

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS' REGULAR MEETING**
Minutes of June 16, 2022

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

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

2. ROLL CALL

Manager Duffield called the roll. All Directors were present.

Staff present: General Manager Scott Duffield, Operations Manager Mike Wilcox, and District Counsel Jeff Minnery.

3. PUBLIC COMMENT ON ITEMS NOT ON THE AGENDA

Director Capps spoke and handed out information on THMs.

4. CONSENT ITEMS

a. **Meeting Minutes:** Receive/approve minutes of regular meeting of May 19, 2022.

b. **Warrant Register:** Receive/approve May 2022 warrants.

c. **Treasurer's Report:** Receive/file May 2022 reports.

d. **Fiscal Report:** Receive/file May 2022 status reports.

e. **Office Report:** Receive/file May 2022 reports.

f. **Approve amendment to the Memorandum of Understanding Between Heritage Ranch Community Services Employees Association and Heritage Ranch Community Services District for FY 2022/23 – 2023/24.**

Director Barker pulled item f for discussion.

There were no public comments on items a - e.

Director Barker made a motion to approve items a – e as presented. Director Burgess seconded the motion. The motion passed by the following voice vote:

Ayes: Barker, Burgess, Capps, Cousineau, Rowley

Manager Duffield answered a Director question regarding item f.

There were no public comments on item f.

Director Barker made a motion to approve item f as presented. Director Rowley seconded the motion. The motion passed by the following voice vote:

Ayes: Barker, Burgess, Capps, Cousineau, Rowley

5. PUBLIC HEARINGS

- a. Hearing to consider protests to proposed solid waste rate adjustments and, if a majority protest is not received, recommendation to approve Resolution 22-05 adopting solid waste rate adjustments.**

Manager Duffield provided a brief summary of the item and answered any questions the Board had. Manager Duffield reported that two written protests were received, but were not validated.

There were no public comments.

Director Capps made a motion to approve Resolution 22-05. Director Barker seconded the motion. The motion passed by the following roll call vote:

Ayes: Barker, Burgess, Capps, Cousineau, Rowley

6. DISCUSSION ITEMS

- a. Request to adopt the Preliminary FY 2022/23 Budget, and schedule a public hearing for July 21, 2022, to consider adoption of a Final FY 2022/23 Budget.**

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

There were no public comments.

Director Burgess made a motion to adopt the Preliminary FY 2022/23 Budget, and schedule a public hearing for July 21, 2022 to consider adoption of a Final FY 2022/23 Budget. Director Rowley seconded the motion. The motion passed by the following roll call vote:

Ayes: Barker, Burgess, Capps, Cousineau, Rowley

- b. Submittal for approval Resolution 22-06 requesting consolidation of the District's biennial election with the November 8, 2022 Consolidated General Election.**

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

There were no public comments.

Director Barker made a motion to approve Resolution 22-06. Director Rowley seconded the motion. The motion passed by the following roll call vote:

Ayes: Barker, Burgess, Capps, Cousineau, Rowley

7. MANAGER REPORT

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

There were no public comments.

The June 2022 report was received and filed.

8. DISTRICT ENGINEER REPORT

District Engineer Groshart provided a brief summary of the report and answered any questions the Board had.

There were no public comments.

The June 2022 report was received and filed.

9. OPERATIONS MANAGER REPORT

Operations Manager Wilcox provided a brief summary of the and answered any questions the Board had.

There were no public comments.

The June 2022 report was received and filed.

10. COMMITTEE AND DIRECTOR REPORTS

There were no Committee reports.

There were no public comments.

11. ADJOURN TO CLOSED SESSION

a. Pursuant to Government Code §54957(b)(1): Annual evaluation of performance of a public employee: General Manager.

There were no public comments on the closed session item.

The Board adjourned at 5:40 pm to meet in closed session for the annual evaluation of performance of a public employee: General Manager.

12. RECONVENE TO OPEN SESSION

The Board reconvened to open session at 6:10 pm. District Counsel Minnery reported that there were no reportable actions from closed session.

a. Request to consider compensation for the General Manager.

Manager Duffield answered any questions the Board had.

There were no public comments.

Director Barker made a motion to adjust the Manager's base salary to \$181,400 per year effective June 26, 2022, and to direct District Counsel Minnery to draft Amendment No. 2 to the Manager's Employment Agreement. Director Burgess seconded the motion. The motion passed by the following roll call vote:

Ayes: Barker, Burgess, Capps, Cousineau, Rowley

13. ADJOURNMENT

On a motion by Director Barker and seconded by Director Rowley the meeting adjourned at 6:15 pm to the next scheduled regular meeting on Thursday, July 21, 2022.

APPROVED:

**Reg Cousineau, President
Board of Directors**

ATTEST:

**Kristen Gelos, Secretary
Board of Directors**

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
JUNE 2022
WARRANT REGISTER**

DATE	NAME OF PAYEE	ITEM AMOUNT	WARRANT AMOUNT
6/1/2022	J.B. DEWAR. INC. FUEL & OIL	2,263.99	\$ 2,263.99
6/1/2022	GREAT WESTERN ALARM ALARM/ANSWERING SERVICE	283.19	\$ 283.19
6/1/2022	USA BLUEBOOK CHEMICALS MAINTENANCE FIXED EQUIPMENT	428.99 82.68	\$ 511.67
6/1/2022	BRENNTAG PACIFIC, INC CHEMICALS CHEMICALS	1,272.25 3,047.33	\$ 4,319.58
6/1/2022	PASO ROBLES SAFE & LOCK STRUCTURES & GROUNDS	474.06	\$ 474.06
6/1/2022	TYLER TECHNOLOGIES COMPUTER/SOFTWARE COMPUTER/SOFTWARE	907.00 15,898.60	\$ 16,805.60
6/1/2022	PASO ROBLES STEEL SUPPLY SUPPLIES	417.60	\$ 417.60
6/1/2022	FLUID RESOURCE MANAGEMENT PROFESSIONAL SERVICES	455.00	\$ 455.00
6/1/2022	NAPA AUTO PARTS VEHICLES	393.68	\$ 393.68
6/1/2022	RHYTHM DESIGN UNIFORMS	81.00	\$ 81.00
6/1/2022	WATER SYSTEMS CONSULTING, INC. WRRF PROJECT	26,932.50	\$ 26,932.50
6/1/2022	BURT INDUSTRIAL SUPPLY SUPPLIES	23.15	\$ 23.15
6/1/2022	RIVAL TECHNOLOGY INC. PROFESSIONAL SERVICES COMPUTER/SOFTWARE	816.66 130.00	\$ 946.66

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
JUNE 2022
WARRANT REGISTER**

DATE	NAME OF PAYEE	ITEM AMOUNT	WARRANT AMOUNT
6/1/2022	TROY SHOGREN UNIFORM ALLOWANCE	69.39	\$ 69.39
6/1/2022	DOUGLAS GROSHART MEDICAL REIMBURSEMENT	666.72	\$ 666.72
6/1/2022	JORANDA MARKETING, INC. / JAN-PRO STRUCTURES & GROUNDS	266.60	\$ 266.60
6/1/2022	CALPERS FISCAL SERVICES DIVISION OTHER POST EMPLOYMENT BENEFITS	28,306.00	\$ 28,306.00
6/3/2022	R. ARNOLD NET PAYROLL	2,391.75	\$ 2,391.75
6/3/2022	M. HUMPHREY NET PAYROLL	2,338.89	\$ 2,338.89
6/3/2022	B. VOGEL NET PAYROLL	2,337.49	\$ 2,337.49
6/3/2022	T. SHOGREN NET PAYROLL	2,030.33	\$ 2,030.33
6/3/2022	H. HALL NET PAYROLL	1,622.04	\$ 1,622.04
6/3/2022	K. GELOS NET PAYROLL	2,454.60	\$ 2,454.60
6/3/2022	D. BURGESS NET PAYROLL	184.70	\$ 184.70
6/3/2022	B. BARKER NET PAYROLL	184.70	\$ 184.70
6/3/2022	M. ROWLEY NET PAYROLL	92.35	\$ 92.35
6/3/2022	R. COUSINEAU NET PAYROLL	92.35	\$ 92.35

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
JUNE 2022
WARRANT REGISTER**

DATE	NAME OF PAYEE	ITEM AMOUNT	WARRANT AMOUNT
6/3/2022	S. DUFFIELD NET PAYROLL	3,886.27	\$ 3,886.27
6/3/2022	D. CAPPS NET PAYROLL	92.35	\$ 92.35
6/3/2022	M. WILCOX NET PAYROLL	1,989.93	\$ 1,989.93
6/3/2022	D. GROSHART NET PAYROLL	4,147.07	\$ 4,147.07
6/3/2022	CALPERS HEALTH BENEFITS EMPLOYEE PAID HEALTH BENEFIT EMPLOYEE PAID HEALTH BENEFIT	729.32 756.44	\$ 1,485.76
6/3/2022	CALPERS HEALTH BENEFITS CALPERS HEALTH BENEFITS	14,529.44	\$ 14,529.44
6/3/2022	CALPERS 457 DEFFERED COMP PROGRAM PERS 457- DEFFERED COMP.	2,258.00	\$ 2,258.00
6/3/2022	INTERNAL REVENUE SERVICE FEDERAL WITHHOLDING TAXES FICA WITHIHOLDING MEDICARE	2,513.09 86.80 971.36	\$ 3,571.25
6/3/2022	EMPLOYMENT DEVELOPMENT DEPARTMENT ETT SDI SUI STATE WITHHOLDING	2.06 360.76 32.91 1,028.56	\$ 1,424.29
6/3/2022	CALPERS RETIREMENT SYSTEM CALPERS UNIFORM ALLOWANCE PERS RETIREMENT PERS RETIREMENT TIER 2 PERS RETIREMENT PEPPRA SURVIVOR BENEFIT	9.64 1,273.42 1,538.26 2,275.58 8.37	\$ 5,105.27
6/6/2022	PG&E ELECTRICITY	1,944.84	\$ 1,944.84

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
JUNE 2022
WARRANT REGISTER**

DATE	NAME OF PAYEE	ITEM AMOUNT	WARRANT AMOUNT
6/7/2022	CARDMEMBER SERVICES-FIVE STAR CARDMEMBER SERVICES-FIVE STAR	3,618.63	\$ 3,618.63
6/7/2022	FIVE STAR BANK CREDIT CARD	(108.75)	
	SMALL TOOLS & EQUIPMENT	129.41	
	STRUCTURES & GROUNDS	288.13	
	SMALL TOOLS & EQUIPMENT	1,147.63	
	SMALL TOOLS & EQUIPMENT	48.21	
	STRUCTURES & GROUNDS	431.16	
	WTP FILTERS RENOVATION PROJECT	19.10	
	SMALL TOOLS & EQUIPMENT	114.36	
	MAINTENANCE FIXED EQUIPMENT	25.53	
	SUPPLIES	16.98	
	SUPPLIES	86.96	
	MAINTENANCE FIXED EQUIPMENT	997.69	\$ 3,196.41
	VEHICLES		
6/7/2022	OCCUPATIONAL APPAREL UNIFORMS	99.17	\$ 99.17
6/7/2022	AUTOMATION DIRECT MAINTENANCE FIXED EQUIPMENT	19.12	\$ 19.12
6/7/2022	RING CENTRAL TELEPHONE	213.94	\$ 213.94
6/13/2022	AT&T TELEPHONE	78.48	\$ 78.48
6/13/2022	MCCLATCHY COMPANY LLC ADVERTISING	59.64	\$ 59.64
6/13/2022	USA BLUEBOOK MAINTENANCE FIXED EQUIPMENT	1,452.65	\$ 1,452.65
6/13/2022	THE BLUEPRINTER ADVERTISING	54.38	\$ 54.38
6/13/2022	TYLER TECHNOLOGIES COMPUTER/SOFTWARE	755.29	\$ 755.29
6/13/2022	ROY ARNOLD CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
JUNE 2022
WARRANT REGISTER**

DATE	NAME OF PAYEE	ITEM AMOUNT	WARRANT AMOUNT
6/13/2022	DELTA LIQUID ENERGY PROPANE PROPANE	55.00 55.00	\$ 110.00
6/13/2022	ANTHONY'S TIRE STORE VEHICLES	296.15	\$ 296.15
6/13/2022	ABALONE COAST ANALYTICAL, INC. LAB TESTING	1,835.00	\$ 1,835.00
6/13/2022	KRISTEN GELOS CELL PHONE/INTERNET ALLOWANCE	40.00	\$ 40.00
6/13/2022	U.S. BANK TELEPHONE	213.94	\$ 213.94
6/13/2022	CORE & MAIN LP MAINTENANCE FIXED EQUIPMENT	615.60	\$ 615.60
6/13/2022	BURT INDUSTRIAL SUPPLY SM TOOLS/FIXED EQUIP./SUPPLIES SM TOOLS & EQUIP/FIXED EQUIP.	280.51 185.78	\$ 466.29
6/13/2022	DATA PROSE LLC MAY BILLING	1,243.70	\$ 1,243.70
6/13/2022	SCOTT DUFFIELD CELL PHONE/INTERNET ALLOWANCE	40.00	\$ 40.00
6/13/2022	WESTERN EXTERMINATOR COMPANY STRUCTURES & GROUNDS STRUCTURES & GROUNDS	92.00 99.00	\$ 191.00
6/13/2022	MARK HUMPHREY CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00
6/13/2022	BRIAN VOGEL CELL PHONE/INTERNET ALLOWANCE UNIFORM ALLOWANCE	80.00 224.77	\$ 304.77
6/13/2022	MIKE WILCOX CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
JUNE 2022
WARRANT REGISTER**

DATE	NAME OF PAYEE	ITEM AMOUNT	WARRANT AMOUNT
6/13/2022	TROY SHOGREN CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00
6/13/2022	DOUGLAS GROSHART CELL PHONE/INTERNET ALLOWANCE	40.00	\$ 40.00
6/13/2022	SPEEDY COASTAL MESSENGER, INC. LAB TESTING	340.00	\$ 340.00
6/13/2022	SPICE INTEGRATION MAINTENANCE FIXED EQUIPMENT	500.00	\$ 500.00
6/13/2022	CIVIC PLUS LLC DUES & SUBSCRIPTIONS	2,200.00	\$ 2,200.00
6/17/2022	R. ARNOLD NET PAYROLL	2,577.76	\$ 2,577.76
6/17/2022	M. HUMPHREY NET PAYROLL	1,990.04	\$ 1,990.04
6/17/2022	B. VOGEL NET PAYROLL	2,020.80	\$ 2,020.80
6/17/2022	T. SHOGREN NET PAYROLL	2,203.87	\$ 2,203.87
6/17/2022	H. HALL NET PAYROLL	1,563.41	\$ 1,563.41
6/17/2022	K. GELOS NET PAYROLL	2,454.59	\$ 2,454.59
6/17/2022	S. DUFFIELD NET PAYROLL	3,720.10	\$ 3,720.10
6/17/2022	M. WILCOX NET PAYROLL	1,989.93	\$ 1,989.93
6/17/2022	D. GROSHART NET PAYROLL	4,147.07	\$ 4,147.07

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
JUNE 2022
WARRANT REGISTER**

DATE	NAME OF PAYEE	ITEM AMOUNT	WARRANT AMOUNT
6/17/2022	CALPERS 457 DEFFERED COMP PROGRAM PERS 457- DEFFERED COMP.	2,258.00	\$ 2,258.00
6/17/2022	INTERNAL REVENUE SERVICE FEDERAL WITHHOLDING TAXES MEDICARE	2,340.23 928.18	\$ 3,268.41
6/17/2022	EMPLOYMENT DEVELOPMENT DEPARTMENT ETT SDI SUI STATE WITHHOLDING	1.98 352.08 31.72 963.27	\$ 1,349.05
6/17/2022	CALPERS RETIREMENT SYSTEM PERS RETIREMENT PERS RETIREMENT TIER 2 PERS RETIREMENT PEPRA SURVIVOR BENEFIT	1,273.42 1,538.26 2,275.58 8.37	\$ 5,095.63
6/23/2022	CALPERS RETIREMENT SYSTEM PERS UNFUNDED LIABILITY PERS UNFUNDED LIABILITY	51.75 82.75	\$ 134.50
6/23/2022	CALPERS RETIREMENT SYSTEM PERS UNFUNDED LIABILITY	7,832.92	\$ 7,832.92
6/23/2022	J.B. DEWAR. INC. FUEL & OIL	2,420.79	\$ 2,420.79
6/23/2022	FIRSTNET INTERNET	40.24	\$ 40.24
6/27/2022	HIGGINSON, BRYAN UTILITY ACCOUNT REFUND	196.14	\$ 196.14
6/27/2022	STAPLES CREDIT PLAN OFFICE SUPPLIES	81.19	\$ 81.19
6/27/2022	GREAT WESTERN ALARM ALARM/ANSWERING SERVICE	284.85	\$ 284.85
6/27/2022	BLAKES INC CHEMICALS	41.10	\$ 41.10

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
JUNE 2022
WARRANT REGISTER**

DATE	NAME OF PAYEE	ITEM AMOUNT	WARRANT AMOUNT
6/27/2022	USA BLUEBOOK SUPPLIES SMALL TOOLS & EQUIPMENT	1,156.20 193.39	\$ 1,349.59
6/27/2022	KRITZ EXCAVATING & TRUCKING MAINTENANCE FIXED EQUIPMENT	1,863.45	\$ 1,863.45
6/27/2022	BRENNTAG PACIFIC, INC CHEMICALS	3,196.70	\$ 3,196.70
6/27/2022	FLUID RESOURCE MANAGEMENT PROFESSIONAL SERVICES MAINTENANCE FIXED EQUIPMENT	630.00 18,367.00	\$ 18,997.00
6/27/2022	CORE & MAIN LP MAINTENANCE FIXED EQUIPMENT	45.68	\$ 45.68
6/27/2022	BURT INDUSTRIAL SUPPLY SM TOOLS & EQUIP./FIXED EQUIP. MAINTENANCE FIXED EQUIPMENT MAINTENANCE FIXED EQUIPMENT SM TOOLS / MAINT. FIXED EQUIP. MAINTENANCE FIXED EQUIPMENT MAINTENANCE FIXED EQUIPMENT	169.68 647.11 791.24 132.75 1,578.98 27.09	\$ 3,346.85
6/27/2022	MID-STATE REPAIR SERVICE VEHICLES	264.49	\$ 264.49
6/27/2022	TROY SHOGREN MEDICAL REIMBURSEMENT	311.15	\$ 311.15
6/27/2022	BEEBE'S WATER SYSTEMS, INC CHEMICALS	4,216.55	\$ 4,216.55
6/27/2022	JORANDA MARKETING, INC. / JAN-PRO STRUCTURES & GROUNDS	266.60	\$ 266.60
6/27/2022	CALTROL, INC. MAINTENANCE FIXED EQUIPMENT	1,654.00	\$ 1,654.00
GRAND TOTAL FOR ALL WARRANTS			\$ 236,866.67

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
TREASURER'S REPORT
JUNE 2022**

SUMMARY REPORT OF ALL ACCOUNTS

Beginning Balance:	\$ 5,031,535.34
Ending Balance:	\$ 4,974,082.68
Variance:	\$ (57,452.66)
Interest Earnings for the Month Reported:	\$ 215.17
Interest Earnings Fiscal Year-to-Date:	\$ 13,244.11

ANALYSIS OF REVENUES

Total operating income for water and sewer was:	\$ 177,389.25
Non-operating income was:	\$ 24,831.95
Franchise fees paid to the District by San Miguel Garbage was:	\$ 7,309.70
Interest earnings for the LAIF account was:	\$ -
Interest earnings for the Five Star Bank checking account was:	\$ 8.40
Interest earnings for the Five Star Bank DWR Loan Services account was:	\$ 13.84
Interest earnings for the Five Star Bank DWR Reserve account was:	\$ 60.35
Interest earnings for the Mechanics Bank money market account was:	\$ 0.06

ANALYSIS OF EXPENSES

Five Star Bank checking account total warrants, fees, and Electronic Fund Transfers was:	\$ (287,573.21)
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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
MAY 2022**

BEGINNING BALANCE ALL ACCOUNTS		\$5,031,535.34
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OPERATING CASH IN DRAWER		\$300.00
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FIVE STAR BANK DWR LOAN REPAYMENT (1994-2029):		
BEGINNING BALANCE 5/31/2022	\$147.25	
QUARTERLY DEPOSIT	\$25,907.00	
INTEREST EARNED	\$13.84	
SEMI-ANNUAL PAYMENT	\$0.00	
ENDING BALANCE 6/30/2022		\$26,068.09
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FIVE STAR BANK DWR RESERVE ACCOUNT		
BEGINNING BALANCE 5/31/2022	\$113,552.30	
INTEREST EARNED	\$60.35	
ENDING BALANCE 6/30/2022		\$113,612.65
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FIVE STAR BANK SDWSRF LOAN SERVICES ACCOUNT		
BEGINNING BALANCE 5/31/2022	\$29,644.74	
QUARTERLY DEPOSIT	\$0.00	
INTEREST EARNED	\$10.25	
SEMI-ANNUAL PAYMENT	(\$29,369.28)	
ENDING BALANCE 6/30/2022		\$285.71
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FIVE STAR BANK SDWSRF RESERVE ACCOUNT		
BEGINNING BALANCE 5/31/2022	\$58,762.03	
INTEREST EARNED	\$31.23	
REVENUE TRANSFER	\$0.00	
ENDING BALANCE 6/30/2022		\$58,793.26
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MECHANICS BANK MONEY MARKET ACCOUNT		
BEGINNING BALANCE 5/31/2022	\$4,850.12	
DEPOSIT REVENUE - CASH	\$3,391.44	
INTEREST EARNED	\$0.06	
REVENUE TRANSFER <i>To Five Star Checking</i>	(\$3,530.65)	
ENDING BALANCE 6/30/2022		\$4,710.97
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FIVE STAR BANK - MONEY MARKET		
BEGINNING BALANCE 5/31/2022	\$232,064.19	
INTEREST EARNED	\$91.04	
REVENUE TRANSFER <i>To DWR Loan Repayment</i>	(\$25,907.00)	
ENDING BALANCE 6/30/2022		\$206,248.23
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**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
STATUS REPORT FOR ALL ACCOUNTS
MAY 2022**

FIVE STAR BANK - CHECKING		
BEGINNING BALANCE 5/31/2022	\$120,578.72	
DEPOSIT REVENUE & MISCELLANEOUS INCOME	\$255,883.22	
INTEREST EARNED	\$8.40	
TOTAL CHECKS, FEES AND EFT'S	(\$287,573.21)	
REVENUE TRANSFER <i>From Mechanics Money Market</i>	\$3,530.65	
ENDING BALANCE 6/30/2022		\$92,427.78

LOCAL AGENCY INVESTMENT FUND (LAIF)		
BEGINNING BALANCE 5/31/2022	\$4,471,635.99	
INTEREST EARNED	\$0.00	
REVENUE TRANSFERS	\$0.00	
ENDING BALANCE 6/30/2022		\$4,471,635.99

ENDING BALANCE ALL ACCOUNTS		\$4,974,082.68
DIFFERENCE FROM LAST MONTH	Decrease	(\$57,452.66)

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
QUARTERLY TREASURER'S
REPORT FOR THE PERIOD OF
APRIL 1, 2022 – JUNE 30, 2022**

SUMMARY REPORT OF ALL ACCOUNTS

Beginning Balance	\$ 4,790,187.29
Ending Balance	\$ 4,974,082.68
Variance	\$ 183,895.39
Interest Earnings	\$ 3,931.89

STATEMENT OF COMPLIANCE

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

ACCOUNT PROFILE INFORMATION

1. Operating cash in cash drawer: Maintained to make change for cash transactions.
2. Five Star Bank DWR Loan Repayments: Quarterly deposits are made into the account. Semi-annual payments are made from the account by the bank, which functions as our fiscal agent, to DWR for repayment of a \$2 million loan to partially finance our water treatment plant and water pumping facilities. The interest earnings rate at the end of the quarter was 0.65%. Statements are received on a monthly basis.
3. Five Star Bank DWR Reserve: The purpose of the Reserve Account was to build up over ten years an amount equal to debt service for one year, a DWR requirement. The interest earnings rate at the end of the quarter was 0.65%. Statements are received on a monthly basis.
4. Five Star Bank SDWSRF (Safe Drinking Water State Revolving Fund) Loan Repayments: Quarterly deposits are made into the account. Semi-annual payments are made from the account by the bank, which functions as our fiscal agent, to SDWSRF for repayment of a \$714,000 loan to finance upgrades at the water treatment plant. The fund will provide for a twenty (20) year repayment period at a 1.7875 percent interest rate. The interest earnings rate at the end of the quarter was 0.63%. Statements are received on a monthly basis.
5. Five Star Bank SDWSRF Reserve: The purpose of the Reserve Account was to build up over ten years an amount equal to debt service for one year, a SDWSRF requirement. The interest earnings rate at the end of the quarter was 0.65%. Statements are received on a monthly basis.
6. Pacific Premier Bank Checking: This account was closed on May 1, 2022. All remaining funds were transferred to Five Star Checking Account.

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
 QUARTERLY TREASURER'S
 REPORT FOR THE PERIOD OF
 APRIL 1, 2022 – JUNE 30, 2022**

7. Mechanics Bank Money Market: This account handles all cash transactions as Five Star Bank does not have a local branch. Any amount above the minimum required by the bank will be transferred to Five Star bank checking account. The interest earnings rate at the end of the quarter was 0.20%. Statements are received on a monthly basis.

8. Five Star Bank Money Market: The interest earnings rate at the end of the quarter was 0.64%. Statements are received on a monthly basis. The purpose of this account is to facilitate cashflows and maximize interest within our Five Star Bank accounts.

9. Five Star Bank Checking: Variable interest-bearing checking account currently at 0.10%, at Five Star branch in Roseville used for most of our transactions such as payroll, accounts receivable and accounts payable. Statements are received on a monthly basis.

10. LAIF: Local Agency Investment Fund, a variable interest-bearing investment fund administered by the California State Treasurer. The majority of our funds are retained in this account. LAIF Account interest earnings rate at the end of the quarter was 0.65%. Statements are received on a quarterly basis.

INTEREST EARNINGS: TRENDS & PROJECTIONS

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

SUMMARY OF INTEREST EARNINGS

Account Profile by Reference Number

	Beginning Balance	Total Credits	Total Debits	Interest Earnings	Ending Balance
1	300.00	-	-	-	300.00
2	147.16	25,907.00	-	13.93	26,068.09
3	113,482.58	-	-	130.07	113,612.65
4	29,632.52	-	(29,369.28)	22.47	285.71
5	-	58,738.56	-	54.70	58,793.26
6	61,876.38	-	(61,876.89)	0.51	(0.00)
7	4,017.72	6,245.11	(5,552.05)	0.19	4,710.97
8	-	282,000.00	(75,907.00)	155.23	206,248.23
9	112,615.93	915,458.21	(935,680.16)	33.80	92,427.78
10	4,468,115.00	-	-	3,520.99	4,471,635.99
TOTALS	\$4,790,187.29	\$1,288,348.88	\$(1,108,385.38)	\$3,931.89	\$ 4,974,082.68

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
QUARTERLY TREASURER'S
REPORT FOR THE PERIOD OF
APRIL 1, 2022 – JUNE 30, 2022**

MANAGEMENT BY CONTRACTED PARTIES

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

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

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

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
ANNUAL TREASURER'S REPORT
FOR THE FISCAL YEAR ENDING
JUNE 30, 2022**

INTRODUCTION

This report covers all investments and fund activities of the District for the period of July 1, 2021 to June 30, 2022. This report is prepared in accordance with the District's Statement of Investment Policy, adopted by Resolution No. 96-1.

The Heritage Ranch Community Services District is a public subdivision formed and operated under enabling state law. The District provides water and sewer service, and solid waste collection (via a Franchise Agreement with San Miguel Garbage Company for solid waste removal) which is categorized as an enterprise function (fee for service). The District's latent powers also include parks and recreation, a non-enterprise function, and the only item in this category is the Heritage Village Senior's Center. The District has formally appointed the Manager as the Treasurer. District staff prepares all fiscal reports, and the Treasurer and staff oversee all financial activity and make recommendations to the District Board of Directors.

Treasurer's Reports are submitted on a monthly, quarterly, and annual basis to the Board of Directors. A detailed description of contents for each type of report is contained in Section I of said Statement of Investment Policy. The Policy now in force was adopted in accordance with changes in state law, effective 1996.

REVIEW

Table 1 provides the beginning and ending balances, and the variance of all funds combined for each month of the year.

Table 1			
PERIOD	BEGINNING BALANCE	ENDING BALANCE	VARIANCE
JUL 21	\$5,012,265.58	\$4,983,218.15	(\$29,047.43)
AUG 21	\$4,983,218.15	\$4,994,952.64	\$11,734.49
SEPT 21	\$4,994,952.64	\$4,856,339.54	(\$138,613.10)
OCT 21	\$4,856,339.54	\$4,844,971.94	(\$11,367.60)
NOV 21	\$4,844,971.94	\$4,766,061.37	(\$78,910.57)
DEC 21	\$4,766,061.37	\$4,998,010.84	\$231,949.47
JAN 22	\$4,998,010.84	\$4,794,395.89	(\$203,614.95)
FEB 22	\$4,794,395.89	\$4,853,187.13	\$58,791.24
MAR 22	\$4,853,187.13	\$4,790,187.29	(\$62,999.84)
APR 22	\$4,790,187.29	\$4,906,330.97	\$116,143.68
MAY 22	\$4,906,330.97	\$5,031,535.34	\$125,204.37
JUN 22	\$5,031,535.34	\$4,974,082.68	(\$57,452.66)

The District maintained a total of fifteen locations/accounts for its cash during the reporting year. Of these fifteen, only one is considered an investment; the Local Agency Investment Fund (LAIF). A complete profile of all of the aforementioned accounts follows:

1. Operating cash in cash drawer: Maintained to make change for cash transactions.
2. Pacific Premier Bank Checking: **Account Closed 5/1/2022**. All remaining funds transferred to Five Star Checking.
3. Pacific Premier Bank DWR loan repayments: **Account Closed 3/11/2022**. All remaining funds transferred to Five Star DWR loan repayments.
4. Pacific Premier Bank DWR reserve: **Account Closed 3/11/2022**. All remaining funds transferred to Five Star DWR reserve.
5. Pacific Premier Bank SDWSRF (Safe Drinking Water State Revolving Fund) loan repayments: **Account Closed 5/1/2022**. All remaining funds transferred to Five Star SDWSRF loan repayments.
6. Pacific Premier Bank SDWSRF (Safe Drinking Water State Revolving Fund) reserve: **Account Closed 5/1/2022**. All remaining funds transferred to Five Star SDWSRF Reserve.
7. Western Alliance Bank Photovoltaic System Project Capitalized Interest Fund: **Account Closed 3/25/2022**. All remaining funds transferred to Five Star Checking.
8. LAIF: Local Agency Investment Fund, a variable interest-bearing investment fund administered by the California State Treasurer. The majority of our funds are retained in this account. The last reported interest rate was 0.65%. Statements are received on a quarterly basis.
9. Five Star Bank DWR Loan Repayments: Quarterly deposits are made into the account. Semi-annual payments are made from the account by the bank, which functions as our fiscal agent, to DWR for repayment of a \$2 million loan to partially finance our water treatment plant and water pumping facilities. The last reported interest rate was 0.65%. Statements are received on a monthly basis.
10. Five Star Bank DWR Reserve: The purpose of the Reserve Account was to build up over ten years an amount equal to debt service for one year, a DWR requirement. The last reported interest rate was 0.65%. Statements are received on a monthly basis.
11. Five Star Bank SDWSRF (Safe Drinking Water State Revolving Fund) Loan Repayments: Quarterly deposits are made into the account. Semi-annual payments are made from the account by the bank, which functions as our fiscal agent, to SDWSRF for repayment of a \$714,000 loan to finance upgrades at the water treatment plant. The fund will provide for a twenty (20) year repayment period at a 1.7875 percent interest rate. The last reported interest rate was 0.65%. Statements are received on a monthly basis.
12. Five Star Bank SDWSRF (Safe Drinking Water State Revolving Fund) Reserve: The purpose of the reserve account was to build up over ten years an amount equal to debt service for one year, a SDWSRF requirement. The last reported interest rate was 0.65%. Statements are received on a monthly basis.

13. Mechanics Bank Money Market: This account handles all cash transactions as Five Star Bank does not have a local branch. Any amount above the minimum required by the bank will be transferred to Five Star bank checking account. The last reported interest rate was 0.20%. Statement are received on a monthly basis.
14. Five Star Bank Money Market: The last reported interest rate was 0.64%. Statements are received on a monthly basis. The purpose of this account is to facilitate cashflows and maximize interest within our Five Star Bank accounts.
15. Five Star Bank Checking: Variable interest-bearing checking account. The last reported interest rate was 0.10%, at Five Star Branch in Roseville used for most of our transactions such as payroll, accounts receivable and accounts payable. Statements are received on a monthly basis.

The term "fund" is applied in our operations in two distinct ways. One application is a reference to services rendered by the District and their related funds, i.e. water and sewer, general, and solid waste. These are functions of internal bookkeeping where revenue and expenses are allocated according to revenue source and type of expense. The other application is used to identify moneys within certain accounts. For example, the analysis of the balance in LAIF is reported on each monthly Treasurer's Report, and the allocation of interest earnings from all accounts to funds is based on established policy.

A recap of interest earned in each account is presented in Table 2. Some accounts do not bear interest, as stated in the account profile above, but all accounts are listed for reference. The dollar amounts posted are the totals for the fiscal year for each account.

Table 2		
ACCOUNTS	INTEREST EARNINGS	INTEREST RATE
1. Cash Drawer	\$0.00	0.00%
2. Pacific Premier Checking	\$12.86	0.10%
3. Pacific Premier DWR Loan Services	\$11.15	0.03%
4. Pacific Premier DWR Reserve	\$72.18	0.03%
5. Pacific Premier SRF Loan Services	\$15.61	0.03%
6. Pacific Premier SRF Reserve	\$0.00	0.00%
7. Western Alliance	\$0.00	0.00%
8. LAIF	\$12,732.92	0.33% - 0.65%
9. Five Star DWR Loan Repayments	\$13.93	0.03% - 0.65%
10. Five Star DWR Reserve	\$130.07	0.03% - 0.65%
11. Five Star SRF Loan Repayments	\$21.79	0.03% - 0.65%
12. Five Star SRF Reserve	\$54.70	0.03% - 0.65%
13. Mechanics Money Market	\$0.19	0.02%
14. Five Star Money Market	\$155.23	0.03% - 0.65%
15. Five Star Checking	\$46.66	0.10%

CONCLUSION

The District appears to be managing its cash and investments in a prudent manner with adherence to optimal safety, yield, and liquidity. Treasurer's Reports are presented to the Board of Directors monthly, quarterly, and annually. A formal Statement of Investment Policy is in place. Internal policies for allocation of earned interest and preparation of reports, including a running analysis of funds deposited in LAIF, is complete and straight-forward.

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT - CONSOLIDATED BUDGET
2021/22 Budget**

OPERATING REVENUE	Budget FY 21/22	Actual June	Actual Year to Date	Percentage Year to Date	Variance Explanation
Water Fees	1,107,981	110,816	1,241,485	112%	
Sewer Fees	704,110	62,951	726,883	103%	
Hook-Up Fees	3,000	600	3,700	123%	Fluctuates based on activity
Turn on Fees	3,500	325	3,850	110%	
Late Fees	18,500	2,564	25,471	138%	Fluctuates based on activity
Plan Check & Inspection	10,000	0	1,293	13%	
Miscellaneous Income	500	134	68,255	13651%	Sale of assets/Delq. W/S Fees
TOTAL OPERATING	\$1,847,591	\$177,389	\$2,070,938	112%	

FRANCHISE REVENUE					
Solid Waste Franchise Fees	77,220	7,310	79,860	103%	
TOTAL FRANCHISE	\$77,220	\$7,310	\$79,860	103%	

TOTAL OPERATING \$1,924,811 \$184,699 \$2,150,798 112%

NON-OPERATING REVENUE					
Standby Charges	242,144	4,262	236,047	97%	
Property Tax	404,308	6,239	408,199	101%	
Interest	50,000	215	13,244	26%	
Connection Fees	70,580	14,116	82,559	117%	Fluctuates based on activity
TOTAL NON-OPERATING	\$767,032	\$24,832	\$740,048	96%	

RESERVE REVENUE					
Capital Reserves	656,000	9,426	109,372	17%	
Operating Reserves	1,858,986	17,937	462,509	25%	
TOTAL RESERVE	\$2,514,986	\$27,364	\$571,881	23%	

TOTAL NON-OPERATING \$3,282,018 \$52,196 \$1,311,930 40%

TOTAL ALL INCOME	\$5,206,829	\$236,895	\$3,462,727	67%	
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**HERITAGE RANCH COMMUNITY SERVICES DISTRICT - CONSOLIDATED BUDGET
2021/22 Budget**

OPERATING EXPENSES

SALARIES AND BENEFITS	Budget FY 21/22	Actual June	Actual Year to Date	Percentage Year to Date	Variance Explanation
Salaries	810,774	62,757	760,235	94%	
Health Insurance	149,611	11,530	118,049	79%	
Health Insurance - Retirees	44,584	32,284	73,614	165%	
PERS	146,225	13,759	168,653	115%	
Standby	13,100	991	12,862	98%	
Overtime	15,600	872	10,311	66%	
Workers Comp. Ins.	18,355	0	16,185	88%	Paid Annually
Directors' Fees	9,000	700	7,200	80%	
Medicare/FICA	11,953	993	11,941	100%	
Car Allowance	3,000	250	3,000	100%	
SUI/ETT	1,500	0	637	42%	
Uniforms	5,000	474	4,236	85%	
TOTAL SALARIES & BENEFITS	\$1,228,702	\$124,610	\$1,186,924	97%	

UTILITIES

Electricity	121,527	1,945	111,497	92%	
Propane	1,025	110	1,402	137%	
Water Purchase	23,114	0	23,114	100%	Paid Semiannually
Telephone/Internet	10,800	1,067	11,376	105%	
TOTAL UTILITIES	\$156,466	\$3,121	\$147,389	94%	

MAINTENANCE & SUPPLIES

Chemicals	87,000	12,203	66,467	76%	
Computer/Software	29,450	17,691	34,072	116%	
Equip. Rental/Lease	2,500	0	1,007	40%	
Fixed Equip.	172,000	28,119	112,364	65%	
Fuel & Oil	10,000	4,685	16,437	164%	
Lab Testing	38,400	2,175	55,138	144%	
Office Supplies	1,500	81	1,336	89%	
Parks & Recreation	0	0	0	0%	
Struct./Grnds.	8,140	1,376	8,625	106%	
Small Tools/Equip.	3,000	1,971	6,458	215%	
Supplies	2,500	1,704	5,660	226%	
Meters/Equip.	12,000	0	450	4%	
Vehicles	6,000	1,952	9,683	161%	
TOTAL MAINT. & SUP.	\$372,490	\$71,956	\$317,696	85%	

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT - CONSOLIDATED BUDGET
2021/22 Budget**

GENERAL & ADMINISTRATION	Budget FY 21/22	Actual June	Actual Year to Date	Percentage Year to Date	Variance Explanation
Ads./Advertising	1,500	114	1,382	92%	
Alarm/Answering Service	4,000	568	3,728	93%	
Audit	10,000	0	8,485	85%	
Bank Charges/Fees	8,000	289	5,707	71%	
Consulting/Engineering	20,000	0	7,744	39%	
Dues/Subscription	9,850	2,200	11,515	117%	
Elections	0	0	0	0%	
Insurance	36,590	0	36,042	99%	Paid Annually
LAFCO	6,600	0	6,269	95%	Paid Annually
Legal/Attorney	15,000	0	14,979	100%	
Licenses/Permits	32,100	0	25,945	81%	
Plan Check & Inspection	10,000	0	1,293	13%	
Postage/Billing	15,000	1,244	15,108	101%	
Professional Service	44,300	1,902	47,822	108%	
Tax Collection	6,000	0	6,158	103%	
Staff Training & Travel	8,000	0	410	5%	
Board Training & Travel	1,000	0	100	10%	
TOTAL G & A	\$227,940	\$6,317	\$192,688	85%	

CAPITAL PROJECTS & EQUIPMENT

Structures/Improvements	2,259,986	27,364	476,333	21%	
Equipment	255,000	0	95,317	37%	
TOTAL CAPITAL EXPENSE	\$2,514,986	27,364	571,650	23%	

DEBT

State Loan Payment	103,629	0	103,628	100%	paid semiannually
State Loan Payment Phase II	58,740	29,369	58,739	100%	paid semiannually
Western Alliance Lease-PVS	152,849	0	152,850	100%	paid semiannually
TOTAL DEBT	\$315,218	\$29,369	\$315,217		

FUNDED DEPRECIATION	\$288,000	\$24,000	\$288,000	100%	
UNFUNDED DEPRECIATION	\$0	\$0	\$0	0%	

TOTAL EXPENSE	\$5,103,802	\$286,738	\$3,019,564	59%	
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CAPACITY CHARGES TRANSFER \$70,580 \$14,116 \$82,559 117%

SOLID WASTE FEES TRANSFER \$30,783 -\$1,161 \$25,607 83%

FUND TOTAL	\$1,664	(\$62,798)	\$334,997		
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HERITAGE RANCH COMMUNITY SERVICES DISTRICT

Office Report For the Month of June 2022

Utility Billing

- On July 1st, 1,936 bills were processed for a total dollar amount of \$ 188,535 for water and sewer user fees for the month of June.
- We processed 289 Late Notices for bills that were due by June 25th.

Customer Service Orders

- Staff completed a total of 25 service orders for the month of June. The breakdown by job code is as follows:

Miscellaneous	1	Occupant Change	13
Lock Meter	1	USA	5
New Meter Install	1	Unlock	3
Leak	1		

Administration

- Nothing to report

San Miguel Garbage Franchise Fees Received

- The total Franchise Fees received for the Month of May was \$ 7,309.70
The breakdown is as follows:

Residential Garbage Collection - \$ 5,806.14
Commercial Garbage Collection - \$ 842.32
Roll-Off Collection - \$ 661.24

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors

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

DATE: July 21, 2022

SUBJECT: Submittal for approval Resolution 22-07 providing for collection of delinquent solid waste charges and penalties to be collected on the tax roll in the same manner as property taxes.

Recommendation

It is recommended that the Board of Directors:

1. Open the Public Hearing to provide an opportunity for filing objections and presentation of testimony or other evidence concerning this report; and
2. At the close of the Public Hearing, approve Resolution 22-07 providing for collection of delinquent solid waste charges and penalties to be collected on the tax roll in the same manner as property taxes.

Background

District Code of Ordinances Title 8 – Solid Waste is entitled “Mandatory Solid Waste, Organic Waste, and Recycling Materials Ordinance” (Title 8). Title 8 specifies that all developed properties located within the District shall be subject to mandatory solid waste, organic waste, and recycling materials 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.

Discussion

Title 8 Section 8.300 specifies the collection procedures for overdue solid waste accounts. This section incorporates the procedures of the Government Code that provides for the collection of charges and any penalties for services provided to be collected on the tax roll in the same manner as property taxes. Thus, the Board of Directors may authorize the San Luis Obispo County auditor to collect delinquent solid waste service charges and penalties by placing them on the property owners’ property tax bill for collection.

The following required procedures were used to notify delinquent customers of their account status:

- On April 15, 2022, San Miguel Garbage Company sent certified letters to each delinquent account customer giving a 45-day notice to pay pursuant to District Code 8.330. This letter stated that non-payment may result in the District collecting the amount owed with general taxes.
- On June 1, 2022, San Miguel Garbage provided the District with a listing of delinquent accounts.
- On June 22, 2022, the District sent a Notice of Public Hearing to each delinquent property owner.
- On June 16, 2022 and July 7, 2022, the Notice of Public Hearing was published in *The Tribune*.
- Property owners that have paid since June 30, 2022, will be removed from the delinquent listing (Exhibit A) at the Public Meeting.

Fiscal Considerations

This action will enforce the mandatory solid waste provision of District Code of Ordinances Title 8, and collect monies owed to San Miguel Garbage Company for services provided.

Results

The attached Resolution 22-07 authorizes the San Luis Obispo County Auditor to levy the amounts due on delinquent solid waste accounts to be collected with property taxes.

Attachments: Resolution 22-07

Exhibit A – 2021/2022 Delinquent Solid Waste Charges and Penalties

File: Solid Waste_SMGC

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 22-07**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE HERITAGE RANCH
COMMUNITY SERVICES DISTRICT PROVIDING FOR COLLECTION OF
DELINQUENT SOLID WASTE CHARGES AND PENALTIES TO BE COLLECTED
ON THE TAX ROLL IN THE SAME MANNER AS PROPERTY TAXES**

WHEREAS, the Heritage Ranch Community Services District (“District”) makes the following finding of fact:

1. The District is duly authorized to provide its residents with solid waste, organic waste, and recycling materials service.
2. All developed properties located within the District are subject to mandatory solid waste service pursuant to District Code of Ordinances Title 8 – Solid Waste entitled “Mandatory Solid Waste, Organic Waste, and Recycling Materials Ordinance” (Title 8).
3. Title 8 Section 8.300 provides that all solid waste accounts that are more than 120 days past due during the year are subject to collection procedures.
4. The Franchisee who provides solid waste collection services, has provided notice to delinquent service accounts pursuant to Title 8 Section 8.310.
5. The District General Manager has prepared and filed a report (“Report”) that describes each affected parcel of real property and the amounts of charges and delinquencies for each affected parcel for the year. Said Report is attached hereto as Exhibit “A” and incorporated herein by this reference.
6. The District General Manager, pursuant to the Government Code, has published notice of the filing of the Report and has caused notice in writing to be mailed to the owner of each affected parcel as shown on the last equalized assessment roll available on the date the Report was prepared, as the address shown on the assessment roll, or as known to the General Manager.
7. On July 21, 2022, a public hearing was held before the District Board at which time all interested persons were given the opportunity to object or protest the Report or any portions thereof.

NOW, THEREFORE, BE IT ORDAINED by the Board of Directors of the Heritage Ranch Community Services District as follows:

1. Each of the above findings are true and correct and incorporated herein by this reference.

2. The Report (Exhibit “A”) as submitted and as may be revised by the Board is hereby confirmed and adopted.
3. The charges and penalties as described in the Report have been determined by the Board to be delinquent and unpaid.
4. On or before August 15, 2022, the District General Manager is authorized to file with the county auditor a copy of this Resolution and Report showing the unpaid charges and penalties as required by Section §61115(b) of the Government Code.
5. Pursuant to Government Code §61115(b), the county auditor shall enter the amount of charges and penalties against each of the affected parcels of real property as they appear on the current assessment roll. The county tax collector shall include the amount of the charges and penalties on the tax bills for each affected parcel of real property and collect the charges and penalties in the same manner as property taxes.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Heritage Ranch Community Services District on the 21st day of July 2022, by the following roll call vote.

AYES:

NOES:

ABSTAIN:

ABSENT:

APPROVED: _____
Reg Cousineau, President
Board of Directors

ATTEST: _____
Kristen Gelos
Board Secretary

**2021/2022 Delinquent Solid Waste Charges and Penalties
Exhibit A**

	APN #	AMOUNT TO BE COLLECTED ON TAX ROLL
1	012-182-016	\$349.00
2	012-183-019	\$109.00
3	012-183-021	\$352.00
4	012-183-038	\$352.00
5	012-184-014	\$739.00
6	012-185-024	\$246.00
7	012-187-010	\$243.00
8	012-187-013	\$352.00
9	012-195-013	\$510.00
10	012-272-005	\$352.00
11	012-272-064	\$357.00
12	012-273-044	\$432.00
13	012-274-026	\$69.00
14	012-274-041	\$352.00
15	012-274-043	\$446.00
16	012-275-006	\$657.00
17	012-275-047	\$346.00
18	012-276-007	\$352.00
19	012-276-032	\$352.00
20	012-284-066	\$527.00
21	012-323-001	\$189.00
22	012-324-019	\$255.00
23	012-324-052	\$352.00
24	012-325-025	\$358.00
25	012-325-049	\$352.00
26	012-343-008	\$106.00
27	012-345-001	\$126.00
28	012-345-007	\$105.00
29	012-345-026	\$378.00
30	012-345-033	\$296.00
31	012-352-016	\$446.00
32	012-352-055	\$523.00
33	012-362-011	\$352.00
34	012-373-001	\$272.00
35	012-374-021	\$352.00

\$11,956.00

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors

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

DATE: July 21, 2022

SUBJECT: Submittal for approval Resolution 22-08 providing for collection of delinquent water and sewer charges and penalties to be collected on the tax roll in the same manner as property taxes.

Recommendation

It is recommended that the Board of Directors:

1. Open the Public Hearing to provide an opportunity for filing objections and presentation of testimony or other evidence concerning this report; and
2. At the close of the Public Hearing, approve Resolution 22-08 providing for collection of delinquent water and sewer charges and penalties to be collected on the tax roll in the same manner as property taxes.

Background

District Code of Ordinances (Code) Section 3.820 and 3.830 specify that the District may elect to have any or all District's rates, charges, and fees, including any overdue fees, collected on the Tax roll in the forthcoming fiscal year.

Discussion

These Code sections incorporate the procedures of Government Code Section 61115(b) that provides for the collection of charges and any penalties for services provided to be collected on the tax roll in the same manner as property taxes. Thus, the Board of Directors may authorize the San Luis Obispo County auditor to collect delinquent water and sewer service charges and penalties by placing them on the property owners' property tax bill for collection.

The following required procedures were used to notify delinquent customers of their account status:

- On May 1, 2022, the District sent letters to each delinquent account customer giving a 45-day notice to pay pursuant to the Government Code. This letter stated that non-payment may result in the District collecting the amount owed with general taxes.
- On June 22, 2022, the District sent a Notice of Public Hearing to each delinquent property owner.
- On June 16, 2022 and July 7, 2022, the Notice of Public Hearing was published in *The Tribune*.
- Property owners that have paid since June 30, 2022, will be removed from the delinquent listing (Exhibit A) at the Public Meeting.

Fiscal Considerations

This action will provide for collection of monies owed to the District for services provided.

Results

The attached Resolution 22-08 authorizes the San Luis Obispo County Auditor to levy the amounts due on delinquent water and sewer accounts to be collected with property taxes.

Attachments: Resolution 22-08

Exhibit A – 2021/2022 Delinquent Water and Sewer Charges and Penalties

File: HR Delinquent Water-Sewer

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 22-08**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE HERITAGE RANCH
COMMUNITY SERVICES DISTRICT PROVIDING FOR COLLECTION OF
DELINQUENT WATER AND SEWER CHARGES AND PENALTIES TO BE
COLLECTED ON THE TAX ROLL IN THE SAME MANNER AS PROPERTY TAXES**

WHEREAS, the Heritage Ranch Community Services District (“District”) makes the following finding of fact:

1. The District is duly authorized to provide its residents with water and sewer services.
2. District Code of Ordinances Title 3 Sections 3.820 and 3.830 provide that water and sewer accounts that are past due during the year are subject to collection procedures.
3. The District General Manager has prepared and filed a report (“Report”) that describes each affected parcel of real property and the amounts of charges and delinquencies for each affected parcel for the year. Said Report is attached hereto as Exhibit “A” and incorporated herein by this reference.
4. The District General Manager, pursuant to the Government Code, has published notice of the filing of the Report and has caused notice in writing to be mailed to the owner of each affected parcel as shown on the last equalized assessment roll available on the date the Report was prepared, as the address shown on the assessment roll, or as known to the General Manager.
5. On July 21, 2022, a public hearing was held before the District Board at which time all interested persons were given the opportunity to object or protest the Report or any portions thereof.

NOW, THEREFORE, BE IT ORDAINED by the Board of Directors of the Heritage Ranch Community Services District as follows:

1. Each of the above findings are true and correct and incorporated herein by this reference.
2. The Report (Exhibit “A”) as submitted and as may be revised by the Board is hereby confirmed and adopted.
3. The charges and penalties as described in the Report have been determined by the Board to be delinquent and unpaid.
4. On or before August 10, 2021, the District General Manager is authorized to file with the county auditor a copy of this Resolution and Report showing the unpaid charges and penalties as required by Section §61115(b) of the Government Code.

5. Pursuant to Government Code §61115(b), the county auditor shall enter the amount of charges and penalties against each of the affected parcels of real property as they appear on the current assessment roll. The county tax collector shall include the amount of the charges and penalties on the tax bills for each affected parcel of real property and collect the charges and penalties in the same manner as property taxes.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Heritage Ranch Community Services District on the 21st day of July 2022, by the following roll call vote.

AYES:

NOES:

ABSTAIN:

ABSENT:

APPROVED: _____
Reginald Cousineau, President
Board of Directors

ATTEST: _____
Kristen Gelos
Board Secretary

**2021/2022 Delinquent Water and Sewer Charges and Penalties
Exhibit A**

	APN #	AMOUNT TO BE COLLECTED ON TAX ROLL
1	012-182-028	\$215.00
2	012-183-038	\$428.00
3	012-185-024	\$662.00
4	012-186-007	\$331.00
5	012-187-013	\$244.00
6	012-187-046	\$375.00
7	012-195-010	\$248.00
8	012-273-044	\$340.00
9	012-273-046	\$327.00
10	012-274-026	\$482.00
11	012-274-041	\$713.00
12	012-274-043	\$1,555.00
13	012-275-047	\$353.00
14	012-276-007	\$837.00
15	012-284-066	\$1,085.00
16	012-301-002	\$327.00
17	012-312-029	\$272.00
18	012-313-007	\$550.00
19	012-322-002	\$292.00
20	012-322-029	\$416.00
21	012-322-037	\$230.00
22	012-323-002	\$331.00
23	012-323-020	\$412.00
24	012-323-074	\$293.00
25	012-324-001	\$524.00
26	012-324-008	\$386.00
27	012-324-035	\$1,040.00
28	012-324-037	\$346.00
29	012-324-052	\$339.00
30	012-325-049	\$887.00
31	012-325-064	\$363.00
32	012-331-014	\$285.00
33	012-344-029	\$316.00
34	012-345-026	\$301.00
35	012-352-055	\$292.00
36	012-362-011	\$425.00
37	012-374-021	\$426.00

\$17,248.00

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors

FROM: Scott Duffield, General Manager

DATE: July 21, 2022

SUBJECT: Submittal for approval Resolution 22-09 adopting a Fiscal Year 2022/23 Final Budget and Salary Schedule.

Recommendation

It is recommended that the Board of Directors:

1. Hold a public hearing to consider adopting a final budget for Fiscal Year 2022/23; and
2. At the close of the public hearing approve Resolution 22-09 adopting a Fiscal Year 2022/23 Final Budget and Salary Schedule.

Background

On June 16, 2022, your Board adopted the Fiscal Year 2022/23 Preliminary Budget. The meeting allowed the opportunity for the public to provide input prior to the adoption of the Preliminary Budget. Following the meeting a notice was published in the Tribune indicating the Preliminary Budget had been adopted and setting the date of July 21, 2022 for a public hearing and adoption of a Final Budget. The Preliminary Budget has been available for public review. The District has not received any written public comments.

California Code of Regulations Title 2, Section 570.5, and Section 571 subsection (b) require salary schedules and special compensation to be publicly available and duly approved and adopted by the Board.

Discussion

Budget

The attached water, sewer, solid waste, and general fund budgets are presented for your adoption. Increases or decreases in line-item categories from the adopted FY 2022/23 Preliminary Budget are indicated. This fiscal year the proposed budget includes use of reserves to fill potential shortfalls in operating revenue mostly due to budgets for the water and sewer funds use the analysis from the 2017 Rate Study. The water fund needs \$182,696 and the sewer fund needs \$65,968 from reserves to balance the budget.

Salary Schedule

All agencies that are members of CalPERS are required to ensure that pay schedules and special compensation (e.g., out-of-class pay, certification pay) are publicly available as prescribed by the California Code of Regulations, Title 2, §570.5, and §571 subsection (b). “Publicly available” is defined as posted at the office of the employer or immediately accessible and available for public review from the employer during normal business hours or posted on the employer’s internet website.

Your Board approves a budget, a Memorandum of Understanding with the Heritage Ranch Community Services Employees Association, and an employment agreement with the General Manager. All these items are publicly available and contain salary schedules and special compensation items pursuant to the code sections noted above. Thus, approval of the FY 2022/23 Salary Schedule with the budget is recommended.

The rates listed in the FY 2022/23 Salary Schedule are reflected in the FY 2022/23 Final Budget.

Results

Approval of Resolution 22-09 adopting a Fiscal Year 2022/23 Final Budget and Salary Schedule will result in maintaining fiscally responsible management of the District.

Attachments: Resolution 22-09
Fiscal Year 2022/23 Final Budget
Fiscal Year 2022/23 Salary Schedule

File: Budget_FY22/23

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 22-09**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE HERITAGE RANCH
COMMUNITY SERVICES DISTRICT ADOPTING A FISCAL YEAR 2022/23 FINAL
BUDGET AND SALARY SCHEDULE**

WHEREAS, the District is required, pursuant to Government Code Section 61110, to adopt a preliminary budget that conforms to Generally Accepted Accounting Principles before July 1 of each year; and

WHEREAS, The District's budget outlines anticipated revenue and expense for each of its operating funds; and

WHEREAS, the District adopted a preliminary budget on June 16, 2022, and published said budget for public review and comment, and set the date of July 21, 2022, for adoption of a Final Budget.

WHEREAS, the District is required to ensure that pay schedules and special compensation (e.g., out-of-class pay, certification pay) are publicly available as prescribed by the California Code of Regulations, Title 2, §570.5, and §571 subsection (b); and

WHEREAS, your Board approves a budget, a Memorandum of Understanding with the Heritage Ranch Community Services Employees Association, and an employment agreement with the General Manager; and

WHEREAS, the rates listed in the FY 2022/23 Salary Schedule are reflected in the FY 2022/23 Final Budget.

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

1. The District Final Budget for Fiscal Year 2022/23, a copy of which is attached and made a part hereof, is hereby adopted.
2. The budget be administered as established by current policies and practices.
3. The District Salary Schedule for Fiscal Year 2022/23, a copy of which is attached and made a part hereof, is hereby adopted.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Heritage Ranch Community Services District on the 21st day of July 2022, by the following roll call vote.

AYES:

NOES:

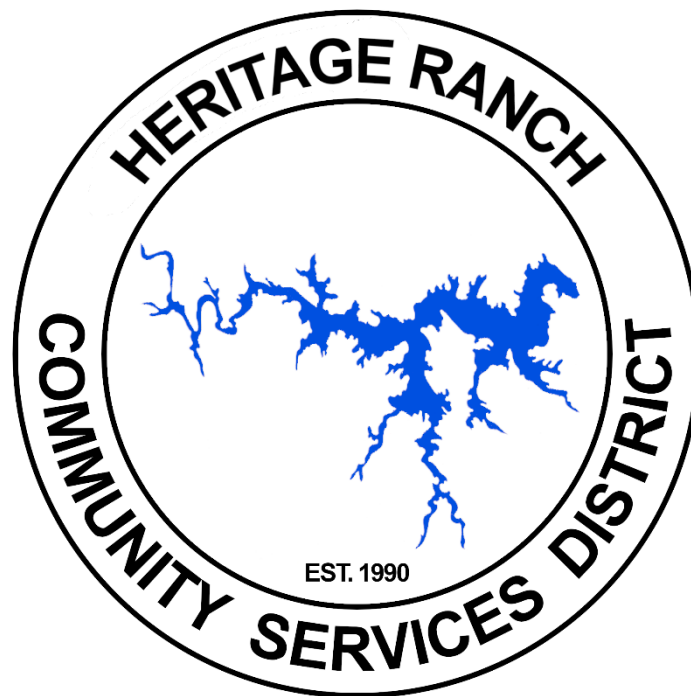
ABSTAIN:

ABSENT:

APPROVED: _____
Reg Cousineau, President
Board of Directors

ATTEST: _____
Kristen Gelos, Secretary
Board of Directors

HERITAGE RANCH
COMMUNITY SERVICES DISTRICT



FISCAL YEAR 2022-2023
FINAL BUDGET
JULY 21, 2022

Heritage Ranch Community Services District
Fiscal Year 2022-2023 Preliminary Budget
June 16, 2022

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HERITAGE RANCH COMMUNITY SERVICES DISTRICT
 Draft 2022/23 Capital & Equipment Budget

PROJECTS	Total Budget	Funding Source								
		Capital Reserves		Operating Budget			Operating Reserves			
		Water	Sewer	Water	Sewer	General	Water	Sewer		
WRF Upgrade Project (design, env, admin)	\$1,438,607		\$503,512						\$935,095	
Lift Station 1-5 Rehab (const)	\$75,000								\$75,000	
subtotal Projects	\$1,513,607	\$0	\$503,512	\$0	\$0	\$0	\$0	\$0	\$1,010,095	
EQUIPMENT										
Equipment / Vehicle replacement (service truck)	\$120,000							\$72,000	\$48,000	
Vehicle replacement (small pickup)	\$35,000							\$21,000	\$14,000	
subtotal Equipment	\$155,000	\$0	\$0	\$0	\$0	\$0	\$0	\$93,000	\$62,000	
TOTAL CAPITAL	\$1,668,607	\$0	\$503,512	\$0	\$0	\$0	\$0	\$93,000	\$1,072,095	

	A	B	C	D	E	F
1	HERITAGE RANCH COMMUNITY SERVICES DISTRICT - WATER FUND					
2	2021/22 un-audited, Preliminary 2022/23, & Final 2022/23					
3						
4						
5						
6		Un-audited	Preliminary	Changes from		Final Budget
7	OPERATING REVENUE	21/22	22/23	Preliminary	Notes	22/23
8	Water Fees	1,241,485	1,107,981	0		1,107,981
9	Late Fees	15,829	11,100	0		11,100
10	Hook-Up Fees	3,200	2,500	0		2,500
11	Turn on Fees	2,310	2,000	0		2,000
12	Plan Check & Inspection	776	5,000	0		5,000
13	Miscellaneous Income	12,933	0	0		0
14	TOTAL OPERATING REVENUE	\$1,276,533	\$1,128,581	\$0		\$1,128,581
15						
16						
17	NON-OPERATING REVENUE					
18	Standby Charges	195,919	202,958	0		202,958
19	Property Tax	224,509	232,860	0		232,860
20	Interest	10,148	11,400	0		11,400
21	Connection Fees	43,246	31,745	0		31,745
22	TOTAL NON-OPERATING REVENUE	\$473,821	\$478,963	\$0		\$478,963
23						
24						
25	RESERVE REVENUE					
26	Capital Reserves	62,195	0	0	updated FYE	0
27	General Reserves	318,537	265,423	10,273	updated FYE	275,696
28	TOTAL RESERVE REVENUE	\$380,732	\$265,423	\$10,273		\$275,696
29						
30	TOTAL REVENUE	\$2,131,086	\$1,872,967	\$10,273		\$1,883,240
31						
32						
33	OPERATING EXPENSES					
34						
35	SALARIES AND BENEFITS					
36	Salaries	200,815	300,242	0		300,242
37	Overtime	6,186	6,487	0		6,487
38	Standby	7,717	7,900	0		7,900
39	Health Insurance	43,678	56,226	4,818	updated info	61,044
40	Pers Retirement	53,251	48,222	0		48,222
41	Workers Comp. Ins.	8,578	12,468	0		12,468
42	Medicare/FICA	3,106	4,235	0		4,235
43	Uniforms	2,542	3,000	0		3,000
44	TOTAL SALARIES & BENEFITS	\$325,873	\$438,780	\$4,818		\$443,598
45						
46						
47	UTILITIES					
48	Electricity	79,854	90,604	0		90,604
49	Water Purchase	23,114	23,114	0		23,114
50	Telephone/Internet	3,754	3,826	0		3,826
51	TOTAL UTILITIES	\$106,722	\$117,545	-\$0		\$117,544
52						
53						
54						
55						

	A	B	C	D	E	F
56	HERITAGE RANCH COMMUNITY SERVICES DISTRICT - WATER FUND					
57	2021/22 un-audited, Preliminary 2022/23, & Final 2022/23					
58						
59						
60		Un-audited	Preliminary	Changes from		Final Budget
61	MAINTENANCE & SUPPLIES	21/22	22/23	Preliminary	Notes	22/23
62	Chemicals	47,720	62,000	0		62,000
63	Computer/Software	1,729	8,350	0		8,350
64	Equip. Rental/Lease	936	2,000	0		2,000
65	Fixed Equip.	59,721	126,500	0		126,500
66	Fuel & Oil	9,862	9,000	0		9,000
67	Lab Testing	23,409	34,400	0		34,400
68	Struct./Grnds.	2,156	3,735	0		3,735
69	Small Tools/Equip.	3,875	1,800	0		1,800
70	Supplies	3,790	3,000	0		3,000
71	Meters/Equip.	450	12,000	0		12,000
72	Vehicles	5,810	3,600	0		3,600
73	TOTAL MAINT. & SUP.	\$159,457	\$266,385	\$0		\$266,385
74						
75	GENERAL & ADMINISTRATION					
76	Allocation of General Fund	352,641	369,273	5,455	updated info	374,728
77	Alarm/Answering Service	932	1,000	0		1,000
78	Bank Charges/Fees	0	0	0		0
79	Consulting/Engineering	4,878	5,000	0		5,000
80	Dues/Subscription	3,156	6,200	0		6,200
81	Insurance (Property/Liability)	15,138	16,519	0		16,519
82	Legal/Attorney	3,505	0	0		0
83	Licenses/Permits	15,183	16,100	0		16,100
84	Plan Check & Inspection	776	5,000	0		5,000
85	Professional Service	27,246	52,000	0		52,000
86	Training & Travel	42	3,000	0		3,000
87	TOTAL G & A	\$423,497	\$474,092	\$5,455		\$479,546
88						
89						
90	CAPITAL PROJECTS & EQUIPMENT					
91	Project	327,162	0	0		0
92	Equipment	57,190	93,000	0		93,000
93	TOTAL CAPITAL	\$384,352	\$93,000	\$0		\$93,000
94						
95	DEBT					
96	State Loan Payment-DWR	103,628	103,629	0		103,629
97	State Loan Payment Phase II-SRF	58,739	58,740	0		58,740
98	Western Alliance Lease-PVS	114,209	114,051	0		114,051
99	TOTAL DEBT	\$276,576	\$276,420	\$0		\$276,420
100						
101						
102	FUNDED DEPRECIATION	175,000	175,000	0		175,000
103	UNFUNDED DEPRECIATION	0	0	0		0
104						
105	TOTAL EXPENSE	\$1,851,476	\$1,841,222	\$10,273		\$1,851,495
106						
107	TRANSFER TO RESERVES	\$43,246	\$31,745	\$0		\$31,745
108						
109	FUND TOTAL	\$236,364	\$0	\$0		\$0

	A	B	C	D	E	F
1	HERITAGE RANCH COMMUNITY SERVICES DISTRICT - SEWER FUND					
2	2021/22 un-audited, Preliminary 2022/23, & Final 2022/23					
3						
4						
5						
6		Un-audited	Preliminary	Changes from		Final Budget
7	OPERATING REVENUE	21/22	22/23	Preliminary	Notes	22/23
8	Sewer Fees	726,883	704,110	0		704,110
9	Late Fees	9,642	7,400	0		7,400
10	Hook-Up Fees	500	500	0		500
11	Turn on Fees	1,540	1,500	0		1,500
12	Plan Check & Inspection	517	5,000	0		5,000
13	Miscellaneous Income	8,622	0	0		0
14	TOTAL OPERATING REVENUE	\$747,705	\$718,510	\$0		718,510
15						
16						
17	NON-OPERATING REVENUE					
18	Standby Charges	40,128	39,186	0		39,186
19	Property Tax	122,460	127,014	0		127,014
20	Interest	3,097	3,600	0		3,600
21	Connection Fees	39,313	38,835	0		38,835
22	TOTAL NON-OPERATING REVENUE	\$204,997	\$208,635	\$0		\$208,635
23						
24			\$927,145			
25	RESERVE REVENUE					
26	Capital Reserves	47,177	503,512	0	updated FYE	503,512
27	General Reserves	143,972	1,130,654	7,409	updated FYE	1,138,063
28	TOTAL RESERVE	\$191,149	\$1,634,166	\$7,409		\$1,641,575
29						
30	TOTAL REVENUE	\$1,143,851	\$2,561,311	\$7,409		\$2,568,720
31						
32	OPERATING EXPENSES					
33						
34	SALARIES AND BENEFITS					
35	Salaries	133,876	200,162	0		200,162
36	Overtime	4,124	4,325	0		4,325
37	Standby	5,145	5,300	0		5,300
38	Health Insurance	29,512	37,484	3,212	updated info	40,696
39	Pers Retirement	35,182	32,148	0		32,148
40	Workers Comp. Ins.	5,665	8,234	0		8,234
41	Medicare/FICA	2,070	2,823	0		2,823
42	Uniforms	1,694	2,000	0		2,000
43	TOTAL SALARIES & BENEFITS	\$217,269	\$292,475	\$3,212		\$295,688
44						
45						
46	UTILITIES					
47	Electricity	31,448	33,478	0		33,478
48	Telephone/Internet	2,617	2,667	0		2,667
49	TOTAL UTILITIES	\$34,065	\$36,145	\$0		\$36,145
50						
51						
52						
53						
54						

	A	B	C	D	E	F
55	HERITAGE RANCH COMMUNITY SERVICES DISTRICT - SEWER FUND					
56	2021/22 un-audited, Preliminary 2022/23, & Final 2022/23					
57						
58						
59						
60		Un-audited	Preliminary	Changes from		Final Budget
61	MAINTENANCE & SUPPLIES	21/22	22/23	Preliminary	Notes	22/23
62	Chemicals	18,747	17,000	0		17,000
63	Computer/Software	1,103	8,150	0		8,150
64	Equip. Rental/Lease	71	500	0		500
65	Fixed Equip.	51,981	60,500	0		60,500
66	Fuel & Oil	6,575	6,000	0		6,000
67	Lab Testing	31,729	24,600	0		24,600
68	Struct./Grnds.	4,312	7,470	0		7,470
69	Small Tools/Equip.	2,583	1,200	0		1,200
70	Supplies	1,858	1,500	0		1,500
71	Vehicles	3,873	2,400	0		2,400
72	TOTAL MAINT. & SUP.	\$122,832	\$129,320	\$0		\$129,320
73						
74						
75	GENERAL & ADMINISTRATION					
76	Allocation of General Fund	271,262	284,056	4,196	updated info	288,252
77	Alarm/Answering Service	932	1,000	0		1,000
78	Bank Charges/Fees	0	0	0		0
79	Consulting/Engineering	2,866	5,000	0		5,000
80	Dues/Subscription	1,733	3,800	0		3,800
81	Insurance (Property/Liability)	11,533	12,586	0		12,586
82	Legal/Attorney	2,336	0	0		0
83	Licenses/Permits	10,762	12,900	0		12,900
84	Plan Check & Inspection	517	5,000	0		5,000
85	Professional Service	5,858	25,000	0		25,000
86	Training & Travel	0	3,000	0		3,000
87	TOTAL G & A	\$307,801	\$352,342	\$4,196		\$356,538
88						
89						
90						
91	CAPITAL PROJECTS & EQUIPMENT					
92	Project	149,171	1,513,607	0		1,513,607
93	Equipment	38,127	62,000	0		62,000
94	TOTAL CAPITAL	\$187,298	\$1,575,607	\$0		\$1,575,607
95						
96	DEBT					
97	Western Alliance Lease-PVS	38,640	38,587	0		38,587
98	TOTAL DEBT	\$38,640	\$38,587	\$0		\$38,587
99						
100						
101	FUNDED DEPRECIATION	98,000	98,000	0		98,000
102	UNFUNDED DEPRECIATION	0	0	0		0
103						
104	TOTAL EXPENSE	\$1,005,905	\$2,522,476	\$7,409		\$2,529,885
105						
106	TRANSFER TO RESERVES	\$39,313	\$38,835	\$0		\$38,835
107						
108						
109	FUND TOTAL	\$98,633	\$0	\$0		\$1

	A	B	C	D	E	F
1	HERITAGE RANCH COMMUNITY SERVICES DISTRICT - SOLID WASTE FUND					
2	2021/22 un-audited, Preliminary 2022/23, & Final 2022/23					
3						
4						
5						
6		Un-audited	Preliminary	Changes from		Final Budget
7	OPERATING REVENUE	21/22	22/23	Preliminary	Notes	22/23
8	TOTAL FRANCHISE FEES	\$79,860	\$82,587	\$0		\$82,587
9						
10						
11						
12						
13	EXPENSE					
14	Allocation of General Fund	54,252	56,811	839	updated info	57,650
15	TOTAL EXPENSES	\$54,252	\$56,811	\$839		\$57,650
16						
17	TRANSFER TO RESERVES	\$25,607	\$25,776	(\$839)		\$24,937
18						
19	FUND TOTAL	\$0	\$0	\$0		\$0
20						

	A	B	C	D	E	F
1	HERITAGE RANCH COMMUNITY SERVICES DISTRICT - GENERAL FUND					
2	2021/22 un-audited, Preliminary 2022/23, & Final 2022/23					
3						
4						
5						
6						
7	OPERATING REVENUE	Un-audited 21/22	Preliminary 22/23	Changes from Preliminary	Notes	Final Budget 22/23
8	Transfer from other Funds	0	0	0		0
9	Miscellaneous Income	46,700	500	0		500
10	TOTAL OPERATING	\$46,700	\$500	\$0		\$500
11						
12						
13						
14	NON-OPERATING REVENUE					
15	Property Tax	61,230	63,507	0		63,507
16	Interest	0	0	0		0
17	TOTAL NON-OPERATING	\$61,230	\$63,507	\$0		\$63,507
18						
19						
20						
21	RESERVE REVENUE					
22	Capital Reserves	0	0	0		0
23	General Reserves	0	0	0		0
24	TOTAL RESERVE	\$0	\$0	\$0		\$0
25						
26	TOTAL REVENUE	\$107,930	\$64,007	\$0		\$64,007
27						
28						
29						
30	OPERATING EXPENSES					
31						
32	SALARIES AND BENEFITS					
33	Salaries	425,544	408,345	5,001	updated info	413,346
34	Overtime	0	0	0		0
35	Health Insurance	44,858	52,815	4,555	updated info	57,370
36	Health Insurance - Retirees	73,614	47,600	0		47,600
37	Pers Retirement	80,221	68,639	862	updated info	69,501
38	OPEB Funding/Transfer	0	28,306	0		28,306
39	Workers Comp. Ins.	1,942	2,823	0		2,823
40	Directors' Fees	7,200	9,000	0		9,000
41	Medicare/FICA	6,765	6,052	72	updated info	6,124
42	Car Allowance	3,000	3,000	0		3,000
43	SUI/ETT	637	1,000	0		1,000
44	TOTAL SALARIES & BENEFITS	\$643,782	\$627,580	\$10,490		\$638,070
45						
46						
47						
48	UTILITIES					
49	Electricity	195	209	0		209
50	Propane	1,402	1,466	0		1,466
51	Telephone/Internet	5,005	5,101	0		5,101
52	TOTAL UTILITIES	\$6,602	\$6,777	\$0		\$6,777
53						
54						

	A	B	C	D	E	F
55	HERITAGE RANCH COMMUNITY SERVICES DISTRICT - GENERAL FUND					
56	2021/22 un-audited, Preliminary 2022/23, & Final 2022/23					
57						
58						
59						
60						
61	MAINTENANCE & SUPPLIES	Un-audited 21/22	Preliminary 22/23	Changes from Preliminary	Notes	Final Budget 22/23
62	Computer/Software	31,240	17,400	0		17,400
63	Equip. Rental/Lease	0	0	0		0
64	Fixed Equip.	662	0	0		0
65	Office Supplies	1,336	1,500	0		1,500
66	Parks & Recreation	0	0	0		0
67	Struct./Grnds.	2,156	3,735	0		3,735
68	Supplies	13	0	0		0
69	TOTAL MAINT. & SUP.	\$35,406	\$22,635	\$0		\$22,635
70						
71						
72	GENERAL & ADMINISTRATION					
73	Ads./Advertising	1,382	1,500	0		1,500
74	Alarm/Answering Service	1,864	2,000	0		2,000
75	Audit	8,485	10,000	0		10,000
76	Bank Charges/Fees	5,707	1,000	0		1,000
77	Consulting/Engineering	0	0	0		0
78	Dues/Subscription	6,625	0	0		0
79	Elections	0	5,000	0		5,000
80	Insurance (Property/Liability)	9,371	10,226	0		10,226
81	LAFCO	6,269	6,930	0		6,930
82	Legal/Attorney	9,138	25,000	0		25,000
83	Licenses/Permits	0	0	0		0
84	Postage	15,108	15,000	0		15,000
85	Professional Service	14,719	12,300	0		12,300
86	Tax Collection	6,158	6,200	0		6,200
87	Staff Training & Travel	368	6,000	0		6,000
88	Board Training & Travel	100	1,000	0		1,000
89	TOTAL G & A	\$85,294	\$102,156	\$0		\$102,156
90						
91						
92						
93	CAPITAL PROJECTS & EQUIPMENT					
94	Project	0	0	0		0
95	Equipment	0	0	0		0
96	TOTAL CAPITAL	\$0	\$0	\$0		\$0
97						
98						
99	FUNDED DEPRECIATION	15,000	15,000	0		15,000
100	UNFUNDED DEPRECIATION	0		0		0
101						
102	TOTAL EXPENSE	\$786,085	\$774,148	\$10,490		\$784,638
103						
104	TRANSFERRED TO OTHER FUNDS	(\$678,155)	(\$710,140)	(\$10,490)		(\$720,630)
105						
106	FUND TOTAL	\$0	\$0	\$0		\$0

	A	B	C	D	E	F
1	HERITAGE RANCH COMMUNITY SERVICES DISTRICT - CONSOLIDATED BUDGET					
2	2021/22 un-audited, Preliminary 2022/23, & Final 2022/23					
3						
4						
5						
6						
7	OPERATING REVENUE	Un-audited 21/22	Preliminary 22/23	Changes from Preliminary	Notes	Final Budget 22/23
8	Water Fees	1,241,485	1,107,981	0		1,107,981
9	Sewer Fees	726,883	704,110	0		704,110
10	Hook-Up Fees	3,700	3,000	0		3,000
11	Turn on Fees	3,850	3,500	0		3,500
12	Late Fees	25,471	18,500	0		18,500
13	Plan Check & Inspection	1,293	10,000	0		10,000
14	Miscellaneous Income	68,255	500	0		500
15	OPERATING	\$2,070,938	\$1,847,591	\$0		\$1,847,591
16						
17						
18						
19	FRANCHISE REVENUE					
20	FRANCHISE	79,860	82,587	0		\$82,587
21						
22						
23	TOTAL OPERATING	\$2,150,798	\$1,930,178	\$0		\$1,930,178
24						
25						
26	NON-OPERATING REVENUE					
27	Standby Charges	236,047	242,144	0		242,144
28	Property Tax	408,199	423,381	0		423,381
29	Interest	13,244	15,000	0		15,000
30	Connection Fees	82,559	70,580	0		70,580
31	TOTAL NON-OPERATING	\$740,048	\$751,105	\$0		\$751,105
32						
33						
34						
35	RESERVE REVENUE					
36	Capital Reserves	109,372	503,512	0	updated FYE	503,512
37	General Reserves	462,509	1,396,077	17,682	updated FYE	1,413,759
38	TOTAL RESERVE	\$571,881	\$1,899,589	\$17,682		\$1,917,271
39						
40						
41	TOTAL NON-OPERATING	\$1,311,930	\$2,650,694	\$17,682		\$2,668,376
42						
43						
44	TOTAL ALL REVENUE	\$3,462,727	\$4,580,872	\$17,682		\$4,598,554
45						
46						
47						
48						
49						
50						
51						
52						
53						
54						

	A	B	C	D	E	F
55	HERITAGE RANCH COMMUNITY SERVICES DISTRICT - CONSOLIDATED BUDGET					
56	2021/22 un-audited, Preliminary 2022/23, & Final 2022/23					
57						
58						
59						
60	OPERATING EXPENSES					
61						
62		Un-audited	Preliminary	Changes from		Final Budget
63	SALARIES AND BENEFITS	21/22	22/23	Preliminary	Notes	22/23
64	Salaries	760,235	908,749	5,001	updated info	913,750
65	Health Insurance	118,049	146,525	12,585	updated info	159,110
66	Health Insurance - Retiree	73,614	47,600	0		47,600
67	Pers Retirement	168,653	149,009	862	updated info	149,871
68	OPEB Funding/Transfer	0	28,306	0		28,306
69	Standby	12,862	13,200	0		13,200
70	Overtime	10,311	10,811	1	rounding	10,812
71	Workers Comp. Ins.	16,185	23,525	0		23,525
72	Directors' Fees	7,200	9,000	0		9,000
73	Medicare/FICA	11,941	13,110	72	updated info	13,182
74	Car Allowance	3,000	3,000	0		3,000
75	SUI/ETT	637	1,000	0		1,000
76	Uniforms	4,236	5,000	0		5,000
77	TOTAL SALARIES & BENEFITS	\$1,186,924	\$1,358,835	\$18,521		\$1,377,356
78						
79						
80						
81	UTILITIES					
82	Electricity	111,497	124,292	0		124,292
83	Propane	1,402	1,466	0		1,466
84	Water Purchase	23,114	23,114	0		23,114
85	Telephone/Internet	11,376	11,594	0		11,594
86	TOTAL UTILITIES	\$147,389	\$160,466	\$0		\$160,466
87						
88						
89						
90	MAINTENANCE & SUPPLIES					
91	Chemicals	66,467	79,000	0		79,000
92	Computer/Software	34,072	33,900	0		33,900
93	Equip. Rental/Lease	1,007	2,500	0		2,500
94	Fixed Equip.	112,364	187,000	0		187,000
95	Fuel & Oil	16,437	15,000	0		15,000
96	Lab Testing	55,138	59,000	0		59,000
97	Office Supplies	1,336	1,500	0		1,500
98	Parks & Recreation	0	0	0		0
99	Struct./Grnds.	8,625	14,940	0		14,940
100	Small Tools/Equip.	6,458	3,000	0		3,000
101	Supplies	5,660	4,500	0		4,500
102	Meters/Equip.	450	12,000	0		12,000
103	Vehicles	9,683	6,000	0		6,000
104	TOTAL MAINT. & SUP.	\$317,696	\$418,340	\$0		\$418,340
105						
106						
107						
108						
109						

	A	B	C	D	E	F
110	HERITAGE RANCH COMMUNITY SERVICES DISTRICT - CONSOLIDATED BUDGET					
111	2021/22 un-audited, Preliminary 2022/23, & Final 2022/23					
112						
113						
114						
115		Un-audited	Budget	Changes from		Final Budget
116	GENERAL & ADMINISTRATION	21/22	22/23	Preliminary	Notes	22/23
117	Ads./Advertising	1,382	1,500	0		1,500
118	Alarm/Answering Service	3,728	4,000	0		4,000
119	Audit	8,485	10,000	0		10,000
120	Bank Charges/Fees	5,707	1,000	0		1,000
121	Consulting/Engineering	7,744	10,000	0		10,000
122	Dues/Subscription	11,515	10,000	0		10,000
123	Elections	0	5,000	0		5,000
124	Insurance (Property/Liability)	36,042	39,330	0		39,330
125	LAFCO	6,269	6,930	0		6,930
126	Legal/Attorney	14,979	25,000	0		25,000
127	Licenses/Permits	25,945	29,000	0		29,000
128	Plan Check & Inspection	1,293	10,000	0		10,000
129	Postage/Billing	15,108	15,000	0		15,000
130	Professional Service	47,822	89,300	0		89,300
131	Tax Collection	6,158	6,200	0		6,200
132	Staff Training & Travel	410	12,000	0		12,000
133	Board Training & Travel	100	1,000	0		1,000
134	TOTAL G & A	\$192,688	\$275,260	\$0		\$275,260
135						
136						
137						
138	CAPITAL PROJECTS & EQUIPMENT					
139	Structures/Improvements	476,333	1,513,607	0		1,513,607
140	Equipment	95,317	155,000	0		155,000
141	TOTAL CAPITAL	\$571,650	\$1,668,607	\$0		\$1,668,607
142						
143						
144						
145	DEBT					
146	State Loan Payment - DWR	103,628	103,629	0		103,629
147	State Loan Payment Phase II - SRF	58,739	58,740	0		58,740
148	Western Alliance Lease-PVS	152,850	152,638	0		152,638
149	TOTAL DEBT	\$315,217	\$315,007	\$0		\$315,007
150						
151	FUNDED DEPRECIATION	\$288,000	\$288,000	\$0		\$288,000
152	UNFUNDED DEPRECIATION	\$0	\$0	\$0		\$0
153						
154						
155	TOTAL EXPENSE	\$3,019,564	\$4,484,516	\$18,521		\$4,503,037
156						
157	CAPACTIY CHARGES TRANSFER	\$82,559	\$70,580	\$0		\$70,580
158						
159	SOLID WASTE FEES TRANSFER	\$25,607	\$25,776	(\$839)	updated info	\$24,937
160			\$96,356			\$95,517
161						
162	FUND TOTAL	\$334,997	\$0	\$0		\$1

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors

FROM: Scott Duffield, General Manager

DATE: July 21, 2022

SUBJECT: Submittal for approval Resolution 22-10 adopting the Second Amendment and Restated Joint Powers Agreement with the San Luis Obispo County Integrated Waste Management Authority.

Recommendation

It is recommended that the Board of Directors approve Resolution 22-10 adopting the Second Amendment and Restated Joint Powers Agreement with the San Luis Obispo County Integrated Waste Management Authority (IWMA), and direct the Board President to sign.

Background

The IWMA was formed in 1994 for the purpose of facilitating the development of programs, services, and projects to meet the solid waste diversion requirements from Assembly Bill (AB) 939, the California Integrated Waste Management Act. The regional approach was determined to be the most cost-effective way to meet State's waste reduction goals. Over the years the IWMA has assisted participating agencies in meeting subsequent solid waste legislative requirements by developing programs and services and managing the mandated reporting to the State.

In November 2021, the County of San Luis Obispo officially withdrew from the IWMA.

Discussion

With the necessary reorganization of the IWMA, the remaining participating agencies drafted the attached Second Amended and Restated Joint Powers Agreement (Agreement) recognizing that a single regional agency remained advantageous to advise, plan for, and implement solutions to common solid waste and waste diversion efforts. The participating agencies also wanted to avoid a series of amendments to the Agreement over time due to future state-mandated legislation and programs, and as such, the parties desire to authorize the IWMA Board to enact policies, resolutions, and ordinances as are necessary to ensure and oversee compliance with any and all future state-mandated programs related to solid waste, recycling, waste diversion, and any other purpose of the IWMA as provided in the amended Agreement.

As part of the Agreement development process, the participating agencies wanted to make clear the limitations of the IWMA's powers. Therefore Section 7 states:

“SECTION 7. Expressed Limitation of Powers.

The Authority's power to adopt, impose, implement, and/or comply with regulations and ordinances is expressly limited to state-mandated legislation and regulations related to solid waste, recycling, organic waste, and waste diversion. The Authority shall establish a budget policy requiring Board consideration of the minimum work required to comply with state mandates and regulations in the most demonstrably cost-effective way possible. Said policy shall not preclude other requirements such as Board consideration of the equitable distribution of services throughout the IWMA Region and program enhancements that are funded by grant revenues and/or reimbursements from Participating Agencies. Additionally, the IWMA shall establish a purchasing policy with a similar provision when preparing scopes of work for consultants and independent contractors who are engaged in implementing the Authority's projects and programs. Notwithstanding the foregoing, all existing IWMA ordinances, rules, and regulations, whether or not mandated by the state, shall remain in full force and effect and not subject to this limitation of power unless otherwise determined by the Board.”

Fiscal Considerations

There are no direct costs currently associated with this item. The IWMA is funded by a combination of rates, fees, and other mechanisms including tipping fees at the county's various landfills, and fees paid for by each customer as part of the solid waste bill. Before raising their fees, the IWMA is required to provide the participating agencies all necessary information and data related to the increase.

The District is responsible for solid waste rate setting in our jurisdiction which would include the fee paid to the IWMA for the programs and services they provide to the community.

Results

Approval of the recommended action will provide for the District to remain a member of IWMA.

Attachments: Resolution 22-10

File: Solid Waste_IWMA JPA

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 22-10**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE HERITAGE RANCH
COMMUNITY SERVICES DISTRICT ADOPTING THE SECOND AMENDED AND
RESTATED JOINT POWERS AGREEMENT TO ESTABLISH AN INTEGRATED
WASTE MANAGEMENT AUTHORITY FOR THE CITIES OF SAN LUIS OBISPO
COUNTY, CALIFORNIA**

WHEREAS, on May 10, 1994, an agreement was executed by and between the incorporated cities of San Luis Obispo County (“Cities”) and the County of San Luis Obispo forming a joint powers authority pursuant to the provisions of the Joint Exercise of Powers Act (Government Code sections 6500 et seq.), for the purpose of facilitating the development of waste diversion programs and projects that provide economies of scale without interfering with individual agencies’ exercise of power within their own jurisdiction (hereinafter referred to as the “JPA Agreement”); and

WHEREAS, pursuant to the JPA Agreement, the power to perform the responsibilities of the joint powers authority was vested in the San Luis Obispo County Integrated Waste Management Authority Board of Directors (“IWMA Board”); and

WHEREAS, in or around 2001, a Memorandum of Agreement (“MOA”) was executed by and between the Cities, the County of San Luis Obispo, and certain special districts within San Luis Obispo County that possessed solid waste authority (“Authorized Districts”), amending the JPA Agreement to include the Authorized Districts for representation on the IWMA Board (also known as the First Amendment to the JPA Agreement); and

WHEREAS, in or around April 13, 2022, the IWMA Board considered and approved amendments to the JPA Agreement (“Second Amended and Restated JPA”), including those reflecting the withdrawal of San Luis Obispo County from the IWMA, and directed IWMA staff to circulate it to Participating Agencies for approval (a true and correct copy of the Second Amended and Restated JPA is attached hereto as Exhibit A); and

WHEREAS, the Second Amended and Restated JPA shall amend the JPA Agreement and shall be considered a Memorandum of Understanding between the Cities and the Authorized Districts to enable and allow one (1) representative of the Authorized Districts to participate in the governance of the IWMA as a member agency pursuant to Section 40977 of the Public Resource Code to represent the interests of all Authorized Districts; and

WHEREAS, all Authorized Districts are encouraged to execute the Second Amended and Restated JPA prior to October 15, 2022, or otherwise pursue means by which to achieve their waste diversion goals and to comply with the Integrated Waste Management Act, Assembly Bill 341, Assembly Bill 1826, Senate Bill 1383, and all current and future state-mandated laws, rules and regulations; and

WHEREAS, the Board of Directors of the Heritage Ranch Community Services District desires to acknowledge, accept, and agree to be bound by the terms and conditions of the Second Amended and Restated JPA.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED that the Board of Directors of the Heritage Ranch Community Services District acknowledges, accepts, and agrees to be bound by the terms and conditions of the Second Amended and Restated JPA.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Heritage Ranch Community Services District on the 21st day of July 2022, by the following roll call vote.

AYES:

NOES:

ABSTAIN:

ABSENT:

APPROVED: _____
Reginald Cousineau, President
Board of Directors

ATTEST: _____
Kristen Gelos, Secretary
Board of Directors

EXHIBIT "A"

**SECOND AMENDED AND RESTATED JOINT POWERS AGREEMENT TO
ESTABLISH AN INTEGRATED WASTE MANAGEMENT AUTHORITY FOR THE
CITIES OF SAN LUIS OBISPO COUNTY, CALIFORNIA**

JOINT POWERS AGREEMENT

**TO ESTABLISH AN
INTEGRATED WASTE MANAGEMENT AUTHORITY
FOR THE CITIES OF
SAN LUIS OBISPO COUNTY, CALIFORNIA**

SECOND AMENDED AND RESTATED JOINT POWERS AGREEMENT
TO ESTABLISH AN
INTEGRATED WASTE MANAGEMENT AUTHORITY
FOR THE CITIES OF SAN LUIS OBISPO COUNTY, CALIFORNIA

THIS SECOND AMENDED AND RESTATED JOINT POWERS AGREEMENT is made and entered into this ___ day of _____, 2022, by and between the incorporated cities of Arroyo Grande, Atascadero, El Paso de Robles, Grover Beach, Morro Bay, Pismo Beach, and San Luis Obispo, all being municipal corporations of the State of California and located within the boundaries of the County of San Luis Obispo California, hereinafter called “Cities.”

WHEREAS, on May 10, 1994, an agreement was executed by and between the Cities and the County of San Luis Obispo (“County”) forming a joint powers authority pursuant to the provisions of the Joint Exercise of Powers Act (Government Code section 6500 et seq., for the purpose of facilitating the development of waste diversion programs and projects that provide economies of scale without interfering with individual agencies’ exercise of power within their own jurisdiction (hereinafter referred to as the “Original JPA Agreement”); and

WHEREAS, pursuant to the Original JPA Agreement, the member agencies created and established a public entity identified as the San Luis Obispo County Integrated Waste Management Authority (“IWMA”); and

WHEREAS, in or around 2001, a Memorandum of Agreement (“MOA”) was executed by and between the Cities, the County, and certain special districts within the County (“Authorized Districts”) amending the Original JPA Agreement to include the Authorized Districts for representation on the IWMA Board; and

WHEREAS, on or about November 15, 2021, the County withdrew from the IWMA; and the Cities and Authorized Districts determined that a single regional agency remained advantageous to advise, plan for, and implement solutions to common solid waste and a waste diversion efforts; and

WHEREAS, the IWMA was originally formed to meet the requirements of the California Integrated Waste Management Act (California Public Resources

Code section 40000 et seq.) and all regulations adopted under that legislation require, among other things, that certain public agencies in California make adequate provision for solid waste management within their jurisdictions; and

WHEREAS, since the IWMA's formation, Assembly Bill 341 (Chesbro, 2011) (Recycling of Commercial Solid Waste ("MCR")) was signed into law and established requirements for jurisdictions to implement a commercial solid waste recycling program designed to divert commercial solid waste; and

WHEREAS, since the IWMA's formation, Assembly Bill 1826 (Chesbro, 2014) (Recycling of Commercial Organic Waste ("MORe")) was signed into law and established the requirement for jurisdictions to implement an organic waste recycling program to divert organic waste generated by businesses; and

WHEREAS, since the IWMA's formation, Senate Bill 1383 (Lara, 2016) was signed into law requiring jurisdictions to implement organic waste diversion programs that include providing organic waste collection services to businesses and residences, edible food recovery goals, public education and outreach, contamination monitoring and sampling activities, recordkeeping and reporting, organic materials and edible food recovery, infrastructure capacity planning, procurement of recovered organic waste products, and enforcement; and

WHEREAS, the Cities and Authorized Districts continue to believe that by combining their separate powers they can achieve their waste diversion goals and satisfy the requirements of the Integrated Waste Management Act and other legislation more effectively than if they exercise those powers separately; and

WHEREAS, the Cities affirm, that pursuant to this Second Amended and Restated Joint Powers Agreement, the IWMA remains a regional agency in accordance with Public Resources Code section 40970 et seq.; and

WHEREAS, pursuant to Section 40977, the Cities shall include one (1) Authorized District to be included as a member in the IWMA regional agency for the purpose of representation on the IWMA Board of Directors; and

WHEREAS, the Authorized District "member" may change from time to time; the current elected or appointed Authorized District representative shall represent the collective interests of all Authorized Districts; and

WHEREAS, this Second Amended and Restated Joint Powers Agreement shall be considered a Memorandum of Understanding between the Cities and the

Authorized Districts to enable and allow one (1) representative of the Authorized Districts to participate in the governance of the IWMA as a member agency pursuant to Section 40977 of the Public Resource Code to represent the interests of all Authorized Districts; and

WHEREAS, the Cities and the Authorized Districts (together “Participating Agencies”) desire to establish and confer upon a separate legal entity the powers necessary to enable them to achieve their waste diversion goals and to comply with the Integrated Waste Management Act, Assembly Bill 341, Assembly Bill 1826, Senate Bill 1383, and all current and future state-mandated laws, rules and regulations to the extent allowed by law and by the terms and conditions of this Second Amendment; and

WHEREAS, the Participating Agencies desire to avoid a series of amendments to the Agreement over time due to future state-mandated legislation and programs, and as such, the parties desire to authorize the IWMA Board to enact policies, resolutions, and ordinances as are necessary to ensure and oversee compliance with any and all future state-mandated programs related to solid waste, recycling, waste diversion, and any other purpose of the Authority as provided in this Agreement.

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

SECTION 1. Definitions.

To the extent that any of the following definitions conflict with any definition set forth in the California Integrated Waste Management Act, (Pub. Resources Code, § 40000 et seq.), and the Regulations promulgated thereunder, said Act and/or Regulations shall take priority. The terms defined in this Section that begin in this Agreement with quotation marks have the following meanings:

1.1 “Act” means the California Integrated Waste Management Act of 1989 (Pub. Resources Code, § 40000 et seq.) and all regulations adopted under

that legislation, as that legislation and those regulations may be amended from time to time.

1.2 “Agreement” means this Second Amended and Restated Joint Exercise of Powers Agreement, as it may be amended from time to time.

1.3 “Authority” means the San Luis Obispo County Integrated Waste Management Authority, a joint exercise of powers agency created by the Members pursuant to this Agreement.

1.4 “Authorized Districts” means certain special districts with solid waste authority participating in the IWMA through this Second Amended and Restated Joint Powers Agreement, including but not limited to the Avila Beach Community Services District, California Valley Community Services District, Cambria Community Services District, Cayucos Sanitary District, Ground Squirrel Hollow Community Services District, Heritage Ranch Community Services District, Los Osos Community Services District, Nipomo Community Services District, Oceano Community Services District, San Miguel Community Services District, San Simeon Community Services District, and Templeton Community Services District, or other qualified agencies that may later determine to become a Participating Agency by execution of this Agreement.

1.5 “Authorized District Representative” means the representative, or alternate, elected or appointed by the Authorized Districts to represent the Authorized Districts’ interests as a member of the IWMA regional agency pursuant to Section 40977 of the Public Resources Code.

1.6 “Board” means the Board of Directors of the Authority.

1.7 “CalRecycle” means the California Department of Resources Recycling and Recovery.

1.8 “City” means any Participating Agency that is a city, and “Cities” means all of the Participating Agencies that are Cities.

1.9 “Composting Facility” means a facility at which composting is conducted and which produces a product meeting the definition of compost in Public Resources Code (PRC) section 40116. (“Compost” means the product resulting from the controlled biological decomposition of organic wastes that are source separated from the municipal solid waste stream, or which are separated at a centralized facility. “Compost” includes vegetable, yard and wood wastes which are not hazardous waste, and biosolids where combined with other organic materials in a mixture that consists largely of decayed organic matter, and is used for fertilizing and conditioning land.)

1.10 “Executive Director” means the person hired and appointed by the Board as the Authority's chief administrative officer to administer the affairs of the Authority and to implement the policies of the Board.

1.11 “Fiscal Year” means the period commencing on each July 1 and ending on the following June 30.

1.12 “HHW” means household hazardous waste as described in the household hazardous waste element as required by the Act (Pub. Resources Code, § 40000 et seq.), as that element may be amended from time to time.

1.13 “HHWE” means the Household Hazardous Waste Element as required by the Act (Pub. Resources Code, § 40000 et seq.) as that element may be amended from time to time.

1.14 “IWMA” means the Authority as defined herein.

1.15 “IWMA Region” means the jurisdictional territory and boundaries of all Participating Agencies.

1.16 “Joint Facilities” means a materials recovery facility, composting or HHW Facility, or other facility developed for the purpose of complying with requirements established by state legislation or the regulations of CalRecycle, or combination thereof, which is owned by some or all of the Participating Agencies directly, or by the Authority, or by a private entity, or a public agency, for the benefit of some or all of the Participating Agencies.

1.17 “Members” means the Cities who are members of this regional agency, formed pursuant to Public Resources Code section 40970 et seq, and the one (1) Authorized District Representative pursuant to Public Resources Code section 40977. “MRF” means a “materials recovery facility” which means a permitted solid waste facility where solid wastes or recyclable materials are sorted or separated, by hand or by use of machinery, for the purposes of recycling or composting. (Title 14, Ch. 9, Art. 3, Section 18720, “Definitions.”) “MRF” also means a transfer station which is designed to, and, as a condition of its permit, shall recover for reuse or recycling at least 15 percent of the total volume of material received by the facility. (Pub. Resources Code, § 50000(a)(4).)

1.18 “Participating Agency” or “Participating Agencies” means and shall include the Cities and the Authorized Districts who are signatories to this Agreement, delegating powers to the Authority pursuant to this Agreement, and participating in the governance of the IWMA.

1.19 “NDFE” means a Nondisposal Facility Element as required by the Act (Pub. Resources Code, § 40000 et seq.), as that element may be amended from time to time.

1.20 “Revenue Bonds” means revenue bonds, notes, certificates of participation and any other instruments and evidences of indebtedness issued by

the Authority from time to time pursuant to the law or any other applicable law in order to finance the MRF, any Joint Facilities or any Sole Use Facilities.

1.21 “Sole Use Facilities” means an integrated resource recovery facility, performing one or more of the functions of a MRF, composting or HHW Facility which is located within the boundary of the Authority and is owned by one Participating Agency or a private entity, but in all events is operated for the benefit of the residents and/or constituents of the IWMA Region.

1.22 “Solid Waste Landfill” shall have the meaning set forth in Section 40195.1 of the Public Resources Code, as that section may be amended from time to time.

1.23 “SRRE” means a Source Reduction And Recycling Element as required by the Act (Pub. Resources Code, § 40000 et seq.), as that element may be amended from time to time.

SECTION 2. Purpose.

Government Code section 6500 et seq. provides that two or more public agencies by agreement may jointly exercise any power common to the contracting parties. Public Resources Code section 40977 authorizes a district to be included as a member of a regional agency. Public Resources Code section 40976 authorizes a city or county to enter into a memorandum of understanding with another city, county, or district for the purpose of preparing and implementing source reduction and recycling elements or a countywide integrated waste management plan. It is the intent of the Participating Agencies to utilize these statutory authorizations in this Agreement.

The Participating Agencies enter this Agreement with the intent to operate the Authority in compliance with the requirements of the Act and other state legislation, with a minimum level of staff, addressing those operations and programs that can be most cost-effectively handled at the regional level by maximizing local resources, private sector participation, and contract services provision. The duties and responsibilities of each Participating Agency are described in the applicable adopted plans. The Authority is formed with the purpose and intent of facilitating the development of programs and projects related to waste diversion for the benefits of the residents and/or constituents of the IWMA Region that provide economies of scale without interfering with individual agencies' exercise of power within their own jurisdiction.

SECTION 3. Creation of Authority.

3.1 The Cities hereby re-create and re-establish an authority and public entity to continue to be known as the “San Luis Obispo County Integrated Waste Management Authority,” (hereinafter referred to as the “Authority” or “IWMA”) it being understood that the Board shall be entitled to change the Authority's name from time to time. The Authority shall be a public entity separate from each of the Cities and the Authorized Districts.

3.2 The Authority shall constitute and remain as a regional agency pursuant to Public Resources Code section 40970 et seq. The regional agency shall include one (1) Authorized District Representative as a member pursuant to Public Resources Code section 40977. Said regional agency, and not the Participating Agencies of the regional agency, shall be responsible for compliance with the waste diversion requirements set forth in Public Resources Code, Article 1 of

Chapter 6 (commencing with Section 41780). In the event that the regional agency fails to comply with said waste diversion requirements, it is expressly understood and agreed that Section 14 of this Agreement shall provide for indemnification for the benefit of the regional agency and its Participating Agencies as specifically set forth therein.

3.3 The assets, rights, debts, liabilities, and obligations of the Authority shall not constitute assets, rights, debts, liabilities, or obligations of any of the Participating Agencies. However, nothing in this Agreement shall prevent any Participating Agency from separately contracting for, or assuming responsibility for, specific debts, liabilities, or obligations of the Authority, provided that both the Board and that Participating Agency approve such contract or assumption in writing.

3.4 This Second Amended and Restated Joint Powers Agreement shall take effect upon its adoption by each of the Cities. The Authorized Districts, and each of them, may elect to participate in the IWMA by execution of this agreement wherein they shall be bound by its terms and conditions. All prior agreements, including the MOA, shall be extinguished upon the execution of this Agreement by the Cities.

SECTION 4. Inclusion of the Authorized Districts.

4.1 This Second Amended and Restated Joint Powers Agreement shall be considered a Memorandum of Understanding between the Cities and the Authorized Districts to allow one (1) representatives of the Authorized Districts to participate in the governance of the IWMA pursuant to Section 40977 of the Public Resources Code. Participation of the Authorized Districts is limited to special

districts within San Luis Obispo County that possess solid waste authority. The Authorized District Representative shall have all the governing rights and powers granted to an IWMA City Member. This Second Amended and Restated Joint Powers Agreement shall supersede, replace, and supplant the Memorandum of Agreement executed by and between the Cities, the County, and the Authorized Districts in or around 2001.

4.2 Authorized Districts, collectively, shall appoint or elect one representative and one alternate to represent the Authorized Districts on the IWMA Board of Directors. Authorized District Representative shall be limited to elected or appointed officials of an Authorized District. Said representatives shall represent the collective interests of all Authorized Districts. The selected Authorized District Representative shall serve a defined term, if so determined by the Authorized Districts, or so long as they hold an elected or appointed office with their Participating Agency, or until they resign or are removed prior to the end of their term. The Authorized District Representative alternate shall be entitled to vote on IWMA matters only in the absence of the Authorized District Representative.

4.3 The Authorized Districts, as Participating Agencies, shall have no individual powers and/or authority other than through the Authorized District Representative.

SECTION 5. Term.

The Authority is and remains effective as of the date of this Agreement. It shall continue until dissolved in accordance with Section 15 of this Agreement. However, in no event shall the Authority be dissolved if its dissolution would

conflict with or violate the terms or conditions of any Revenue Bonds or related documentation including, without limitation, indentures, resolutions, and letter of credit agreements.

SECTION 6. Powers.

6.1 The Authority is empowered to acquire, construct, finance, refinance, operate, regulate and maintain a Solid Waste Landfill, transfer station, MRF, composting, HHW, or Joint Facilities and Sole Use Facilities subject, however, to the conditions and restrictions contained in this Agreement. The Authority shall also have the power to plan, study and recommend proper solid waste management consistent with the Act and other legislation and, to the extent permitted by the Act and this Agreement, implement plans approved by the IWMA and the programs specified in the state approved and locally adopted SRREs, the HHWE, the NDFE, and the Countywide or Regional Siting Element for all or any portion of the area included within the IWMA Region. Notwithstanding any other provisions of this Agreement, the Authority shall not acquire, regulate, set fees for, or operate any solid waste landfills, recycling, or composting facilities owned or operated by Participating Agencies without the express written consent of such Participating Agency.

6.2 To the full extent permitted by applicable law, the Authority is authorized, in its own name, to do all acts necessary or convenient for the exercise of such powers that each Member could exercise separately including, without limitation, any and all of the following:

- (a) to make and enter into contracts;
- (b) to apply for and accept grants, advances and contributions;

- (c) to contract for the services of engineers, attorneys, accountants, planners, consultants, fiscal agents and other persons and entities;
- (d) to make plans and conduct studies;
- (e) to acquire, improve, hold, lease and dispose of real and personal property of all types;
- (f) to sue and be sued in its own name;
- (g) to incur and discharge debts, liabilities and obligations;
- (h) to establish rates, tolls, tipping fees, other fees, rentals and other charges in connection with the Authority's facilities identified in Paragraph 6.1 herein, as well as any and all services and programs provided and/or implemented by the Authority;
- (i) to hire agents and employees;
- (j) to exercise the power of eminent domain for the acquisition of real and personal property;
- (k) to issue Revenue Bonds, grant or bond anticipation notes, or other governmental financing instruments, in accordance with all applicable laws for the purpose of raising funds to finance or refinance the acquisition, construction, improvement, renovation, repair, operation, regulation or maintenance of the facilities identified in Paragraph 6.1 herein or as otherwise deemed necessary or beneficial to the Authority;

- (l) to sell or lease the facilities identified in Paragraph 6.1 herein;
- (m) to loan the proceeds of Revenue Bonds to any person or entity to finance or refinance the acquisition, construction, improvement, renovation or repair of the facilities identified in Paragraph 6.1 herein;
- (n) to provide that the holders of Revenue Bonds, whether directly or through a representative such as an indenture trustee, be third party beneficiaries of any of the obligations of any Member to the Authority and to covenant with the holders of any Revenue Bonds on behalf of any such Member to perform such obligations and comply with any agreements that Member may have with the Authority;
- (o) to prepare and implement plans and programs as deemed necessary and/or beneficial to the Authority in carrying out the purposes of this Agreement;
- (p) to provide public education, outreach, and marketing activities in support of diversion and edible food recovery programs;
- (q) to enter into memorandums of understanding with other regional agencies, cities, counties, and special districts;
- (r) to adopt, as authorized by California law, ordinances as are necessary to ensure and oversee compliance with any and all current and future state-mandated legislation and

programs related to solid waste, recycling, and waste diversion;

- (s) to act as the delegate, on behalf of the Participating Agencies, for the responsibilities of compliance, monitoring, reporting, and education of all state-mandated legislation, including, but not limited to the Integrated Waste Management Act, Assembly Bill 341, Assembly Bill 1826, and Senate Bill 1383.

6.3 Such powers shall be exercised subject only to the limitations set forth in this Agreement, applicable law, and such restrictions upon the manner of exercising such powers as are imposed by law in the exercise of similar powers. The Authority hereby designates the City of San Luis Obispo as the Member required to be designated by Section 6509 of the California Government Code. Should the Participating Agencies desire to designate an alternative agency for the purposes of Section 6509, such new designation may be changed by resolution of the Participating Agencies without need for an amendment to this Agreement.

6.4 This Agreement shall not limit the ability of the Participating Agencies to plan, administer, implement, and otherwise conduct waste management and other related local programs as deemed appropriate by the agency and consistent with the purpose and intent of this Agreement.

SECTION 7. Expressed Limitation of Powers.

The Authority's power to adopt, impose, implement, and/or comply with regulations and ordinances is expressly limited to state-mandated legislation and

regulations related to solid waste, recycling, organic waste, and waste diversion. The Authority shall establish a budget policy requiring Board consideration of the minimum work required to comply with state mandates and regulations in the most demonstrably cost-effective way possible. Said policy shall not preclude other requirements such as Board consideration of the equitable distribution of services throughout the IWMA Region and program enhancements that are funded by grant revenues and/or reimbursements from Participating Agencies. Additionally, the IWMA shall establish a purchasing policy with a similar provision when preparing scopes of work for consultants and independent contractors who are engaged in implementing the Authority's projects and programs. Notwithstanding the foregoing, all existing IWMA ordinances, rules, and regulations, whether or not mandated by the state, shall remain in full force and effect and not subject to this limitation of power unless otherwise determined by the Board.

SECTION 8. Boundaries.

The boundaries of the Authority shall be the boundaries of the Cities and the Authorized Districts identified herein as the IWMA Region. In the event a Participating Agency withdraws from the Authority, the boundaries shall be modified to exclude the area of the withdrawing agency. In the event a qualified city or district joins the Authority, the boundaries shall be modified to include the area of the joining Participating Agency. Section 8 shall not prevent the Authority's use and/or operation of facilities outside of its boundaries within the County of San Luis Obispo.

SECTION 9. Organization.

9.1 The Board. The Authority shall be governed by the Board, which shall exercise or oversee the exercise of all powers and authority on behalf of the Authority.

9.2 Participating Agencies.

- (a) Cities. City membership in the Authority shall be voluntary, but only the cities incorporated in the County of San Luis Obispo presently or in the future, are declared eligible for membership in the Authority as a regional agency. City representatives to the Authority shall consist of one (1) member from the governing body of each incorporated City within the boundaries of the County of San Luis Obispo which is a party to this Agreement. The Cities may elect to have an alternate member(s) in addition to any official member, but said alternate shall be an elected or appointed official and shall be able to vote only in the absence of the official representative.
- (b) Authorized Districts. The Authorized Districts shall be collectively represented on the Board by one (1) representative and one (1) alternate elected or appointed by and among themselves. The Authorized District Representative shall have all rights, power, and authority granted to a City representative. The Authorized District alternate shall be elected or

appointed officials and entitled to vote only in the absence of the official Authorized District Representative.

- (c) Representatives of the shall be appointed to serve on the Board in accordance with procedures established by each of the governing bodies of their respective agencies, except that the Authorized District Representative and alternate shall be elected or appointed pursuant to Section 4. Representatives shall serve so long as they hold office with their member agency, until they shall resign or are removed by a majority vote of their member agency, or pursuant to a set term established by their member agency. Vacancies among representatives or alternates shall be filled in the same manner as the first appointment.
- (d) Designation of the official representative or alternate(s), or changes thereto, shall be transmitted in writing to the Executive Director of the Authority by the appointing agency.
- (e) In addition to the incorporated Cities and Authorized Districts presently a party to this Agreement, any other city or qualified special district which may desire to participate in the activities of the Authority may do so by executing this Agreement without prior

approval or ratification of the named parties to this Agreement and shall thereafter be governed by all the terms and provisions of this Agreement as of the date of execution.

- (f) Membership and/or participation of any Participating Agency shall be contingent upon the execution of this Second Amended and Restated Joint Powers Agreement, as same may be further amended from time to time, with no requirement to execute the Original JPA or any prior amendments thereto.

9.3 Principal Office. The principal office of the Authority shall be located at 870 Osos Street, San Luis Obispo, CA 93401. The Board may change that principal office upon giving at least 15 days' notice to each Participating Agency and to CalRecycle.

9.4 Officers.

- (a) The officers of the Board shall consist of a President and Vice President elected for a term of one year by a majority vote of the Board.
- (b) Both the President and Vice President of the Board shall be elected at the last meeting preceding July of each year.
- (c) The officers shall serve until their successors are elected.
- (d) The duties of the officers shall be as follows:
 - 1) President

- a) Shall preside over all meetings of the Board.
 - b) Shall appoint all ad hoc committees subject to ratification by the Board.
 - c) Shall be an ex-officio member of all committees.
 - d) Shall execute all contracts and legal documents on behalf of the Authority except those that have been delegated to the Executive Director through purchasing policies or other actions of the Board of Directors.
- 2) Vice President
- a) Shall serve as President pro-tem in the absence of the President.
 - b) Shall give whatever aid necessary to the President.
 - c) Shall be an ex-officio member of all committees.
 - d) In the event of a vacancy occurring in the office of either the President or Vice President upon said officer's death, resignation, removal or his/her ceasing to be an official representative of a member agency, such vacancy will be

filled by majority vote of the Board, the officer elected to serve for the balance of the unexpired term.

9.5 Executive Director. The Board shall employ or contract for the services of a general manager (the “Executive Director”) who shall be the chief administrative officer of the Authority. The Authority shall select a qualified Executive Director using professional personnel standards and an open competitive process. The Executive Director shall plan, organize and direct the administration and operations of the Authority, either directly or by means of delegation to IWMA staff, shall advise the Board on policy matters, shall recommend an administrative structure to the Board, shall hire and discharge administrative staff, shall develop and recommend budgets, shall reply to communications on behalf of the Authority, shall approve payments of amounts duly authorized by the Board, shall implement Board policy, shall carry out such other duties that may be assigned to the Executive Director by the Board from time to time, and shall attend meetings of the Board and committees as directed.

9.6 Committees.

- (a) Committees, subcommittees, and advisory committees may be established as the Board may deem appropriate.
- (b) Membership on “ad-hoc” policy committees shall be at the discretion of the President, subject to ratification by the Board, and consisting of less than a quorum of the Board. Nothing herein shall be construed to limit membership on these aforesaid

committees to officials of the member agencies. The President may appoint any individual deemed qualified to serve on a committee.

- (c) Standing Committees shall include an Executive Committee and other committees as established by the Board. The composition and bylaws of the standing committees shall be established by the Board by resolution. All Standing Committee meetings shall be held subject to the provisions of the Ralph M. Brown Act (Sections 54950 et seq. of the California Government Code) and other applicable laws of the State of California.

SECTION 10. Meetings of the Board.

10.1 Notice of Meetings. All meetings of the Board shall be held subject to the provisions of the Ralph M. Brown Act (Sections 54950 et seq. of the California Government Code) and other applicable laws of the State of California.

10.2 Regular Meetings. The Board shall hold at least four regular meetings each year. The date upon which, and the hour and place at which, each regular meeting shall be fixed by resolution of the Board.

10.3 Special Meetings. Special meetings of the Board may be called in accordance with the provisions of the California Government Code.

10.4 Notice of Meetings. All meetings of the Board shall be held subject to the provisions of the Ralph M. Brown Act (Sections 54950 et seq. of the California Government Code) and other applicable laws of the State of California.

10.5 Minutes. The Executive Director shall cause minutes of all meetings of the Board and any standing committees of the Board to be kept and shall, after each meeting and approval of the Board, cause a copy of the minutes to be forwarded to each Participating Agency.

10.6 Quorum and Voting. For purposes of conducting business, there shall be present a quorum consisting of a majority of the Board. Each director shall have one vote. No action shall be effective without the affirmative votes of a majority of those present. The Board shall adopt such procedures as are consistent with this Agreement and applicable law and are necessary or helpful in conducting the business of the Authority in an orderly manner.

10.7 Budget. The Cities and the County have entered into a *Memorandum of Agreement among the County of San Luis Obispo and the Cities of Arroyo Grande, Atascadero, El Paso de Robles, Grover Beach, Morro Bay, Pismo Beach, and San Luis Obispo for the Establishment and Payment of Landfill Tipping Fee Surcharges To Support The San Luis Obispo Integrated Waste Management Authority* (the “MOA”). Pursuant to the MOA, those members of the Authority having jurisdiction over such matters have agreed to establish tipping fee surcharges (the “Tipping Fee Surcharges”) which shall be paid into a Solid Waste Authority—Trust Fund (as defined in the MOA) for the purposes therein.

- (a) A line item and program budget for the Authority's operations shall be adopted by the Board for the ensuing Fiscal Year prior to June 30 of each year. All costs incurred by the Authority shall be set forth in the budget and shall be paid out of the solid waste

fund derived from tipping fee surcharges and other sources as approved by the Board.

The line item and program budget shall be submitted in draft form to all Participating Agencies for review and comment prior to adoption.

The line item and program budget shall include sufficient detail to constitute an operating guideline, the anticipated sources of funds, and the anticipated expenditures to be made for the operations of the Authority and the administration, maintenance and operating costs of the facilities identified in Paragraph 6.1 herein. Any budget for Sole Use Facilities shall be maintained separately. Approval of the line item and program budget by the Board shall constitute authority for the Executive Director to expend funds for the purposes outlined in the approved budget, subject to the availability of funds.

- (b) A budget for the acquisition, construction, or operation of facilities, or for contracting for the acquisition, construction, or operation of facilities, identified in Paragraph 6.1 herein shall be adopted by the Board before the Authority commits any acquisition or construction funds or contracts. It may be amended if and when determined by the

Board. Approval of the budget(s) for the facilities identified in Paragraph 6.1 herein shall constitute authority for the Executive Director (or any trustee or other fiduciary appointed by the Authority) to receive state or federal grant funds and proceeds of Revenue Bonds and to expend funds for the acquisition, construction, or operation of the facilities identified in Paragraph 6.1 herein.

- (c) A budget(s) governing the acquisition, construction, or operation of Sole Use Facilities may be adopted by the affected Participating Agency or Agencies. When such budgets are adopted by affected parties, appropriate accounts shall be established by the Authority and designated as such participant or participant's fund. Disbursement of such funds by the Authority shall be made only upon receipt of written authorization from the designated finance officer of the affected Participating Agency or Agencies. Receipts and disbursements for the acquisition or construction of Sole Use Facilities may also be made directly by the affected Participating Agency or Agencies, in which case such budgets shall not be a part of the budget of the Authority.

10.8 Rules of Procedure. The Board shall from time to time, establish written rules and procedures for the conduct of their meetings.

SECTION 11. Joint Operating Fund and Contributions.

The Authority shall have the power to establish a joint operating fund. The fund shall be used to pay all administrative, operating, and other expenses incurred by the Authority. Funding shall be on an enterprise basis or as determined by the Board. All monies in the joint operating fund shall be paid out by the Auditor-Controller / Treasurer for the purposes for which the fund was created upon authorization by the President of the Board and approval by the Executive Director of demands for payment, or as otherwise authorized by resolution of the Board filed with the Auditor-Controller / Treasurer. No Participating Agency shall be obligated to make any contributions of funds to the Authority for facilities to be established in accordance with Section 6.1 or pay any other amounts on behalf of the Authority, other than as required by this Section 11, without that Participating Agency's consent evidenced by a written instrument signed by a duly authorized representative of that Participating Agency. The Authority shall contract with an independent certified professional accountant to conduct annual fiscal audits as required by applicable statute or legislation and report the results of such audit to the Board.

11.1 Auditor-Controller / Treasurer. The Auditor-Controller / Treasurer of San Luis Obispo County shall be the Auditor-Controller / Treasurer of the Authority. The Auditor-Controller / Treasurer shall preform all responsibilities and obligations as provided in Government Code section 6505.5. To the extent a conflict exists between this Section 11 and the Government Code, the Government Code shall control.

11.2 Notwithstanding Sections 11.1 above, designation of the Auditor-Controller / Treasurer may be changed from time to time by resolution of the Board without necessitating amendment to this Agreement.

SECTION 12. Records and Accounts.

This Section and Section 11 are intended to ensure strict accountability of all funds of the Authority and to provide accurate reporting of receipts and disbursements of such funds. The Authority shall maintain accurate and correct books of account, showing in detail the costs and expenses of any service or acquisition and construction and the maintenance, operation, regulation and administration of any service or Joint Facilities or Sole Use Facilities, and all financial transactions of the Participating Agencies relating to any service or Joint Facilities or Sole Use Facilities. Books and records shall be established and maintained in accordance with generally accepted accounting principles promulgated by the California State Controller's Office and the Governmental Accounting Standards Board. The books of account shall correctly show any receipts and any costs, expenses, or charges to be paid by all or any of the Participating Agencies. The books of account shall be open to inspection at all times by a representative or agent of any of the Participating Agencies. In addition, if required by any resolution authorizing the issuance of Revenue Bonds, the Authority shall maintain appropriate books, records, accounts and files relating to each project as required by such resolution which shall be open to inspection by holders of Revenue Bonds if and to the extent, and in the manner, provided in the resolution.

SECTION 13. Rates and Fees.

The Authority shall be funded by a combination of rates, fees, and other funding mechanisms as allowed by applicable authority. Use of revenue from rates and fees shall not be restricted based upon the funding mechanism. The Authority shall establish and regulate rates and/or tipping fees at facilities within the County of San Luis Obispo, such as landfills or other collection sites, for (1) the operation, acquisition, construction, repair, and maintenance of new and existing facilities; (2) the implementation of state legislation and regulations; (3) the operation of programs, education, outreach, monitoring and enforcement efforts; and (4) the preparation, adoption, and implementation a regional management plan.

The Authority may impose fees in amounts sufficient for (1) the implementation of state legislation and supporting programs; (2) education outreach, monitoring, reporting and compliance efforts; (3) the preparation, adoption, and implementation of a regional management plan; and (4) any other purposes as provided for by this Agreement. Revenue generation may include fees imposed on “Haulers” (defined as companies with an agreement with a governmental entity for the collection of solid waste, recyclables, or green waste in San Luis Obispo County), assessments, or any other funding mechanism as allowed by applicable authority. Rates and fees shall be set or modified by resolution only.

Prior to the Authority increasing rates or fees, or imposing new rates or fees, the Authority shall provide the Participating Agencies with all necessary facts, data, information and analyses related to justification and/or explanation of the proposed rates and fees that meet all applicable legal requirements to support their adoption. The Authority shall coordinate with the Participating Agency

managers in this regard to ensure the facts, data, information and analyses provided by the Authority is adequate to enable the Participating Agencies to implement the Authority's proposed rates and fees through the Proposition 218 process, if deemed applicable to a Participating Agency by that Agency; however, determinations regarding the application of Proposition 218 to any proposed increased rate or fee shall be made solely by each Participating Agency with no Authority representations of any kind.

The Authority shall establish a rate and/or fee setting policy which shall govern the obligations of the Authority to its Participating Agencies in the implementation of any new or increased rates or fees.

SECTION 14. Failure to Meet Waste Stream Requirements.

The Authority shall be entitled to cause the waste streams of each Participating Agency to be monitored, pursuant to procedures approved by the Board, in order to determine whether state waste diversion requirements are being met. If the waste stream diversion of any Participating Agency fails to meet any such requirements, including but not limited to taking all actions necessary to comply with state mandates, that Participating Agency shall be solely responsible for any and all resulting liabilities, damages, fines, criminal and civil sanctions, and costs and expenses. That Participating Agency shall also indemnify and hold the Authority and the other Participating Agencies harmless from and against any and all liabilities, damages, fines, sanctions, costs and expenses that are incurred as a result of the violation or a claimed violation including, without limitation, all fees and costs of legal counsel. If two or more Participating Agencies are responsible

for a failure to meet any such requirements or are claimed to have violated any such requirements, the Participating Agencies responsible for the violations or which are the subject of such claims shall be responsible to, and shall indemnify, the Authority and the other Participating Agencies in proportion to their relative responsibility for the violations or claimed violations. Upon notification of any such violation or claim, the Participating Agency or Agencies shall take such prompt, corrective action as is necessary to meet the requirements. Nothing in this Section shall preclude one or more Participating Agencies or the Authority from imposing or establishing additional incentives to meet waste diversion requirements.

SECTION 15. Withdrawal and Dissolution.

15.1 The parties to this Agreement pledge full cooperation and agree to assign representatives to serve as official appointed representatives of the Authority or any committee or subcommittee thereof who shall act for and on behalf of their Participating Agency in any or all matters which shall come before the Authority, subject to any necessary approval of their acts by the governing bodies of the Participating Agencies.

15.2 Any party to this Agreement may withdraw from the Authority, upon providing six (6) months' prior written notice, and terminate its participation in this Agreement by resolution of its governing body. The withdrawal of the Participating Agency shall have no effect on the continuance of this Agreement among the remaining Participating Agencies, and the Agreement shall remain in full force and effect with respect to the remaining Participating Agencies. No

withdrawal shall become effective until six (6) months after receipt of the written notice by the Authority.

15.3 A Participating Agency which has withdrawn from the Authority shall not be liable for the payment of further contributions falling due beyond the date of withdrawal and shall have no right to reimbursement of any monies previously paid to the Authority. The Authority may authorize a reimbursement if in its judgment such reimbursement is fair and equitable and can be done without jeopardy to the operation of the Authority. If any Participating Agency fails to pay a required contribution, as determined by the Board, that Participating Agency shall be provided with a sixty (60) day written notice and an opportunity to cure. If the Board determines that the Participating Agency has failed to cure or negotiate a cure within sixty (60) days following delivery of the written notice shall be deemed a voluntary withdrawal from the Authority.

15.4 The Authority may be dissolved at any time and this Agreement terminated by a joint agreement duly-approved and executed by a majority of the Members which are parties hereto. Said termination agreement shall provide for the orderly payment of all outstanding debts and obligations and for the return of any surplus funds of the Authority in proportion to the contributions made by the Participating Agencies. In the event the Authority is dissolved, the individual Participating Agencies shall be responsible for complying with the requirements of the Act as included in the approved SRREs, HHWE, NDFE, Countywide or Regional Siting Element and Integrated Waste Management Plan in addition to compliance with all waste management related legislation.

SECTION 16. Amendments Including Termination.

This Agreement may only be amended or terminated by a written instrument executed by a majority of the Members and meeting the requirements imposed by the terms or conditions of all Revenue Bonds and related documentation including, without limitation, indentures, resolutions, and letter of credit agreements. Notwithstanding the foregoing, no amendment or termination shall require any Participating Agency to contribute any funds to the Authority or become directly or contingently liable for any debts, liabilities or obligations of the Authority without the consent of that agency evidenced in a written instrument signed by a duly authorized representative of that Participating Agency.

SECTION 17. Filing with the Secretary of State.

The Secretary shall file all required notices with the Secretary of State in accordance with California Government Code sections 6503.5 and 53051

SECTION 18. Notices.

All notices which any Participating Agency of the Authority may wish to give in connection with this Agreement shall be in writing and shall be served by personal delivery, by electronic mail, or by US mail addressed to the Participating Agency, or Participating Agencies, or the Authority at its principal office, or to such other address as the Authority or Participating Agency or Participating Agencies may designate from time to time by written notice given in the manner specified in this Section. Service of notice pursuant to this Section shall be deemed complete on the day of service by personal delivery (but 24 hours after such delivery in the case

of notices of special meetings of the Board), two days after mailing if deposited in the United States mail, or in 24 hours if provided by electronic mail.

SECTION 19. Successors and Assigns.

This Agreement shall be binding upon and shall inure to the benefit of the permitted successors and assigns of the Participating Agencies. However, no Participating Agency shall assign any of its rights under this Agreement except to a duly formed public entity organized and existing under the laws of the State of California approved by a majority of the voting Directors who do not represent the assigning Participating Agency. No assignment shall be effective unless and until the Authority, the Participating Agencies, and the proposed assignee comply with all then applicable requirements of law relating to changes in the composition of entities such as the Authority if and when they have Revenue Bonds outstanding and with the terms and conditions of all Revenue Bonds and related documentation including, without limitation, indentures, resolutions and letter of credit agreements.

SECTION 20. Severability.

Should any part, term, sentence, or provision of this Agreement be decided by a final judgment of a court or arbitrator to be illegal or in conflict with any law of the State of California or otherwise be unenforceable or ineffectual, the validity of its remaining parts, terms, sentences, and provisions shall not be affected and the Participating Agencies represent that they would have adopted this Agreement even without the ineffectual or non-valid provision(s).

SECTION 21. Section Headings.

All section headings contained in this Agreement are for convenience and reference. They are not intended to define or limit the scope of any provision of this Agreement.

SECTION 22. Effective Date.

This Agreement shall take effect upon its execution by all Members, pursuant to resolutions of such governing bodies authorizing such execution and shall remain in full force and effect until dissolved pursuant to the provisions herein. This Agreement may be executed in counterparts which together shall constitute a single agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first hereinabove written.

PARTICIPATING AGENCIES

CITIES	AUTHORIZED DISTRICTS
Arroyo Grande Atascadero El Paso de Robles Grover Beach Morro Bay Pismo Beach San Luis Obispo	Avila Beach CSD California Valley CSD Cambria CSD Cayucos Sanitary District Ground Squirrel Hollow CSD Heritage Ranch CSD Los Osos CSD Nipomo CSD Oceano CSD San Miguel CSD San Simeon CSD Templeton CSD

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors

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

DATE: July 21, 2022

SUBJECT: Request to receive and review a proposed 5-year Capital Improvement Program and provide direction to staff.

Recommendation

It is recommended that the Board receive and review a proposed 5-year Capital Improvement Program (CIP) and provide direction to Staff.

Background

Annually, the Board approves a Budget. The Budget is for day-to-day activities associated with water and sewer operations and is funded with annual revenues. The CIP differs from the budget in that it is for improvements to the District's facilities and may be funded by revenues, reserves and/or debt.

Capital Improvement Projects from the previous 5-year CIP (2017) included the photovoltaic systems at both plants, the new vertical intake, etc. The 2017 CIP included thirteen total projects (five for the water system and eight for the sewer system.) Seven of these projects were completed, three have been incorporated into the upcoming WRRF project, and three have been moved to the new 2022 CIP.

Discussion

The attached CIP report is the product of months of review by Staff in order to determine what the key water and sewer projects over the next five years will be. The project cost information will be shared with the District's rate study consultant for incorporation into the rate study. If certain project costs are not included in the rate study, they will need to be funded either through reserves or New Development.

The new Water Resource Recovery Facility (WRRF) project makes up a large portion of the proposed sewer improvement projects, with some renovations to existing sewer lift stations also being included in the CIP. The WRRF project will be funded by debt, while the lift station projects are proposed to be funded by reserves and annual revenues. Most

of the water-related projects are also proposed to be funded via reserves and annual revenues. The only water project currently on the CIP that may require debt acquisition would be the yet-to-be-determined project to control the disinfectant byproduct (DBP) issue. As it is an iterative process to “solve” the DBPs, we don’t yet know what (if any) additional capital project(s) will be required. For now we have included a DBP-related project in the CIP as a placeholder for inclusion in the rate study.

The proposed five-year CIP for water and wastewater is a planning document so that staff can plan ahead as much as possible. An alternative to this approach would be to prepare and construct projects on a year by year basis as they arise. This would result in changes to user and/or development fees every year to fund them, or funded by reserves, and would limit the flexibility of the District to address unforeseen issues with the systems.

Typically, a CIP includes five steps, listed below. We are currently at Step 2. The task before your Board is to review this proposed CIP and either approve it for inclusion in the rate study or request revisions for future approval (and inclusion in the rate study). The approval of this CIP is not the approval of any or all of the individual projects within it (or their associated scopes and budgets.) This plan will likely go through further review and scope/budget changes as the rate study and budgetary process moves along.

Capital Improvement Process Steps for a Successful Program

1. Plan
 - What do we want/need to do?
 - General scope
 - General location
 - Budgetary cost (+/-35%)
 - Environmental review/compliance requirements?

2. Program
 - How will we fund the project?
 - When will we need to fund the project?

3. Design
 - Plans, specifications, bid documents
 - Engineer’s Estimate of Probable Cost
 - Permitting

4. Construct
 - Bid process
 - Contractor selection
 - Construct the project
 - Commission the project

5. Maintain
 - Determine operation/maintenance requirements

- Staffing adjustments (quantity, certification level, etc.)
- In-house, contract or both?
- Costs?

Fiscal Considerations

Public agencies may choose to fund at least a portion of their CIP from annual revenues and/or reserves. Larger capital improvements usually require funding via the acquisition of debt. The debt service for these projects requires annual payments, but it allows the agency to spread the cost of the projects out over a larger timeframe, which lessens the impacts to rates and the annual operating budget. Past projects that the District has funded through debt acquisition include the photovoltaic systems at both plants, the plate settler at the WTP and the original WTP and pump station projects.

Some of the costs associated with some capital improvements can be connected to New Development, either via requiring the new development to perform the improvements as part of their construction or via capacity charges at the time of development. The developer funds all costs associated with any additions to the system that they are actually building (e.g. new lift station, new water and sewer mains, etc.) The customer costs can be covered via adopted cost share ordinances, during the will serve process negotiations with the District, or by the future homeowner via capacity charges.

The timeline for capital improvement projects that are to be funded by New Development and future homeowners is critical, as the projects will depend on when the developments will occur. Currently, there are 1,971 paid residential water service connections and 1,782 paid sewer connections. With very little commercial development, only residential development is considered in future growth determinations (for capacity and connection fees). Complete water build-out is currently 2,900 connections, meaning that 68 percent of the system is developed, with 32 percent remaining for future development. Complete sewer build-out is currently 2,694 connections, meaning that 66 percent of the system is developed, with 34 percent remaining for future development.

The proposed capital improvement projects will be funded by a combination of user fees, reserves, debt acquisition, and connection/development fees.

Results

Approval of the 5-year CIP as proposed (knowing that project budgets and scope may be adjusted in the future based upon new information) will direct Staff to incorporate this CIP into the upcoming rate study; or the Board may instead provide direction to staff to edit the CIP (to add/remove projects, adjust timelines, scopes, etc.) and bring back to the Board for approval.

Attachments: Engineer's 07/21/22 Memo re: Capital Improvement Program

File: Capital Improvement Program



Heritage Ranch Community Services District

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MEMORANDUM

To: Board of Directors
From: Doug Groshart, District Engineer
Date: July 21, 2022
Subject: 5-Year Capital Improvement Program

As part of the District's upcoming water and sewer rate study to be conducted by Tuckfield Associates, Staff has prepared a 5-year Capital Improvement Program (CIP) for incorporation into the study's considerations. It is customary to develop and project key capital improvement projects anticipated to occur during this 5-year time period, as these overall costs must be incorporated into the water and sewer rate structures.

Overall CIP Considerations

Each Capital Improvement Program may have varying cost components and schedule considerations. This 5-year CIP will project expected timelines for when expenditures will occur within the 5-year timeline. Timelines may also be projected beyond to the 5-year window to provide the Board with an overall understanding of project duration and timeline. Expenditures that will occur beyond the 5-year timeframe may be projected during the next 5-year CIP/rate study to be conducted in subsequent years. For the purposes of this CIP, staff has considered projects from previous CIPs, current operational, maintenance and compliance-related issues, and future development within the District. We have divided the current and future projects between three time periods: 1-5 years, 6-10 years and 11-20 years. We have divided the projects in this way because, based on staffing and budgetary considerations, there are only so many projects the District can design, construct and pay for in a given time period. Projects included in the first category (1-5 years) have been deemed to be the most pressing. There may be other projects that arise within the next five years that will require attention. There may be projects that are currently categorized as 6-10 or 11-20 year projects that require higher prioritization within the next 5 years, but this is the best estimation we can currently provide.

"Soft" Costs versus "Hard" Costs.

"Soft" costs are defined as planning, environmental, engineering and administrative costs that are all necessary components of public improvement projects. "Hard" costs are the actual construction and equipment purchase costs associated with the Project. The soft costs are sometimes overlooked but are significant components of CIP overall project costs. Examples of soft costs include:

- **Administrative Costs/District staff time.** Some projects, especially those that may be funded by State or Federal monies, can often require considerable staff time and effort to administer projects to comply with financing agency requirements.
- **Environmental review.** All projects require compliance with the California Environmental Quality Act (CEQA). The environmental review required varies considerably, depending on the size and complexity of the Project, if the Project is new or “grass roots” compared to modification or upgrade to an existing facility, environmentally sensitive resources including plants and animal species, and other factors. The costs associated with environmental review can sometimes be difficult to ascertain. Simple public improvement projects, such as a water main replacement/upgrade, generally are exempt from CEQA, where environmental review for projects such as the WRRF could be considerably more complex and costly, and will depend heavily on the extent that construction may extend to “untouched” land.
- **Planning.** Depending on the nature of the Project, planning activities may be required. This can be as basic as general planning and logistical considerations for the Project, to detailed review of a Project relative to County land use and zoning requirements and securing a conditional use permit (CUP). In general, however, special district water and sewer facilities including building and grading activities are exempt from County jurisdiction and permits.
- **Survey and Geotechnical Work.** Some projects require survey and/or geotechnical work, depending on the nature of the project and the need for structural foundation work. In these instances, survey is necessary for the preparation of engineering plans suitable for public bidding. Geotechnical work will also be required, as new facilities will require structural concrete, foundations must be adequately designed to support equipment loads, and equipment must be adequately secured and protected against seismic movement.
- **Engineering.** Certain projects require engineering work to design facilities, such as pipelines, pump stations, treatment facilities, etc. Many public improvement projects require that plans be designed and stamped by a professional civil engineer licensed in the State of California. For many of the proposed projects, District staff will provide the lion’s share of the engineering. However, specialized projects or large scale projects (for example the WRRF project) will require outside consultants (managed by staff).
- **Public Bidding.** Publicly funded projects of \$25,000 value and greater must be bid in accordance with California contracting laws. Publicly bid projects have numerous requirements including prevailing wages, performance and payment bonds, public bid openings, bid evaluation, and other requirements. The District Engineer will typically represent the District in completion of the various public bid requirements. However, there may be certain situations where additional assistance is required.
- **Construction Management/Administration.** Depending on the nature, magnitude and complexity of the Project, construction management and administration support is needed. Activities may include administering the construction contract, progress payments, daily reports and inspections, coordination with specialty inspections such as soils testing, periodic site visits to assess general conformance with contract

requirements, submittal reviews, responding to requests for information (RFIs), developing punchlist, filing notice of completion, and numerous other functions. A third party engineering firm can provide CM services, and many times the same engineering company as the engineer of record (EOR) provides such services. The District Engineer will typically represent the District in completion of the Construction Management/Administration for the Capital Improvement projects. However, there may be certain situations where additional assistance is required.

Soft costs are generally developed based on engineering judgment, cost data collected from experience and comparison of similar work in the Central Coast area, consultation with vendors and contractors, established budgetary unit prices for the work, and other reliable sources. Soft costs are budgeted for based on taking the hard construction costs and escalating by a factor of 1.4 or 40% when using all consultant staffing and no in-house staffing. As the District now has an in-house engineer, these soft costs can be greatly reduced, but should still be considered. The percentage can be adjusted based on the nature of the Project and whether it requires services such as environmental considerations, permitting/planning, additional consultants, special inspections, etc.

Financing and Funding Options

Certain CIP projects may be substantial enough to warrant financing. In some cases, there may be opportunities for both grant and loan options. Some potential opportunities for funding may include, but not be limited to:

1. State Revolving Funds (SRF) program
2. State Prop 1 grants.
3. USDA/RUS grant and loans (likely funding source for WRRF project)

Cost Basis

CIPs are generally expressed in “current” dollars, based on the Engineering News Record (ENR) Cost Index. This is an established cost index indicative of the value of the dollar in the current month/year indicated. The ENR Construction Cost Index used for this CIP (April 2022) is **12899**. In future years, in order to project costs in the current year, the ratio of current ENR Index divided by prior ENR Index, is multiplied by the historic cost to project future costs. For example, the ENR in January 2013 for a Project was **9437**, and the Engineer’s Opinion of Probable Cost for the Project was estimated at \$250,000 in Year 2013. The current value of the Project would be calculated as follows: $12899/9437 \times \$250,000 = \$341,713$.

For a 5-year CIP projection, the term of 5 years is relatively short, and the adjustment of capital costs during this time frame using an ENR Index or other tools is not as critical as when planning over a 20 year planning period (such as a master plan). However, should economic changes be significant during the time period, certainly the ENR Index should be applied. The rate consultant may have other means of adjusting costs as part of the Rate Study.

Cost Allocations to Future Growth

Some of the capital improvement projects are required in part to serve future growth, while other CIPs are mostly to serve existing customer needs. The District Engineer will work closely with the rate consultant and General Manager to determine to what extent capital expenditures/projects should be paid for by future development. The distinction is that for an existing water or sewer facility that requires an upgrade or replacement of equipment, but it does not change capacity of the system (and is not required to be upsized as a result of future demands), the new development's established capacity charge would cover the cost of the CIP (essentially, the capacity charge established is calculated to "buy in" to that Development's fair share of the existing infrastructure). In the case where a capital project is needed to increase capacity to serve the new development, that will be paid for by the Developer at the time of Development.

Projects that directly benefit existing and future developments include:

- Water Resource Recovery Facility (WRRF) (designed to meet current and future demands)
- Potential Second Vertical Intake (helps to increase flow and quality of water for current and future demands)
- DBP Project (helps to increase water quality for current and future demands)

Implementation Schedules

A number of CIP projects will be relatively simple to implement, with little to no permitting, environmental review or engineering required. These projects can be implemented and completed within a short time frame within a single fiscal year. Other projects that will take over one year to complete include:

- WRRF
- Second Vertical Intake
- DBP Project

Water System Projects

Second Vertical Intake

A second vertical intake is recommended to increase water supply reliability to all customers, meet peak water production demands during summer months, and serve future demands. The capacity is envisioned to be approximately 150 gpm. The current yield of the existing gallery field is around 400 gpm. The newly installed vertical intake is also 150 gpm. This is a relatively high priority project for the District. Having limited sources to withdraw water from the Nacimiento River (horizontal gallery wells and new vertical intake) creates vulnerability to the water system in the event the gallery wells are inadvertently destroyed during high river flows, as has happened in recent past. The gallery wells also tend to lose hydraulic capacity due to plugging of the media surrounding them. The new vertical intake addressed both of these concerns, however additional flow capacity will improve system function, reliability and water quality. The new vertical intake would be drilled and installed upstream of the existing vertical

intake, adjacent to the River near the existing PS1 facility. The Project will require drilling, pump design and installation, and programming. Although direct access to the River is not required, a Well Permit is required, and some environmental review will be required as part of the Project. A hydrogeologist, such as Cleath-Harris Geologists will design details of the well pack and casing, and the District Engineer would design the well pump and overall equipping of the well. Having recently installed a similar project, and having much of the environmental and hydrogeological completed, this new vertical intake should come together more quickly than the previous project. This project has been carried over from the 2017 CIP.

Cost Allocation: As mentioned above, the vertical intake will benefit all residents, in part for water supply reliability, but also to meet future and peak summer demands. The existing units at Heritage Ranch total 1,971 units. Full build-out is 2,900 units. This means that the community is 68% built out at this time. It would be reasonable to estimate that future development should pay for 32% of the total cost of the project.

Estimated Cost: \$225,000

Estimated Schedule:

- Environmental Review - 3 months
- Design/Bid Process - 3 months
- Construction - 3 to 5 months (critical path item likely pump lead time)

Pressure Reducing Valves (Equestrian, Waterview and Meadowlark)

The isolation valves located in the Equestrian Road pressure reducing valve vault do not shut off completely. Due to this, one of the pressure reducing valves was not able to be re-built by Cla-Val. The project would consist of replacing all four isolation valves and the two Cla-Vals. Before this happens, Staff needs to determine if the existing main line valve for Equestrian at G-14 is functional. If it is not, a new valve needs to be inserted by hot tapping the line. The estimated cost for the installation of a new isolation valve, if necessary, is \$25,000. Staff will work with a local contractor to install the equipment.

The isolation valves located in the lower Water View PRV vault do not shut off completely. Any maintenance or repair requires approximately ten customer's water service to be shut off while repairs/maintenance is performed. The project consists of replacing the shut off valves and installing two new Cla-Vals. Staff will work with local contractor to install the equipment.

This project is a combination of projects previously on the 2017 CIP.

Estimated Cost: \$175,000

Estimated Schedule:

- Design/Bid Process - 3 months
- Construction - 2 to 3 months (critical path item likely PRV lead time)

Rebuild Treated Water Pumps

This project involves rebuilding the remaining three pumps located at pump station three and four. Rebuilding the pumps will yield more flow (GPM) and efficiency. This project has been carried over from the 2017 CIP.

Estimated Cost: \$50,000

Estimated Schedule: 1 to 2 months per pump (critical path item likely pump parts lead time)

Pump Station Covers

This project involves the installation of pump covers/weather protection at pump stations 1, 2 and 3. units are envisioned to be pre-fabricated sheds that are installed by outside contractors. This project has been carried over from the 2017 CIP.

Estimated Cost: \$85,000

Estimated Schedule:

- Design/Fabrication - 3 months
- Construction – 2 to 3 months

Media Replacement in WTP Filters

This Project consists of removing and replacing the existing media in three of the four filters at the WTP. This is an ongoing project. One filter has been completely refurbished by Operations Staff and is back online with greatly improved functionality and runtime between backwash cycles. This project will provide for the refurbishment of the remaining three filters. Operations Staff may complete the remaining three filters, however the budgetary pricing assumes that the work will be performed by an outside contractor with assistance from Operations Staff.

Estimated Cost: \$110,000

Estimated Schedule:

- Construction - 3 to 6 months (critical path item likely Staff/Contractor availability)

Upgrade SCADA System

The existing SCADA system at the WTP requires complete replacement. The existing software platform is no longer supported, and the existing programming is antiquated and does not allow for modification by Operations Staff. Staff has contacted several vendors and consultants and all have recommended a changeover from the existing Lookout software to Ignition. This project will consist of the replacement of the existing SCADA software, hardware and programming at

the WTP. Additionally, the new system will integrate all of the pumping stations into the SCADA to allow for remote monitoring and control.

Estimated Cost: \$300,000

Estimated Schedule:

- Design/Bid - 3 months
- Construction - 3 to 5 months (critical path item likely computer hardware)

DBP Compliance-related Project

The District has been making various additions and modifications to its water supply and treatment systems in order to come into compliance with Disinfectant By-Product (DBP) requirements. The new vertical intake has improved water quality, as has the refurbishment of one of the WTP filters. Currently, Staff is working with a new chemical to improve the coagulation and flocculation of organics in the raw water. As this is an iterative process, and it takes time to see if modifications will have impact on DBP levels, it is not clear what, if any, additional project(s) will be required to achieve compliance. This project may involve any combination of adjustments to the existing plate settler, GAC, pH adjustment, additional chlorination locations throughout the system, UV, etc. Currently, the CIP includes a budgetary estimate of \$1,000,000 dedicated to this potential project, but without knowing the actual project, pricing and schedule are difficult to estimate.

Estimated Cost: \$1,000,000

Estimated Schedule:

- Environmental Review - 6 months
- Design - 3 to 6 months
- Construction - 3 to 6 months (critical path item likely equipment lead time)

Sewer System Projects

Water Resource Recovery Facility

This project is currently in the design phase with consultant WSC, Inc. under contract for the design and permitting of a new Water Resource Recovery Facility (WRRF). This new facility will treat current and future wastewater to meet regulatory requirements for disposal and/or recycling. As the project is still in preliminary design stages, the actual cost will depend upon the final design. The project is necessary to bring the District into compliance with State Water Board requirements and to increase capacity for future build-out.

Estimated Cost: \$10-\$15,000,000

Estimated Schedule:

- Environmental Review - 6 months
- Design – 2 years
- Construction – 2 years (critical path item likely equipment lead time)

Lift Station 3 Rehabilitation

The existing wetwell needs to be coated for corrosion protection, and existing piping and valves need to be replaced. Bypassing sewage around LS 3 will be the critical element to this Project. This may or may not require the installation of a new bypass manhole. If so, the Work may be addressed in two phases: 1) construct one bypass manhole immediately upstream of LS3 on the influent line coming from Black Horse Lane; and 2) implement the bypass, wetwell coating and valve/piping replacement work. The construction of the bypass manhole is expected to be relatively costly, so other options for bypass will be researched as well. If the bypass manhole is deemed necessary, the District Engineer will work with staff to prepare a simple sketch of the desired bypass manhole configuration. The installation is very deep at this location, on the order of 22 to 24 feet. The District Engineer will prepare plans and specifications for the wetwell coating, and valve/piping plans. The Lift Station Project will be implemented using standard design-bid-build protocol. Potentially, more than one lift station's refurbishment may be included in the final project. Staff will utilize additive alternates to the base project scope in an effort to optimize pricing for this project via economy of scale. The budgetary number below assumes a worst-case scenario where a bypass manhole is required.

Estimated Cost: \$425,000

Estimated Schedule:

- Design - 3 months
- Construction - 3 to 6 months (critical path item likely material lead time)

Lift Station 2 Rehabilitation

As with Lift Station 3, the existing wetwell needs to be coated for corrosion protection, and existing piping and valves need to be replaced. Bypassing of flows is also a critical issue with this lift station. Additionally, available space around LS 2 is more limited than LS 3. This project will be designed, bid and constructed similarly to LS 3 so there will be similar bid packages for both projects, allowing for more efficient bidding. As detailed above, depending on market conditions and contractor pricing, this project may be combined with LS 3.

Estimated Cost: \$125,000

Estimated Schedule:

- Design - 3 months
- Construction - 3 to 6 months (critical path item likely material lead time)

Collection System SCADA

Currently, the lift stations are not all connected to the central SCADA system for wastewater. Additionally, the software on the lift stations that are connected is no longer supported. This project will connect all 10 lift stations to a new central SCADA system which will allow Staff to monitor and control lift stations remotely. The project will include new hardware, software and programming.

Estimated Cost: \$200,000

Estimated Schedule:

- Design - 3 months
- Construction - 3 to 6 months (critical path item likely computer hardware lead time)

Wastewater Collection System Model and Infiltration/Inflow Phase II

This Project consists of combined projects in order to best utilize outside consulting services. The creation of a wastewater collection system model will require site survey and system modeling. Infiltration/Inflow Phase II will require field work such as smoke testing and/or sewer video inspection. While these projects are not adding to the system infrastructure, they are deemed Capital Projects because the resulting recommendations from these studies may potentially yield future Capital Projects.

Estimated Cost: \$75,000

Estimated Schedule:

- Scoping/Consultant Selection - 3 months
- Design/Model - 3 to 6 months (critical path item likely consultant availability)

Additional Project

Electric Gate at Corp Yard

This Project consists of the design and installation of a new electric gate at the District's Corp Yard. This gate is necessary to increase security at the yard by preventing trespassing, theft, liability, etc. As the yard is used for both water and sewer, this project will be funded by both funds (40% Sewer, 60% Water).

Estimated Cost: \$50,000

Estimated Schedule:

- Design - 3 months
- Construction - 3 to 6 months (critical path item likely equipment lead time)

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

Manager Report For the Month of July 2022

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

Administration

- Staff completed the transition of our Code of Ordinances to be online powered by CivicsPlus Municode.
- The emergency water wheeling contract with the County has been extended on its annually requested occurrence.
- The Manager attended the kick-off meeting for the water and sewer rate study.

Operations

- Reviewed and submitted the monthly wastewater treatment plant self-monitoring report.
- Prepared and submitted the monthly disinfection byproduct report.

Solid Waste

- Nothing significant to report.

Reservoir Status

- As reported by Monterey County Water Resources Agency (MCWRA), as of July 12, 2022, the reservoir was at approximately 727.80 feet in elevation, 23% of capacity, or 86,760-acre feet of storage. MCWRA water releases were shown as 60 cfs.
- The reservoir is currently within the Stage I drought elevations.

Public Relations and Community

- Nothing significant to report.

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HERITAGE RANCH COMMUNITY SERVICES DISTRICT

District Engineer Report For the Month of July 2022

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

Administration

- Nothing significant to report.

Operations Support

- Working with Staff re: 5-year CIP and various projects to include.
- Working with Staff re: DBPs and operational modifications with current equipment. Scoping potential future improvements (project included in 5-year CIP).
- Additional updates regarding operations can be found in the Operations Report.

Capital Improvement Program and Projects

- Engineer has completed the 5-year CIP draft for Board review, comment and direction.

Projects / equipment replacement planned for this fiscal year and their status include:

- Water Resource Reclamation Facility Upgrade: Staff and WSC are working on the initial design phase tasks. Engineer is working with WSC to provide information, review of documents, etc. as requested.
- Lift Station 1-5 rehabilitation design phase: Lift Stations 2 and 3 included in 5-year CIP.
- Water and Wastewater Rate Study: General Manager attended the kick-off meeting for the water and sewer rate study.
- Rebuild Treated Water Pumps at PS 3 & 4: Included in 5-year CIP.
- Pump Station Covers: Included in 5-year CIP.

Development Review

- Engineer continues to work with the development team for Snug Harbor and is awaiting revised plans.

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

Operations Report For the Month of July 2022

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

Water treatment

- Calibrations for 11 of the 12 Rosemount Differential Pressure sensors are now complete. The last sensor was not calibrated due to some control piping issues that staff has since repaired. I plan to schedule calibrations again in 6 months to evaluate accuracy and repeatability of the instruments.
- Staff has successfully met with SPICE Integration on several occasions now. Each visit has provided staff with more and better control of the water treatment process. Below are listed a few bullet points highlighting these improvements.
 - a) WTP Auto functionality restored?
 - b) Dynamic setpoints for reservoir start/stop fill. Provided entry on HMI
 - c) Additional start/stop fill setpoints broken out for manual mode from auto. Provided entry on HMI
 - d) Filter Unit 1 drain time substantially decreased
 - e) Pump Station 1 vertical pump interlock with Pumps 1 & 2 removed
 - f) Pump Station 1 vertical pump I/O corrected. Displayed on HMI
 - g) Pump Station 1 vertical pump HOA entry provided on HMI
 - h) Pump Station 1 pump pit levels and flows for both pump pits are now shown on HMI.
 - i) Pump Station 1 Low level shut offs are now correctly setup to protect the pumps on low level conditions
 - j) Potassium Permanganate remote feeder pacing SP decimal precision increased. Entry provided on HMI
 - k) Drum advance step/reset for primary plant control removed, functions without operator intervention now.
 - l) FW chlorination corrected, inconsistencies removed, and extra precision given on Lookout SCADA
 - m) Troubleshooted potassium permanganate pump difficulties, found original pump insufficient for levels of new chemical.
 - n) Hypochlorite pump can now be remotely controlled from HMI. Required wiring and program modifications
 - o) Main plant PLC firmware modernized.
 - p) IO card fuse replacement
 - q) 8% of PLC code removed without loss of function.
 - r) Downloaded programming code from PLC's and HMI so there is now a backup copy.
- The Sodium Permanganate implemented in place of the Potassium Permanganate last month has been a challenging product to work with due to the concentration of active ingredient. As mentioned in the above bullet points, we now have an extremely accurate dosing pump that is working very well. Staff wants to move forward with installing these same pumps for all the chemical stations.

Water distribution

- Staff has been able to operate on very inventories due to process improvements at the WTP and we are anxious to see the results from our next quarterly DBP's samples.

Wastewater collection

- There is nothing significant to report at this time.

Wastewater treatment

- We are still experiencing higher than normal Chlorine demand in the waste discharged from the WWTP.

Facilities

- There is nothing significant to report at this time.

Vehicles and equipment

- Operations is still awaiting notification of "in production" for the new service truck and spending appropriately to maintain the old truck and aging fleet.