary
Board of Directors



**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS' REGULAR MEETING**
Minutes of March 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.

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

2. ROLL CALL

Secretary Gelos called the roll. All Directors were present.

3. PUBLIC COMMENT ON ITEMS NOT ON THE AGENDA

Manager Duffield presented the monthly report on calls for service, which was emailed by Heritage Ranch Resident Sheriff Deputy Brandon Florentino.

4. DISCUSSION ITEMS

- a. Request to receive and file a letter from the Board of Directors of the Heritage Ranch Owners Association dated March 11, 2019, requesting that Tract 447 switch over to individual trash containers, and provide direction to staff:** Manager Duffield provided a summary of the item and answered any questions the Board had. Heritage Ranch Owners Association General Manager, Tina was present and answered questions the Board had. Aaron Kardashian with San Miguel Garbage Company was also present and answered questions.

The Board of Directors are in favor of the switch and would like to bring the item back at the next meeting for approval.

- b. Submittal for approval Resolution 19-02 Initiating Proceedings and Establishing of Water and Sewer Standby Charges for property within the District for Fiscal Year 2019/20:** Manager Duffield provided a summary of the item and answered any questions the Board had.

Director Burgess made a motion to approve Resolution 19-02 Initiating Proceedings and Establishing of Water and Sewer Standby Charges. Director Cousineau seconded the motion. The motion passed by a unanimous roll-call vote:

Ayes: Barker, Burgess, Capps, Cousineau, Rowley

Director Cousineau made a motion to schedule a public hearing for May 16, 2019 at 4:00 PM to confirm the Standby Charges. Director Rowley seconded the motion. The motion passed by a unanimous voice vote:

Ayes: Barker, Burgess, Capps, Cousineau, Rowley

- c. Request to receive and file an update on development of a photovoltaic system project, and provide direction to staff:** Manager Duffield provided a summary of the item and answered any questions the Board had. The Board directed staff to take the next steps into the project, starting with inviting a subject matter expert/consultant to attend the April meeting to discuss, review, and consider a sole source professional services agreement.

The report was received and filed.

5. CONSENT ITEMS

- a. **Regular Meeting Minutes:** Receive/approve minutes of regular meeting of February 21, 2019.
- b. **Warrant Register:** Receive/approve February 2019 warrants.
- c. **Treasurer's Report:** Receive/file February 2019 report.
- d. **Fiscal Report:** Receive/file February 2019 status report.
- e. **Manager's Report:** Receive/file February 2019 report.
- f. **Staff Reports:** Receive/file February 2019 reports.
- g. **Disposition of Nov 2018 Surplus Property:** Receive/file report.

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

Ayes: Barker, Burgess, Capps, Cousineau, Rowley

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

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

Ayes: Barker, Burgess, Capps, Cousineau, Rowley

6. DIRECTORS/MANAGER COMMENTS

No comments

7. ADJOURNMENT

On a motion by Director Burgess and seconded by Director Rowley, the meeting adjourned at 5:35 pm to the next scheduled meeting on Thursday, April 18, 2019 at 4:00 pm.

APPROVED:

Bill Barker, Board President

ATTEST:

Kristen Gelos, Board Secretary

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

PACIFIC PREMIER BANK WARRANTS

DATE	NAME OF PAYEE	DESCRIPTION	AMOUNT
3/1/2019	R. BRINK	NET PAYROLL	\$ 2,051.62
3/1/2019	J. MOLINARI	NET PAYROLL	\$ 2,888.14
3/1/2019	R. ARNOLD	NET PAYROLL	\$ 2,278.67
3/1/2019	J. PRITCHETT	NET PAYROLL	\$ 2,449.20
3/1/2019	M. HUMPHREY	NET PAYROLL	\$ 1,535.10
3/1/2019	K. GELOS	NET PAYROLL	\$ 2,275.44
3/1/2019	D. BURGESS	NET PAYROLL	\$ 92.35
3/1/2019	B. BARKER	NET PAYROLL	\$ 92.35
3/1/2019	M. ROWLEY	NET PAYROLL	\$ 92.35
3/1/2019	R. COUSINEAU	NET PAYROLL	\$ 92.35
3/1/2019	S. DUFFIELD	NET PAYROLL	\$ 3,033.61
3/1/2019	D. CAPPS	NET PAYROLL	\$ 92.35
3/1/2019	S. BRENNEMAN	NET PAYROLL	\$ 1,538.24
3/4/2019	CALPERS HEALTH BENEFITS	CALPERS HEALTH BENEFITS	\$ 11,848.38
3/4/2019	CALPERS HEALTH BENEFITS	EMPLOYEE PAID HEALTH BENEFIT	\$ 795.92
3/4/2019	CALPERS HEALTH BENEFITS	EMPLOYEE PAID HEALTH BENEFIT	\$ 795.92
3/4/2019	BRENNTAG PACIFIC, INC	CHEMICALS	\$ 2,354.45
3/4/2019	DELTA LIQUID ENERGY	PROPANE	\$ 242.15
3/4/2019	STAPLES CREDIT PLAN	OFFICE SUPPLIES	\$ 73.17
3/4/2019	GREAT WESTERN ALARM	ALARM & ANSWERING SERVICE	\$ 281.15
3/4/2019	ADAMSKI, MOROSKI, MADDEN, CUI	LEGAL & ATTORNEY	\$ 3,450.00
3/4/2019	BLAKES INC	SM TOOLS/SUPPLIES/FUEL & OIL	\$ 89.99
3/4/2019	HOME DEPOT CREDIT SERVICES	SUPPLIES / LS 1	\$ 68.33
3/4/2019	USA BLUEBOOK	LAB TESTING/MAINT. FIXED EQUIP	\$ 3,239.37
3/4/2019	SLO COUNTY AIR POLLUTION CONT	LICENSES & PERMITS	\$ 2,033.50
3/4/2019	BRENNTAG PACIFIC, INC	CHEMICALS	\$ 3,595.90
3/4/2019	ROY ARNOLD	UNIFORM ALLOWANCE	\$ 137.48
3/4/2019	COUNTY OF SAN LUIS OBISPO CLER	ELECTIONS	\$ 549.31
3/4/2019	ALPHA ELECTRICAL SERVICE	MAINTENANCE FIXED EQUIPMENT	\$ 2,192.69
3/4/2019	JAMES A. PRITCHETT	MEDICAL REIMBURSEMENTS	\$ 850.00
3/4/2019	LOWE'S	SM TOOLS & EQUIP/WTP ACTUATOR	\$ 232.84
3/4/2019	DAVE FOLTZ AUTOMOTIVE	VEHICLES	\$ 572.05
3/4/2019	REGINALD COUSINEAU	TRAINING & TRAVEL	\$ 165.88
3/4/2019	CITY OF PASO ROBLES	PASO ROBLES BASIN GSP	\$ 271.07
3/4/2019	BAUTISTA'S CLEANING SERVICE	STRUCTURES & GROUNDS	\$ 180.00
3/5/2019	INTERNAL REVENUE SERVICE	FEDERAL WITHHOLDING TAXES	\$ 2,245.96
3/5/2019	INTERNAL REVENUE SERVICE	FICA WITHHOLDING	\$ 62.00
3/5/2019	INTERNAL REVENUE SERVICE	MEDICARE	\$ 754.68
3/5/2019	EDD	SDI	\$ 255.24
3/5/2019	EDD	STATE WITHHOLDING	\$ 796.82
3/8/2019	CALPERS 457 DEFFERED COMP PRO	PERS 457- DEFFERED COMP.	\$ 1,187.00
3/8/2019	CALPERS RETIREMENT SYSTEM	PERS RETIREMENT	\$ 2,920.43

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

DATE	NAME OF PAYEE	DESCRIPTION	AMOUNT
3/8/2019	CALPERS RETIREMENT SYSTEM	PERS RETIREMENT TIER 2	\$ 778.07
3/8/2019	CALPERS RETIREMENT SYSTEM	PERS RETIREMENT PEPRA	\$ 453.83
3/8/2019	CALPERS RETIREMENT SYSTEM	SURVIVOR BENEFIT	\$ 7.44
3/12/2019	SAN MIGUEL GARBAGE	DELINQUENT SOLID WASTE FEES	\$ 81.00
3/14/2019	PG&E	ELECTRICITY	\$ 14,274.69
3/14/2019	J.B. DEWAR. INC.	FUEL & OIL	\$ 445.14
3/15/2019	R. BRINK	NET PAYROLL	\$ 1,968.51
3/15/2019	J. MOLINARI	NET PAYROLL	\$ 2,924.23
3/15/2019	R. ARNOLD	NET PAYROLL	\$ 2,314.83
3/15/2019	J. PRITCHETT	NET PAYROLL	\$ 2,050.97
3/15/2019	M. HUMPHREY	NET PAYROLL	\$ 1,535.10
3/15/2019	K. GELOS	NET PAYROLL	\$ 2,275.45
3/15/2019	S. DUFFIELD	NET PAYROLL	\$ 3,033.61
3/15/2019	S. BRENNEMAN	NET PAYROLL	\$ 1,538.24
3/19/2019	INTERNAL REVENUE SERVICE	FEDERAL WITHHOLDING TAXES	\$ 2,193.46
3/19/2019	INTERNAL REVENUE SERVICE	MEDICARE	\$ 725.84
3/19/2019	EDD	SDI	\$ 250.29
3/19/2019	EDD	STATE WITHHOLDING	\$ 776.13
3/19/2019	RYAN BRINK	CELL/INTERNET ALLOWANCE	\$ 80.00
3/19/2019	CRYSTAL SPRINGS WATER	LAB TESTING	\$ 32.16
3/19/2019	HOME DEPOT CREDIT SERVICES	SM TOOLS/SUPPLIES/LS5 CONTROLS	\$ 56.63
3/19/2019	FARM SUPPLY COMPANY	PARKS & RECREATION	\$ 214.48
3/19/2019	JASON MOLINARI	MEDICAL REIMBURSEMENTS	\$ 706.57
3/19/2019	JASON MOLINARI	CELL/INTERNET ALLOWANCECELL/IN	\$ 80.00
3/19/2019	C&N TRACTORS	SM TOOLS & EQUIP/FUEL & OIL	\$ 343.26
3/19/2019	WESTERN JANITOR SUPPLY	SUPPLIES	\$ 153.54
3/19/2019	ROY ARNOLD	CELL/INTERNET ALLOWANCE	\$ 80.00
3/19/2019	ANTHONY'S TIRE STORE	VEHICLES	\$ 30.00
3/19/2019	ABALONE COAST ANALYTICAL, INC.	LAB TESTING	\$ 690.00
3/19/2019	KRISTEN GELOS	CELL/INTERNET ALLOWANCE	\$ 40.00
3/19/2019	U.S. BANK	TRAINING & TRAVEL	\$ 275.00
3/19/2019	U.S. BANK	COMPUTER/SOFTWARE	\$ 839.99
3/19/2019	U.S. BANK	SMALL TOOLS & EQUIPMENT	\$ 42.50
3/19/2019	U.S. BANK	LS5 PMPS & CNTRL/LS1 ELECTRIC	\$ 183.00
3/19/2019	U.S. BANK	LS5 PMP & CNTRL/LS1 ELECTRICAL	\$ 662.99
3/19/2019	U.S. BANK	LS5 PMPS & CNTRLS/LS1 ELECTRIC	\$ 53.60
3/19/2019	U.S. BANK	MAINTENANCE FIXED EQUIPMENT	\$ 136.45
3/19/2019	U.S. BANK	LS1 ELECTRIC / LS5 PMPS & CNTR	\$ 59.57
3/19/2019	U.S. BANK	UNIFORMS	\$ 189.81
3/19/2019	U.S. BANK	LS1 ELECTRIC / LS5 PMP & CNTRL	\$ 59.57
3/19/2019	JAMES A. PRITCHETT	CELL/INTERNET ALLOWANCE	\$ 80.00
3/19/2019	CORE & MAIN LP	MAINTENANCE FIXED EQUIPMENT	\$ 63.49
3/19/2019	BURT INDUSTRIAL SUPPLY	SM TOOLS / SUPPLIES / FIXED EQ	\$ 315.13

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

DATE	NAME OF PAYEE	DESCRIPTION	AMOUNT
3/19/2019	DATA PROSE LLC	FEBRUARY BILLING/LATE NOTICES	\$ 1,241.09
3/19/2019	SCOTT DUFFIELD	CELL/INTERNET ALLOWANCE	\$ 40.00
3/19/2019	WESTERN EXTERMINATOR COMPAI	STRUCTURES & GROUNDS	\$ 86.00
3/19/2019	CITY OF PASO ROBLES	PASO ROBLES BASIN GSP	\$ 1,032.63
3/21/2019	AT&T	TELEPHONE/INTERNET	\$ 158.40
3/22/2019	CALPERS 457 DEFFERED COMP PRO	PERS 457- DEFFERED COMP.	\$ 1,187.00
3/22/2019	CALPERS RETIREMENT SYSTEM	EMPLOYER'S CONTRIBUTION	\$ 18.60
3/22/2019	CALPERS RETIREMENT SYSTEM	PERS RETIREMENT	\$ 2,920.43
3/22/2019	CALPERS RETIREMENT SYSTEM	PERS RETIREMENT TIER 2	\$ 778.07
3/22/2019	CALPERS RETIREMENT SYSTEM	PERS RETIREMENT PEPRA	\$ 453.83
3/22/2019	CALPERS RETIREMENT SYSTEM	SURVIVOR BENEFIT	\$ 7.44
3/23/2019	CHARTER COMMUNICATIONS	INTERNET	\$ 79.99
3/24/2019	CALPERS RETIREMENT SYSTEM	PERS RETIREMENT U/L	\$ 4,750.86
3/24/2019	CALPERS RETIREMENT SYSTEM	PERS RETIREMENT U/L	\$ 85.79
3/28/2019	AT&T	TELEPHONE / INTERNET	\$ 242.68
3/29/2019	R. BRINK	NET PAYROLL	\$ 2,119.16
3/29/2019	J. MOLINARI	NET PAYROLL	\$ 2,912.83
3/29/2019	R. ARNOLD	NET PAYROLL	\$ 2,117.48
3/29/2019	J. PRITCHETT	NET PAYROLL	\$ 2,473.15
3/29/2019	M. HUMPHREY	NET PAYROLL	\$ 1,535.10
3/29/2019	K. GELOS	NET PAYROLL	\$ 2,275.44
3/29/2019	D. BURGESS	NET PAYROLL	\$ 92.35
3/29/2019	B. BARKER	NET PAYROLL	\$ 92.35
3/29/2019	M. ROWLEY	NET PAYROLL	\$ 92.35
3/29/2019	R. COUSINEAU	NET PAYROLL	\$ 92.35
3/29/2019	S. DUFFIELD	NET PAYROLL	\$ 3,227.11
3/29/2019	D. CAPPS	NET PAYROLL	\$ 92.35
3/29/2019	S. BRENNEMAN	NET PAYROLL	\$ 1,538.24
GRAND TOTAL FOR ALL WARRANTS			\$ 135,591.09

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

SUMMARY REPORT OF ALL ACCOUNTS

Beginning Balance:	\$ 3,551,834.21
Ending Balance:	\$ 3,533,278.96
Variance:	\$ (18,555.25)
Interest Earnings for the Month Reported:	\$ 5.88
Interest Earnings Fiscal Year-to-Date:	\$ 48,451.16

ANALYSIS OF REVENUES

Total operating income for water and sewer was:	\$ 115,844.72
Non-operating income was:	\$ 26,772.12
Franchise fees paid to the District by San Miguel Garbage was:	\$ 5,910.59
Interest earnings for the P.P.B. checking account was:	\$ 5.88
Interest earnings for the P.P.B. DWR Loan Services account was:	\$ 12.29
Interest earnings for the P.P.B. DWR Reserve account was:	\$ 69.56
Interest earnings for the P.P.B. SRF Loan Services account was:	\$ 12.20
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:	\$ 160,904.29
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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
MARCH 2019**

BEGINNING BALANCE ALL ACCOUNTS **\$ 3,551,834.21**

OPERATING CASH IN DRAWER **\$300.00**

PACIFIC PREMIER BANK - CHECKING

BEGINNING BALANCE 02/28/2019	\$188,251.14	
DEPOSIT REVENUE & MISCELLANEOUS INCOME	\$153,471.33	
INTEREST EARNED	\$5.88	
TOTAL CHECKS, FEES AND EFT'S	(\$160,904.29)	
TRANSFER TO LAIF ACCOUNT	(\$75,000.00)	
ENDING BALANCE 03/31/2019		\$105,824.06

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

LOAN SERVICES ACCOUNT

BEGINNING BALANCE 02/28/2019	\$25,979.47	
QUARTERLY DEPOSIT	\$25,907.00	
INTEREST EARNED	\$12.29	
SEMI-ANNUAL PAYMENT	(\$51,814.22)	
ENDING BALANCE 03/31/2019		\$84.54

PACIFIC PREMIER BANK DWR RESERVE ACCOUNT

BEGINNING BALANCE 02/28/2019	\$112,807.68	
INTEREST EARNED	\$69.56	
ENDING BALANCE 03/31/2019		\$112,877.24

PACIFIC PREMIER BANK SDWSRF LOAN SERVICES ACCOUNT

BEGINNING BALANCE 02/28/2019	\$14,735.49	
QUARTERLY DEPOSIT	\$14,685.00	
INTEREST EARNED	\$12.20	
SEMI-ANNUAL PAYMENT	\$0.00	
ENDING BALANCE 03/31/2019		\$29,432.69

PACIFIC PREMIER BANK SDWSRF RESERVE ACCOUNT

BEGINNING BALANCE 02/28/2019	\$0.00	
QUARTERLY DEPOSIT	\$0.00	
INTEREST EARNED	\$0.00	
ENDING BALANCE 03/31/2019		\$0.00

LOCAL AGENCY INVESTMENT FUND (LAIF)

BEGINNING BALANCE 02/28/2019	\$3,210,060.43	
INTEREST EARNED	\$0.00	
TRANSFER FROM PACIFIC PREMIER CHECKING	\$75,000.00	
TRANSFER TO PACIFIC PREMIER CHECKING	\$0.00	
ENDING BALANCE 03/31/2019		\$3,285,060.43

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

DIFFERENCE FROM LAST MONTH **Decrease (\$18,555.25)**

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

OPERATING INCOME	Budget FY 18/19	Actual February	Actual Year to Date	Percentage Year to Date	Variance Explanation
Water Fees	901,000	61,584	712,209	79%	
Sewer Fees	594,950	50,846	435,587	73%	
Hook-Up Fees	6,000	700	3,700	62%	Fluctuates based on activity
Turn on Fees	3,500	325	2,300	66%	
Late Fees	16,500	1,140	12,556	76%	
Plan Check & Inspection	10,000	0	0	0%	Check./Insp. Deposit TR3110
Miscellaneous Income	2,000	1,250	2,469	123%	
TOTAL OPERATING INCOME	\$1,533,950	\$115,845	\$1,168,821	76%	

FRANCHISE INCOME

Solid Waste Franchise Fees	66,000	5,911	51,417	78%	
TOTAL FRANCHISE REVENUE	\$66,000	\$5,911	\$51,417	78%	

NON-OPERATING INCOME

Standby Charges	242,921	6,540	154,069	63%	
Property Tax	341,000	9,042	242,065	71%	
Interest	27,000	6	48,451	179%	Fluctuates based on activity
Connection Fees	70,250	11,185	47,398	67%	Fluctuates based on activity
TOTAL NON-OPERATING INCOME	\$681,171	\$26,772	\$491,983	72%	

RESERVE REVENUE

Capital Reserves	103,276	2,573	25,464	25%	
General Reserves	50,000	0	1,362	3%	
TOTAL RESERVE REVENUE	\$153,276	\$2,573	\$26,826	18%	

TOTAL ALL INCOME	\$2,434,397	\$151,100	\$1,739,048	71%	
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**HERITAGE RANCH COMMUNITY SERVICES DISTRICT - CONSOLIDATED BUDGET
2018/19 Budget**

OPERATING EXPENSES

SALARIES AND BENEFITS	Budget FY 18/19	Actual February	Actual Year to Date	Percentage Year to Date	Variance Explanation
Salaries	654,697	72,168	475,906	73%	
Health Insurance	120,616	9,453	90,572	75%	
Health Insurance - Retiree	58,233	4,783	45,070	77%	
PERS	123,796	9,530	87,017	70%	
Standby	12,500	1,467	9,466	76%	
Overtime	11,500	1,548	10,336	90%	
Workers Comp. Ins.	22,675	0	19,924	88%	Paid Annually
Directors' Fees	7,000	1,000	4,400	63%	
Medicare/FICA	10,014	771	7,023	70%	
Car Allowance	3,000	250	2,250	75%	
SUI/ETT	1,500	0	672	45%	
Uniforms	3,800	327	1,951	51%	
TOTAL SALARIES & BENEFITS	\$1,029,331	\$101,298	\$754,586	73%	

UTILITIES

Electricity	242,800	14,275	156,912	65%	
Propane	900	242	653	73%	
Water Purchase	23,114	0	23,114	100%	Paid Semiannually
Telephone/Internet	11,830	881	7,711	65%	
TOTAL UTILITIES EXPENSE	\$278,644	\$15,398	\$188,390	68%	

MAINTENANCE & SUPPLIES

Chemicals	68,000	5,950	58,557	86%	
Computer/Software	7,000	840	5,973	85%	
Equip. Rental/Lease	1,000	0	340	34%	
Fixed Equip.	85,000	5,026	31,017	36%	
Fuel & Oil	12,000	480	8,778	73%	
Lab Testing	24,500	1,365	18,416	75%	
Office Supplies	3,000	73	1,283	43%	
Parks & Recreation	500	214	282	56%	
Struct./Grnds.	6,500	266	3,499	54%	
Small Tools/Equip.	3,500	581	2,253	64%	
Supplies	6,000	399	4,383	73%	
Meters/Equip.	5,000	0	2,639	53%	Fluctuates based on activity
Vehicles	8,500	602	4,065	48%	
TOTAL MAINT. & SUPPLY EXPENSE	\$230,500	\$15,797	\$141,485	61%	

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

GENERAL & ADMINISTRATION	Budget FY 18/19	Actual February	Actual Year to Date	Percentage Year to Date	Variance Explanation
Ads./Advertising	1,500	0	1,040	69%	Fluctuates based on activity
Alarm/Answering Service	3,275	281	2,321	71%	
Audit	6,000	0	6,000	100%	
Bank Charges/Fees	2,000	113	2,019	101%	
Consulting/Engineering	40,000	0	3,949	10%	
Dues/Subscription	12,000	0	7,630	64%	
Elections	1,000	549	549	0%	
Insurance	22,525	0	25,768	114%	Paid Annually
LAFCO	8,000	0	7,015	88%	Paid Annually
Legal/Attorney	17,000	3,450	8,514	50%	
Licenses/Permits	26,000	2,034	19,226	74%	
Plan Check & Inspection	10,000	0	958	10%	
Postage/Billing	20,000	1,241	13,162	66%	
Professional Service	16,000	0	8,671	54%	
Tax Collection	5,300	0	0	0%	
Staff Training & Travel	5,000	275	1,539	31%	
Board Training & Travel	1,500	166	241	16%	
TOTAL G & A	\$197,100	\$8,109	\$108,601	55%	

CAPITAL PROJECTS & EQUIPMENT

Structures/Improvements	80,276	1,304	20,253	25%	
Equipment	73,000	1,269	6,574	9%	
TOTAL CAPITAL EXPENSE	\$153,276	2,573	26,826	18%	

DEBT

State Loan Payment	103,629	51,814	103,628	100%	paid semiannually
State Loan Payment Phase II	58,740	0	29,369	50%	paid semiannually
TOTAL DEBT	\$162,369	\$51,814	\$132,998		

FUNDED DEPRECIATION	\$288,000	\$24,000	\$216,000	75%	
UNFUNDED DEPRECIATION	\$0	\$0	\$0	0%	

TOTAL EXPENSE	\$2,339,220	\$218,989	\$1,568,887	67%	
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CONNECTION FEES TRANSFER	\$70,250	\$11,185	\$47,398	67%
SOLID WASTE FEES TRANSFER	\$29,222	\$2,064	\$22,768	78%

FUND TOTAL	(\$4,295)	(\$81,138)	\$99,995	
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HERITAGE RANCH COMMUNITY SERVICES DISTRICT

Manager Report For the Month of April 2019

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

Administration

- Staff is in the budget preparation process for next fiscal year. The first of several budget items will be presented to your Board in April. Several staff meetings also occur during this process.
- The Finance & Audit Committee convened to review the first draft of the FY 2019/20 budget and discuss the status of the District Auditor.
- Staff prepared and mailed postcards for water system flushing.
- Staff is developing content and layout for updating our website.
- Staff is converting documents to electronic format (scanning) and will be disposing of paper copies in accordance with the District's Records Retention Schedule.

Operations

- The meter register replacement is complete and was a coordinated effort, with operations and office staff involved.
- The Manager and staff met with a builder in Tract 1990 regarding locating the sewer lateral to the property.
- Other administrative tasks associated with operations and maintenance are normal. Additional updates regarding operations can be found in the Operations Report.

Solid Waste

- The Manager researched and has been discussing the topic of curbside collection service to Tract 447 with San Miguel Garbage and the County Planning & Building Department. The Manager and SMGC also visited the site. See the Discussion Item related to this topic for more information.

Reservoir Status

- The Manager attended the March 28th MCWRA Reservoir Operations Committee meeting in Salinas.
- See the Discussion Item related to this topic.

Capital Improvement Program

- Office Tenant Improvement: Work is complete.
- Lift Station 3 Rehabilitation: On hold.
- Lift Station 5 Pumps & Controls: Work is complete.
- WTP Actuator Replacement: Staff is targeting the end of June to complete this project.
- Lift Station 1-5 Condition Assessment: Staff is targeting the work to start around mid-April.
- Lift Station 1 Electrical Controls Repair: Staff is targeting the work to start around the end of April.

Development

- The applicant's engineer for Tract 2879 resubmitted the minimal plan sheets and documents only partially addressing the District's first plan check comments, which included submitting full engineering drawings. Many of the District's comments were deferred by the applicant's engineer. There does not appear to be anything else to review at this time.
- No activity for Tract 3110.

Public Relations and Community

- The District is a participating agency in a Multi-Jurisdictional Hazard Mitigation Plan update. The Manager reviewed draft documents and responded to several requests for information from the County and their consultant performing the work. There are two Hazard Mitigation Planning Committee meetings late this month.
- The Manager met with a member of the Heritage Ranch Seniors regarding the striping of the parking lot.

Human Resources

- The Manager attended a webinar related to funding energy efficiency projects related to water and wastewater operations.
- No other items of significance to report.

Board Member Information and Learning Opportunities

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

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Operations Report

March 2019

Water Treatment

- 8 Million gallons of water was treated, all regulations were met
- The actuator replacement project is ongoing, staff ordered six actuators and will install when received
- Submitted monthly water treatment plant report
- Repaired a water service line on Eagle Point Lane
- Annual fire extinguisher servicing scheduled and completed
- Ongoing development of the Annual Report

Wastewater Treatment

- 4.71 Million gallons of wastewater was treated
- Completed monthly checks of grease traps at commercial establishments
- Certified and submitted the monthly Self-Monitoring Report
- The controls portion of the Lift Station 5 upgrades was completed, the controls were changed from an antiquated pneumatic system to electronic
- Installed electrical cabinet and conduit at Lift Station 1 in preparation for replacement of the pneumatic controls in April
- Completed jar testing of treated water and wastewater to measure reduction of copper, ammonia and nitrate levels in the wastewater discharge, results are expected to be received in April
- Hosted a tour of the District's wastewater treatment system for Mission Hills CSD
- Ongoing development of the 1st Quarter 2019 Time Schedule Order Report
- Completed monthly lift station checks

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

Water & Sewer

On April 1st, we processed 1,890 bills for a total dollar amount of \$115,230 for water and sewer user fees for the month of March. The number of Automatic Drafts processed was 513 for a total dollar amount of \$28,651. On March 26th we processed 204 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 February

Garbage Collection (10%) - \$ 5,788.91

Roll-Off Collection (10%) - \$ 121.68

Total Franchise Fees Collected - \$ 5,910.59

Service Orders Completed

Staff completed a total of 234 service orders for the month of March. Below is a breakdown by job code.

Call-Out	2	Occupant Change	14
Misc. Meter Info.	2	Pressure Check	1
Leak	5	Data Log	1
Lock Meter	9	Unlock Meter	10
Swap Meter	182	USA	7
Backflow Report	1		