

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS' REGULAR MEETING**
Minutes of February 20, 2020

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

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

2. ROLL CALL

Secretary Gelos called the role. Director Capps was absent, all other Directors were present.

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

3. PUBLIC COMMENT ON ITEMS NOT ON THE AGENDA

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

Heritage Ranch resident Ralph Allison notified the board that he will no longer be managing the long-time ranch community board E-vents. The Board thanked him for all his years. Mr. Allison would like to see it continue and is searching for someone to take over.

4. PUBLIC HEARINGS

a. Hearing to conduct a second reading and adopt an Ordinance by title only amending Chapter 3 of the District Code of Ordinances to comply with Senate Bill 998 regarding discontinuance of residential water service.

Director Cousineau made a motion to approve Resolution 20-03 amending the District Code of Ordinances Chapter 3 modifying discontinuance of service procedures. Director Barker seconded the motion. The motion passed by the following roll call vote:

Ayes: Barker, Burgess, Cousineau, Rowley

Absent: Capps

5. DISCUSSION ITEMS

a. Request to receive and file Photovoltaic System Project updates.

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

The report was received and filed.

- b. Request to approve Addendum No. 1 to the agreement for professional services with Kenwood Energy related to development and delivery of a photovoltaic system project in a not to exceed amount of \$36,400.**

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

Director Barker made a motion to approve Addendum No. 1 the agreement for professional service with Kenwood Energy related to development and delivery of a photovoltaic system project in a not to exceed amount of \$36,400. Director Rowley seconded the motion. The motion passed by the following voice vote:

Ayes: Barker, Burgess, Cousineau, Rowley

Absent: Capps

- c. Request to approve an agreement for professional services with MKN & Associates, Inc. for water treatment plant assistance in a not to exceed amount of \$9,515.**

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

Director Barker made a motion to approve an agreement for professional services with MKN & Associated, Inc for water treatment plant assistance in a not to exceed amount of \$9,515. Director Cousineau seconded the motion. The motion passed by the following voice vote:

Ayes: Barker, Burgess, Cousineau, Rowley

Absent: Capps

- d. Request to approve an agreement for professional services with Cleath-Harris Geologists, Inc. for services associated with the vertical well project in a not to exceed amount of \$14,900.**

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

Director Cousineau made a motion to approve an agreement for professional services with Cleath-Hariris Geologists, Inc for services associated with the vertical well project in a not to exceed amount of \$14,900. Director Rowley seconded the motion. The motion passed by the following voice vote:

Ayes: Barker, Burgess, Cousineau, Rowley

Absent: Capps

6. CONSENT ITEMS

- a. Meeting Minutes:** Receive/approve minutes of regular meeting of January 16, 2020.
- b. Warrant Register:** Receive/approve January 2020 warrants.

- c. **Treasurer's Report:** Receive/file January 2020 report.
- d. **Fiscal Report:** Receive/file January 2020 status report.
- e. **Manager's Report:** Receive/file January 2020 report.
- f. **Staff Reports:** Receive/file January 2020 reports.

Director Barker pulled items E & F (Manager and Staff reports).

Director Barker made a motion to approve consent items (a-d) as presented. Director Cousineau seconded the motion. The motion passed by the following voice vote:

Ayes: Barker, Burgess, Cousineau, Rowley

Absent: Capps

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

Director Barker made a motion to approve consent items (E and F) as presented. Director Cousineau seconded the motion. The motion passed by the following voice vote:

Ayes: Barker, Burgess, Cousineau, Rowley

Absent: Capps

7. COMMITTEE AND DIRECTOR REPORTS

Director Burgess suggested to move this item on future agendas to be before discussion items.

8. ADJOURNMENT

On a motion by Director Barker and seconded by Director Cousineau, the meeting adjourned at 5:45 pm to the next scheduled regular meeting on Thursday, March 19, 2020.

APPROVED:

Dan Burgess, President
Board of Directors

ATTEST:

Kristen Gelos, Secretary
Board of Directors

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
FEBRUARY 2020
WARRANT REGISTER**

DATE	NAME OF PAYEE	ITEM AMOUNT	WARRANT AMOUNT
2/3/2020	CALPERS HEALTH BENEFITS		
	CALPERS HEALTH BENEFITS	9,991.15	
	EMPLOYEE PAID HEALTH BENEFIT	874.06	
	EMPLOYEE PAID HEALTH BENEFIT	874.06	
	EMPLOYEE PAID HEALTH BENEFIT	874.06	\$12,613.33
2/3/2020	BAUTISTA'S CLEANING SERVICE STRUCTURES & GROUNDS	180.00	\$180.00
2/3/2020	STAPLES CREDIT PLAN		
	OFFICE SUPPLIES	64.03	
	OFFICE SUPPLIES	96.92	
	OFFICE SUPPLIES	25.24	\$186.19
2/3/2020	GREAT WESTERN ALARM ALARM / ANSWERING SERVICE	300.60	\$300.60
2/3/2020	WALLACE GROUP PVS PROJECT	1,375.73	\$1,375.73
2/3/2020	ADAMSKI, MOROSKI, MADDEN, CUMB LEGAL & ATTORNEY	3,550.00	\$3,550.00
2/3/2020	FGL ENVIRONMENTAL		
	LAB TESTING	451.00	
	LAB TESTING	657.02	
	LAB TESTING	172.90	
	LAB TESTING	1,012.00	\$2,292.92
2/3/2020	CAL COAST IRRIGATION, INC. MAINTENANCE FIXED EQUIPMENT	104.69	\$104.69
2/3/2020	FLUID RESOURCE MANAGEMENT PROFESSIONAL SERVICES	550.00	\$550.00
2/3/2020	NAPA AUTO PARTS MAINTENANCE FIXED EQUIPMENT	46.18	\$46.18
2/3/2020	PITNEY BOWES INC. POSTAGE METER RENTAL	118.58	\$118.58
2/3/2020	LOWE'S SUPPLIES / MAINT. FIXED EQUIP.	73.50	\$73.50

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
FEBRUARY 2020
WARRANT REGISTER**

DATE	NAME OF PAYEE	ITEM AMOUNT	WARRANT AMOUNT
2/3/2020	COASTLINE EQUIPMENT BACKHOE EXTENDED WARRANTY	1,553.00	\$1,553.00
2/3/2020	SLO COUNTY AIR POLLUTION CONTROL LICENSES & PERMITS	2,033.50	\$2,033.50
2/3/2020	BRENNTAG PACIFIC, INC CHEMICALS	2,279.30	\$2,279.30
2/4/2020	INTERNAL REVENUE SERVICE FEDERAL WITHHOLDING TAXES FICA WITHIHOLDING MEDICARE	2,422.32 24.80 792.06	\$3,239.18
2/4/2020	EMPLOYMENT DEVELOPMENT DEPARTMENT ETT SDI SUI STATE WITHHOLDING	7.27 271.10 174.42 878.20	\$1,330.99
2/5/2020	INTERNAL REVENUE SERVICE FICA WITHIHOLDING MEDICARE	18.60 4.38	\$22.98
2/6/2020	J.B. DEWAR. INC. FUEL & OIL	1,135.43	\$1,135.43
2/7/2020	CALPERS 457 DEFFERED COMP PROGRAM PERS 457- DEFFERED COMP.	1,225.00	\$1,225.00
2/7/2020	CALPERS RETIREMENT SYSTEM PERS RETIREMENT PERS RETIREMENT TIER 2 PERS RETIREMENT PEPRA SURVIVOR BENEFIT	3,123.28 962.32 509.95 7.44	\$4,602.99
2/14/2020	R.BRINK NET PAYROLL	2,209.07	\$2,209.07
2/14/2020	J.MOLINARI NET PAYROLL	2,892.95	\$2,892.95
2/14/2020	R. ARNOLD NET PAYROLL	2,137.44	\$2,137.44

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
FEBRUARY 2020
WARRANT REGISTER**

DATE	NAME OF PAYEE	ITEM AMOUNT	WARRANT AMOUNT
2/14/2020	J.PRITCHETT NET PAYROLL	2,172.33	\$2,172.33
2/14/2020	M.HUMPHREY NET PAYROLL	1,867.15	\$1,867.15
2/14/2020	K.GELOS NET PAYROLL	2,323.75	\$2,323.75
2/14/2020	S.DUFFIELD NET PAYROLL	3,502.95	\$3,502.95
2/14/2020	S.BRENNEMAN NET PAYROLL	1,617.52	\$1,617.52
2/18/2020	INTERNAL REVENUE SERVICE FEDERAL WITHHOLDING TAXES MEDICARE	2,357.90 771.70	\$3,129.60
2/18/2020	EMPLOYMENT DEVELOPMENT DEPARTMENT ETT SDI SUI STATE WITHHOLDING	1.77 266.10 42.39 830.74	\$1,141.00
2/18/2020	WALLACE GROUP CONSULTING & ENGINEERING PVS PROJECT PVS PROJECT CONSULTING & ENGINEERING	345.03 2,075.03 2,066.17 483.76	\$4,969.99
2/18/2020	RYAN BRINK CELL PHONE/INTERNET ALLOWANCE	80.00	\$80.00
2/18/2020	BLAKES INC SUPPLIES	154.56	\$154.56
2/18/2020	READY REFRESH BY NESTLE LAB TESTING	24.93	\$24.93
2/18/2020	PG&E ELECTRICITY	14,504.10	\$14,504.10
2/18/2020	USA BLUEBOOK		

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
FEBRUARY 2020
WARRANT REGISTER**

DATE	NAME OF PAYEE	ITEM AMOUNT	WARRANT AMOUNT
	LAB TESTING	164.66	\$164.66
2/18/2020	KRITZ EXCAVATING & TRUCKING, INC MAINTENANCE FIXED EQUIPMENT	765.22	\$765.22
2/18/2020	BRENNTAG PACIFIC, INC CHEMICALS	3,008.93	\$3,008.93
2/18/2020	FGL ENVIRONMENTAL LAB TESTING	73.00	\$73.00
2/18/2020	STAR DRUG TESTING, INC PROFESSIONAL SERVICES	85.00	\$85.00
2/18/2020	JASON MOLINARI CELL PHONE/INTERNET ALLOWANCE	80.00	\$80.00
2/18/2020	ROY ARNOLD CELL PHONE/INTERNET ALLOWANCE	80.00	\$80.00
2/18/2020	DELTA LIQUID ENERGY PROPANE	198.44	\$198.44
2/18/2020	FLUID RESOURCE MANAGEMENT PROFESSIONAL SERVICES	550.00	\$550.00
2/18/2020	NAPA AUTO PARTS VEHICLES	7.53	\$7.53
2/18/2020	ABALONE COAST ANALYTICAL, INC. LAB TESTING	3,392.00	\$3,392.00
2/18/2020	KRISTEN GELOS CELL PHONE/INTERNET ALLOWANCE	40.00	\$40.00
2/18/2020	U.S. BANK POSTAGE POSTAGE OFFICE SUPPLIES COMPUTERS / SOFTWARE PVS PROJECT MAINTENANCE FIXED EQUIPMENT MAINTENANCE FIXED EQUIPMENT MAINTENANCE FIXED EQUIPMENT	7.45 4.05 34.51 839.99 34.33 52.17 49.28 165.91	\$1,187.69

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
FEBRUARY 2020
WARRANT REGISTER**

DATE	NAME OF PAYEE	ITEM AMOUNT	WARRANT AMOUNT
2/18/2020	JAMES A. PRITCHETT CELL PHONE/INTERNET ALLOWANCE	80.00	\$80.00
2/18/2020	LOWE'S SUPPLIES / LAB TESTING	120.54	\$120.54
2/18/2020	DATA PROSE LLC FEBRUARY BILLING INSERTS JAN/FEB BILLING/FEB LATE NOTIC	175.52 2,420.87	\$2,596.39
2/18/2020	SCOTT DUFFIELD CELL PHONE/INTERNET ALLOWANCE	40.00	\$40.00
2/18/2020	WESTERN EXTERMINATOR COMPANY STRUCTURES & GROUNDS	86.00	\$86.00
2/18/2020	RIVAL TECHNOLOGY INC. COMPUTER / SOFTWARE PROFESSIONAL SERVICES	144.74 50.00	\$194.74
2/18/2020	MARK HUMPHREY CELL PHONE/INTERNET ALLOWANCE	80.00	\$80.00
2/18/2020	KENWOOD ENERGY PVS PROJECT	3,900.00	\$3,900.00
2/18/2020	SWRCB LICENSES & PERMITS	10,138.15	\$10,138.15
2/19/2020	STATE WATER RESOURCES CONTROL LICENSES & PERMITS LICENSES & PERMITS	60.00 60.00	\$120.00
2/20/2020	AT&T TELEPHONE / INTERNET	165.09	\$165.09
2/21/2020	CALPERS 457 DEFFERED COMP PROG PERS 457- DEFFERED COMP.	1,225.00	\$1,225.00
2/21/2020	CALPERS RETIREMENT SYSTEM EMPLOYER'S CONTRIBUTION PERS RETIREMENT PERS RETIREMENT TIER 2	19.44 3,123.27 962.32	

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
FEBRUARY 2020
WARRANT REGISTER**

DATE	NAME OF PAYEE	ITEM AMOUNT	WARRANT AMOUNT
	PERS RETIREMENT PEPRA	509.95	
	SURVIVOR BENEFIT	7.44	\$4,622.42
2/22/2020	CALPERS RETIREMENT SYSTEM		
	PERS RETIREMENT U/L T1	5,797.93	
	PERS RETIREMENT U/L T2	168.52	
	PERS RETIREMENT U/L T3	36.14	\$6,002.59
2/28/2020	AT&T		
	TELEPHONE / INTERNET	255.91	\$255.91
2/28/2020	R.BRINK		
	NET PAYROLL	1,951.95	\$1,951.95
2/28/2020	J.MOLINARI		
	NET PAYROLL	2,892.96	\$2,892.96
2/28/2020	R. ARNOLD		
	NET PAYROLL	2,433.65	\$2,433.65
2/28/2020	J.PRITCHETT		
	NET PAYROLL	2,624.68	\$2,624.68
2/28/2020	M.HUMPHREY		
	NET PAYROLL	1,862.65	\$1,862.65
2/28/2020	K.GELOS		
	NET PAYROLL	2,323.75	\$2,323.75
2/28/2020	S.DUFFIELD		
	NET PAYROLL	3,669.82	\$3,669.82
2/28/2020	S.BRENNEMAN		
	NET PAYROLL	1,617.52	\$1,617.52
GRAND TOTAL FOR ALL WARRANTS			\$140,177.71

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
TREASURER'S REPORT
FEBRUARY 2020**

SUMMARY REPORT OF ALL ACCOUNTS

Beginning Balance:	\$ 3,817,314.78
Ending Balance:	\$ 3,850,812.86
Variance:	\$ 33,498.08
Interest Earnings for the Month Reported:	\$ 95.33
Interest Earnings Fiscal Year-to-Date:	\$ 68,659.96

ANALYSIS OF REVENUES

Total operating income for water and sewer was:	\$ 141,442.82
Non-operating income was:	\$ 21,981.21
Franchise fees paid to the District by San Miguel Garbage was:	\$ 6,567.29
Interest earnings for the P.P.B. checking account was:	\$ 5.44
Interest earnings for the P.P.B. DWR Loan Services account was:	\$ -
Interest earnings for the P.P.B. DWR Reserve account was:	\$ -
Interest earnings for the P.P.B. SRF Loan Services account was:	\$ -
Interest earnings for the P.P.B. SRF Reserve account was:	\$ -
Interest earnings for the LAIF account was:	\$ -

ANALYSIS OF EXPENSES

Pacific Premier Bank checking account total warrants, fees, and Electronic Fund Transfers was:	\$ 140,859.14
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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
FEBRUARY 2020**

BEGINNING BALANCE ALL ACCOUNTS **\$ 3,817,314.78**

OPERATING CASH IN DRAWER **\$300.00**

PACIFIC PREMIER BANK - CHECKING

BEGINNING BALANCE 01/31/2020	\$112,162.98	
DEPOSIT REVENUE & MISCELLANEOUS INCOME	\$174,351.78	
INTEREST EARNED	\$5.44	
TOTAL CHECKS, FEES AND EFT'S	(\$140,859.14)	
TRANSFER TO LAIF ACCOUNT	\$0.00	
ENDING BALANCE 02/29/2020		\$145,661.06

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

LOAN SERVICES ACCOUNT

BEGINNING BALANCE 01/31/2020	\$26,008.87	
QUARTERLY DEPOSIT	\$0.00	
INTEREST EARNED	\$0.00	
SEMI-ANNUAL PAYMENT	\$0.00	
ENDING BALANCE 02/29/2020		\$26,008.87

PACIFIC PREMIER BANK DWR RESERVE ACCOUNT

BEGINNING BALANCE 01/31/2020	\$113,090.05	
INTEREST EARNED	\$0.00	
ENDING BALANCE 02/29/2020		\$113,090.05

PACIFIC PREMIER BANK SDWSRF LOAN SERVICES ACCOUNT

BEGINNING BALANCE 01/31/2020	\$29,492.33	
QUARTERLY DEPOSIT	\$0.00	
INTEREST EARNED	\$0.00	
SEMI-ANNUAL PAYMENT	\$0.00	
ENDING BALANCE 02/29/2020		\$29,492.33

PACIFIC PREMIER BANK SDWSRF RESERVE ACCOUNT

BEGINNING BALANCE 01/31/2020	\$0.00	
QUARTERLY DEPOSIT	\$0.00	
INTEREST EARNED	\$0.00	
ENDING BALANCE 02/29/2020		\$0.00

LOCAL AGENCY INVESTMENT FUND (LAIF)

BEGINNING BALANCE 01/31/2020	\$3,536,560.55	
INTEREST EARNED		
TRANSFER FROM PACIFIC PREMIER CHECKING		
TRANSFER TO PACIFIC PREMIER CHECKING		
ENDING BALANCE 02/29/2020		\$3,536,560.55

ENDING BALANCE ALL ACCOUNTS **\$3,850,812.86**

DIFFERENCE FROM LAST MONTH **Increase \$33,498.08**

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

OPERATING INCOME	Budget FY 19/20	Actual February	Actual Year to Date	Percentage Year to Date	Variance Explanation
Water Fees	1,048,675	73,903	711,277	68%	
Sewer Fees	628,817	54,936	415,190	66%	
Hook-Up Fees	6,000	0	1,200	20%	Fluctuates based on activity
Turn on Fees	3,500	225	2,075	59%	
Late Fees	18,000	1,615	11,834	66%	
Plan Check & Inspection	10,000	0	993	10%	
Miscellaneous Income	2,000	32	9,866	493%	
TOTAL OPERATING INCOME	\$1,716,992	\$130,711	\$1,152,434	67%	

FRANCHISE INCOME					
Solid Waste Franchise Fees	70,932	6,080	46,755	66%	
TOTAL FRANCHISE REVENUE	\$70,932	\$6,080	\$46,755	66%	

NON-OPERATING INCOME					
Standby Charges	242,466	16,759	150,390	62%	
Property Tax	364,361	22,482	243,333	67%	
Interest	50,000	5	61,549	123%	Fluctuates based on activity
Connection Fees	141,160	0	28,232	20%	Fluctuates based on activity
TOTAL NON-OPERATING INCOME	\$797,987	\$39,246	\$483,504	61%	

RESERVE REVENUE					
Capital Reserves	63,307	3,251	17,582	28%	
Operating Reserves	151,584	7,753	81,437	54%	
TOTAL RESERVE REVENUE	\$214,891	\$11,004	\$99,019	46%	

TOTAL ALL INCOME	\$2,800,802	\$187,041	\$1,781,713	64%	
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**HERITAGE RANCH COMMUNITY SERVICES DISTRICT - CONSOLIDATED BUDGET
2019/20 Budget**

OPERATING EXPENSES

SALARIES AND BENEFITS	Budget FY 19/20	Actual February	Actual Year to Date	Percentage Year to Date	Variance Explanation
Salaries	644,289	51,219	462,128	72%	
Health Insurance	96,753	6,595	65,350	68%	
Health Insurance - Retiree	48,561	3,950	31,588	65%	
PERS	115,465	11,333	92,886	80%	
Standby	12,900	995	8,625	67%	
Overtime	15,050	1,201	9,952	66%	Fluctuates based on need & staffing
Workers Comp. Ins.	25,072	0	21,681	86%	Paid Annually
Directors' Fees	7,000	0	4,200	60%	
Medicare/FICA	9,863	806	6,992	71%	
Car Allowance	3,000	250	2,000	67%	
SUI/ETT	1,500	107	599	40%	
Uniforms	4,500	0	1,512	34%	
TOTAL SALARIES & BENEFITS	\$983,953	\$76,455	\$707,514	72%	

UTILITIES

Electricity	240,202	14,504	150,500	63%	
Propane	973	198	559	57%	
Water Purchase	23,114	0	23,114	100%	Paid Semiannually
Telephone/Internet	11,663	901	7,588	65%	
TOTAL UTILITIES EXPENSE	\$275,952	\$15,604	\$181,760	66%	

MAINTENANCE & SUPPLIES

Chemicals	76,000	5,288	36,345	48%	
Computer/Software	7,000	985	6,429	92%	
Equip. Rental/Lease	1,000	0	215	22%	
Fixed Equip.	103,000	1,220	40,782	40%	
Fuel & Oil	12,000	1,135	8,294	69%	
Lab Testing	30,000	5,961	30,643	102%	
Office Supplies	3,000	221	1,068	36%	
Parks & Recreation	500	0	0	0%	
Struct./Grnds.	14,000	266	6,929	49%	
Small Tools/Equip.	3,500	0	1,637	47%	
Supplies	6,000	298	4,988	83%	
Meters/Equip.	5,000	0	0	0%	Fluctuates based on activity
Vehicles	8,500	8	4,807	57%	
TOTAL MAINT. & SUPPLY EXPENSE	\$269,500	\$15,382	\$142,137	53%	

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

GENERAL & ADMINISTRATION	Budget FY 19/20	Actual February	Actual Year to Date	Percentage Year to Date	Variance Explanation
Ads./Advertising	1,500	0	382	25%	Fluctuates based on activity
Alarm/Answering Service	3,275	301	2,049	63%	
Audit	10,000	0	6,057	61%	
Bank Charges/Fees	3,000	310	2,785	93%	
Consulting/Engineering	20,000	829	2,762	14%	
Dues/Subscription	9,400	0	8,103	86%	
Elections	1,000	0	0	0%	
Insurance	20,488	0	30,306	148%	Paid Annually
LAFCO	8,000	0	7,904	99%	Paid Annually
Legal/Attorney	22,000	3,550	11,509	52%	
Licenses/Permits	28,200	12,292	17,212	61%	
Plan Check & Inspection	10,000	0	993	10%	
Postage/Billing	20,000	2,726	11,050	55%	
Professional Service	38,400	1,235	20,647	54%	
Tax Collection	5,300	0	0	0%	
Staff Training & Travel	7,000	0	3,713	53%	
Board Training & Travel	10,000	0	20	0%	
TOTAL G & A	\$217,563	\$21,242	\$125,491	58%	

CAPITAL PROJECTS & EQUIPMENT

Projects	243,918	9,451	69,857	29%	
Equipment	135,000	1,553	105,877	78%	
TOTAL CAPITAL EXPENSE	\$378,918	11,004	175,734	46%	

DEBT

State Loan Payment	103,629	0	51,814	50%	paid semiannually
State Loan Payment Phase II	58,740	0	29,369	50%	paid semiannually
TOTAL DEBT	\$162,369	\$0	\$81,184		

FUNDED DEPRECIATION	\$288,000	\$24,000	\$192,000	67%	
UNFUNDED DEPRECIATION	\$0	\$0	\$0	0%	

TOTAL EXPENSE	\$2,576,255	\$163,687	\$1,605,820	62%	
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CONNECTION FEES TRANSFER \$141,160 \$0 \$28,232 20%

SOLID WASTE FEES TRANSFER \$30,321 \$2,956 \$20,179 67%

FUND TOTAL	\$53,065	\$20,398	\$127,483		
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HERITAGE RANCH COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors

FROM: Scott Duffield, General Manager

DATE: March 19, 2020

SUBJECT: Request to approve a request for proposals for professional auditing services, and direct staff to advertise.

Recommendation

It is recommended that the Board of Directors approve a request for proposals for professional auditing services, and direct staff to advertise.

Background

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

The Government Code also states that commencing with the 2013-14 fiscal year, a local agency shall not employ a public accounting firm to provide audit services to a local agency if the lead audit partner or coordinating audit partner having primary responsibility for the audit, or the audit partner responsible for reviewing the audit, has preformed audit services for that local agency for six consecutive fiscal years.

Crosby Company (Bob Crosby) has been the District Auditor since Fiscal Year 2008-09.

Discussion

A request for proposals for auditing services (RFP) is attached for your Board's approval.

The proposed schedule is shown in the table below.

Date	Activity
March 20, 2020	Request for proposals issued
April 10, 2020	Due date for proposals (due by 5:00 p.m.)
TBD	Oral interviews (conducted at District's discretion)
May 8, 2020	Notification of recommended auditing firm
May 21, 2020	Agreement awarded by District Board of Directors

Fiscal Considerations

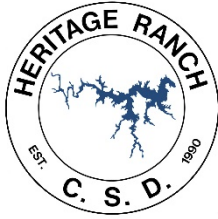
The current cost for auditing services provided by Crosby Company is \$6,000/year, and has been the same as long as Crosby Company has been the Auditor. The Board should expect that this cost will increase and that it will be accounted for in the budget.

Results

By approving the recommended action, the Board continues to provide for municipal services in a fiscally responsible manner and in accordance with applicable law.

Attachment: Request for Proposals – Professional Auditing Services

File: Agreements_Auditor



Heritage Ranch Community Services District

4870 Heritage Road, Paso Robles, CA 93446

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

www.heritageranchcsd.ca.gov

REQUEST FOR PROPOSALS – PROFESSIONAL AUDITING SERVICES

I. INTRODUCTION

The Heritage Ranch Community Services District (HRCSD or District) is requesting proposals from certified public accountant firms to audit its financial statements, in addition to performing other reviews as specified below, for three fiscal years beginning Jul 1, 2020 and ending Jun 30, 2023 with an option of three one-year extensions. The proposal package shall present all-inclusive audit fees for each year of the contract term.

These audits are to be performed in accordance with auditing standards generally accepted in the United States of America, the standards set forth for financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the U.S. Office of Management and Budget (OMB) Circular A-133 Audits of State and Local Governments and Non-Profit Organizations.

To be considered, three (3) copies of a proposal must be received by **5:00 P.M. on April 10, 2020**. It is anticipated the selection of a firm will be completed by **May 8, 2020**. Following the notification of the selected firm, a recommendation and proposed contract will be prepared for review and approval by the District Board at its **May 21, 2020** meeting.

The District reserves the right to reject any or all proposals, to waive any non-material irregularities or information in any proposal, and to accept or reject any items or combination of items. Materials submitted by respondents are subject to public inspection under the California Public Records Act (Government Code Sec. 6250 et seq.), unless exempt.

II. SCOPE OF THE WORK TO BE PERFORMED

HRCSD desires a Comprehensive Annual Financial Report (CAFR) and its basic financial statements for the District to be prepared by the independent auditor and be fully compliant with all current GASB pronouncements.

The selected independent auditor will be required to provide the following services:

- A. The audit firm will perform an audit of all funds of the District. The audit will be conducted in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller of the United States; generally accepted auditing standards as set forth by the American Institute of Certified Public Accounts; and the provisions of U. S. Office of Management and Budget, the Uniform Guidance, and applicable OMB Compliance Supplements, as applicable.

- B. The District's Comprehensive Annual Financial Report (CAFR) will be prepared by the audit firm. The CAFR will be in full compliance with all current GASB pronouncements. The audit firm will render their auditors' report on the basic financial statements which will include both Government-Wide Financial Statements and Fund Financial Statements. The audit firm will also apply limited audit procedures to Management's Discussion and Analysis (MD&A) and required supplementary information pertaining to the General Fund and each major fund of the District.
- C. HRCSD does not anticipate the need for a single audit on the expenditures of federal grants during the contract term. If a single audit becomes necessary, District will amend the contract with the selected auditor for the additional work.
- D. The audit firm shall issue a separate "management letter" that includes recommendations for improvements in internal control, accounting procedures and other significant observations that are considered to be non-reportable conditions. Management letters shall be addressed to the General Manager.
- E. The audit firm shall provide, compile, and file the Annual Report of Financial Transactions to the State Controller of California, from data provided by District staff.
- F. Without sacrificing the independent role of the audit firm, the selected firm will be available to District staff during the year to answer questions about appropriate accounting treatment, offer suggestions regarding new accounting standards, and similar support for the purpose of educating staff and producing high-quality financial reports.
- G. The District closes its books in July and will be ready for audit field work by August of each year. The auditor shall provide all drafts and recommendations for improvements to the General Manager within a reasonable time period after the last day of field work. The auditor should be available for any meetings that may be necessary to discuss the draft audit reports. Once all issues of discussion are resolved, the completed CAFR, Basic Financial Statements, and other reports shall be delivered to the Board. This process will be completed, and the final products be delivered by December 31st of each year.
- H. All working papers and reports must be retained at the auditor's expense for a minimum of seven (7) years, unless the firm is notified in writing by District of the need to extend the retention period. The auditor will be required to make working papers available to the District. In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance. Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the following parties: District General Manager; District Counsel; and the Board.

III. DESCRIPTION OF THE DISTRICT

Heritage Ranch Community Services District is a Special District located in the planned community of Heritage Ranch located 14 miles west of the City of Paso Robles. The phased residential development began in the early 1970's with newer subdivisions currently being built-out. Historically, the community was dominated by part-time or seasonal residents with the emphasis of recreational use at Lake Nacimiento. However, recently Heritage Ranch has become more of a full-time residential community. The County of San Luis Obispo approved master plan for Heritage Ranch allows for 2,900 residential units. To date, approximately 2,071 lots are approved. There are currently about 1,944 active water connections and about 1,761 active sewer connections within the District's jurisdiction.

On February 26, 1990, Heritage Ranch Community Services District was created by a resolution adopted by the County Board of Supervisors. The District service area includes 5,361 acres. Water and sewer services were the first two functions performed by the District. In subsequent years the functions of solid waste, parks and recreation, and operation of a retail gas station were added. The gas station has since been removed with the remaining additional services representing a small segment of District operations.

The District's fiscal year begins July 1 and ends June 30. The current budget in FY 2019-20 is approximately \$2.8 million for all funds combined, including capital. The District's revenue is from rates, charges and fees, and property taxes/assessments. Water and sewer rates have historically made up the largest revenue category and currently account for approximately 65% of the total annual funding.

The District's financial system is organized as an enterprise fund and follows the accrual method of accounting. The District's accounting records are computerized using INCODE accounting and billing software. Recent audits may be found on our website at: <https://heritageranchcsd.ca.gov/district-financial-information>

IV. TIME REQUIREMENTS AND EVALUATION PROCESS

The following is a list of key dates for the selection of an auditing firm:

Date	Activity
March 20, 2020	Request for proposals issued
April 10, 2020	Due date for proposals (due by 5:00 p.m.)
TBD	Oral interviews (conducted at District's discretion)
May 8, 2020	Notification of recommended auditing firm
May 21, 2020	Agreement awarded by District Board of Directors

Proposals shall be evaluated based on the following criteria (listed in random order without regard to order of importance):

- Expertise and qualifications of assigned staff, including prior experience in performing similar work for public sector clients
- Audit methodology and approach
- Responsiveness to the requirements of the RFP
- Recent references from comparable clients

The District retains full discretion in determining the applicability and weight of the criteria listed above. Cost proposals will be considered only after proposals have been evaluated and ranked. During the evaluation process, the HRCSD reserves the right, where it may serve the HRCSD's best interest, to request additional information or clarification from proposers, or to allow corrections of errors or omissions. Also, at the discretion of HRCSD, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR & REPORT PREPARATION

District staff will be available during the audit to assist the firm by providing information, documentation, and explanations. In addition, the District will provide the auditor with reasonable work space, desks, chairs, access to internet connectivity, and photocopying machines. Report preparation, editing, printing, tabbing, and binding shall be the responsibility of the auditor. The auditor shall provide copies as follows:

- Comprehensive Annual Financial Report (7 copies and digital file in Adobe Acrobat format)
- Management Discussion and Analysis (7 copies and digital file in Adobe Acrobat format)

VI. PROPOSAL REQUIREMENTS

A. General Requirements

1. Inquiries concerning the Request for Proposals and the subject of the Request for Proposals must be made to:

Scott Duffield, General Manager
4870 Heritage Road
Paso Robles, CA 93465
(805) 227-6230, scott@heritageranchcsd.ca.gov

2. Three (3) copies and digital file in Adobe Acrobat format of the Proposal shall be received by the District by 5:00 p.m. on **April 10, 2020** for a proposal to be considered. The Proposal should address the items listed in sections B and C below.

The Proposal should be clearly identified as “Audit Services Proposal” and be addressed as follows:

Heritage Ranch Community Services District
Attn: Scott Duffield, General Manager
4870 Heritage Road
Paso Robles, CA 93465

Proposals can be mailed, or hand delivered to the address above. The District will not accept fax or emailed proposals (except for the digital file in Adobe Acrobat format as stated above).

The Proposal must be submitted in two parts; the Technical Proposal and the Cost Proposal, as described below.

Proposals must be valid for a minimum of 90 days.

B. Technical Proposal

The Technical Proposal must include:

1. Title Page showing the request for proposals subject; the firm’s name; the name, address, and telephone number of the contact person; and the date of the proposal.
2. Table of Contents identifying the materials submitted by section and page number.
3. Signed Transmittal Letter briefly stating the firm’s understanding of the work to be done; the commitment to perform the work within the time period; and the name(s) of the person(s) authorized to represent the firm, title, address, and telephone number.
4. Detailed Proposal as described below.

The purpose of the Technical Proposal is to demonstrate the qualifications, competence and capacity of the firm seeking to undertake an independent audit of the District in conformity with the requirements of this request for proposals. As such, the substance of proposals will carry more weight than the form or manner of presentation. The Technical Proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposals requirements.

The Technical Proposal should exclude any cost information, which should only be included in the sealed Cost Proposal.

The proposal should be prepared simply and economically, providing a straightforward, concise description of the firm's capabilities to satisfy the requirements of this request for proposals. While additional data may be presented, the following subjects must be included. They represent the criteria against which the proposal will be evaluated.

1. License to Practice in California.
An affirmative statement must be included verifying the firm and all assigned key professional staff are properly licensed to practice in California.
2. Independence.
The firm must provide an affirmative statement that it is independent of the Heritage Ranch Community Services District as defined by auditing standards generally accepted in the United States of America and the General Accounting Office's Government Auditing Standards.
3. Firm Qualifications and Experience.
The firm must have extensive experience in audits of local governments as well as experience with preparation of Comprehensive Annual Financial Statements prepared in accordance with GAAP. The proposal should include the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed, and the number and nature of the professional staff to be employed in this engagement on a fulltime basis and the number and nature of the staff to be so employed on a part-time basis. Staff consistency is an important consideration. The proposal must include a list of all current municipal clients.

The firm is also required to submit a copy of a report on its most recent external quality control review (peer review), with a statement whether that quality control review included a review of specific government engagements (required by current Government Audit Standards). The proposal shall also include information on the results of any Federal or State desk reviews or field reviews of its audits during the past three (3) years. The proposal shall include information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with State regulatory bodies or professional organizations, if applicable.

4. Partner, Supervisory and Staff Qualifications and Experience.
Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists who would be assigned to this engagement. Include resumes, indicating whether

each such person is registered or licensed to practice as a certified public accountant in California. Provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past (3) three years and membership in professional organizations relevant to the performance of this audit. Indicate how the consistent assignment of staff over the term of the agreement will be assured.

5. Similar Engagements with Other Government Entities.

For the firm's staff that will be assigned responsibility for the audit, list five completed engagements similar to the work described in this request for proposals. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact. Also, please indicate whether the audit was part of a Comprehensive Annual Financial Report prepared in conformance with GAAP requirements. Although the HRCSD does not anticipate a Single Audit during the contract term, the selected firm will have experience performing Single Audits. The District reserves the right to contact any or all the listed references regarding the audit services performed by the audit firm.

6. Specific Audit Approach.

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in this request for proposals. In developing the work plan, reference should be made to such sources of information as District's budget and related materials, organizational charts, manuals, programs, and financial and other management information systems. The proposal should include the following information about the firm's audit approach:

- Proposed phases of the audit and staff hours assigned to each phase for the engagement;
- Description of analytical procedures to be used in the engagement, including sampling;
- Approach to be taken to understand, review and make recommendations regarding the District's internal control structure;
- Description of any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from HRCSD.

NO DOLLAR AMOUNTS SHOULD BE INCLUDED IN THE TECHNICAL PROPOSAL

C. Cost Proposal

The cost proposal should contain all detailed pricing information relative to performing the audit engagement as described in this request for proposals. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs, including all out of pocket expenses.

There is no expressed or implied obligation for the District to reimburse responding firms for any expenses incurred in preparing proposals in response to this request. Such costs should not be included in the proposal.

Progress payment will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's proposal. Interim billings shall cover a period of not less than a calendar month.

The Cost Proposal shall be sealed in a separate envelope and clearly marked as "Cost Proposal."

VII. PUBLIC NATURE OF PROPOSAL MATERIALS

All proposals submitted in response to this RFP shall become the property of the HRCSD and may be used by HRCSD for any purpose. Proposals received by HRCSD shall not be returned to the Proposer. If a Proposal contains information that the Proposer considers proprietary and confidential, it shall be the responsibility of the Proposer (and not the HRCSD) to specify which items of information are proprietary and clearly identify in writing which specific pieces of information are proprietary at the time the proposal is submitted. It shall be insufficient for the Proposer to merely identify the entire Proposal or an entire page or set of pages as proprietary. With respect to information deemed proprietary, the procedures set forth below shall be observed. Not-to-exceed sums, hourly rates, and other similar information, that may be set forth in a proposal shall not constitute proprietary information nor shall any information readily available to the general public or any other information not regarded as proprietary and confidential under federal or state law.

To comply with the California Public Records Act (Govt. Code Section 6250, et. seq.), HRCSD reserves the right to make copies of a Proposer's proposal available for inspection and copying by members of the public (including proposals which may contain information the Proposer regards as proprietary in nature), unless the HRCSD's legal counsel determines that the information which the Proposer regards as proprietary may be withheld pursuant to applicable provisions of the California Public Records Act or other applicable state or federal law. In the event HRCSD intends to disclose records containing information the Proposer has specifically identified as being proprietary and confidential, HRCSD shall notify the Proposer in writing of its intent to release such information. The Proposer shall then have five (5) working days after HRCSD's issuance of its notice to give HRCSD written notice of the Proposer's objection to HRCSD's release of proprietary

information. HRCSD will not release the proprietary information after receipt of the objection notice from the Proposer unless: (i) the objection notice is not received by HRCSD until after the close of business on the 5th day following HRCSD's issuance of the notice of intent to disclose; (ii) ordered to release the information by a court of competent jurisdiction; or (iii) the Proposer's objection notice fails to include a fully executed indemnification agreement wherein the Proposer agrees to indemnify, defend and hold harmless HRCSD, and its elected and appointed officials, officers, directors, employees and agents from and against all liability, loss, cost or expense (including attorneys' fees) arising out of any legal action brought to compel the release of records containing the proprietary information which the Proposer wishes to withhold.

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors

FROM: Scott Duffield, General Manager
Kristen Gelos, Office Supervisor
Steve Tanaka, District Engineer

DATE: March 19, 2020

SUBJECT: Submittal for approval Resolution 20-04 Initiating Proceedings and Establishing of Water and Sewer Standby Charges for Property within the District for Fiscal Year 2020/21.

Recommendation

It is recommended that the Board of Directors:

1. Approve Resolution 20-04 Initiating Proceedings and Establishing of Water and Sewer Standby Charges for Property within the District for Fiscal Year 2020/21; and
2. Schedule a public hearing for May 21, 2020 at 4:00 PM to confirm the Standby Charges.

Background

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

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

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

Discussion

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

Debt Service

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

Maintenance & Operations

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

Fiscal Considerations

The total number of parcels subject to the water standby charge is 2,071. The total number of parcels subject to the sewer standby charge is 1,866. The total standby revenue for Fiscal Year 2020/21 is anticipated to be \$242,144. Table 1 and 2 illustrate how the charges are allocated and how they are used.

Table 1 Charge by Parcel

Standby Charge	No. of Parcels	\$ per Parcel	Total
Water	2071	\$98	\$202,958
Sewer	1866	\$21	\$39,186
Total			\$242,144

Table 2 Use by Charge

Item	Water	Sewer	Total
Debt Service	\$162,367	-	\$162,367
Maintenance/Ops	\$40,591	\$39,186	\$79,777
Total	\$202,958	\$39,186	\$242,144

Results

Resolution 20-04 will serve to initiate and establish the Standby Charges for Fiscal Year 2020/21. The Standby Charges will be confirmed at a public hearing on May 21, 2020. If adopted, the Standby Charges will be collected through the County of San Luis Obispo property tax roll as a means of effective, efficient collection.

Attachments: Resolution 20-04 Initiating Proceedings and Establishing of Water and Sewer Standby Charges for Property within the District for Fiscal Year 2020/21
Engineering Report for Standby Charges

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 20-04**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE HERITAGE RANCH
COMMUNITY SERVICES DISTRICT INITIATING PROCEEDINGS AND
ESTABLISHING OF WATER AND SEWER STANDBY CHARGES FOR PROPERTY
WITHIN THE DISTRICT FOR FISCAL YEAR 2020/21**

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

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

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

1. The foregoing recitals are true and correct and are incorporated by this reference.
2. The parcels subject to the proposed standby charges are within Tracts 424, 446, 447, 452, 466, 474, 475, 693, 720, 721, 1063, 1094, 1910, 1990, and Parcel Map 71-217. All such parcels are contained within a list of Assessor Parcel Numbers on file with the District and made a part herein.
3. The amount of the proposed charge is \$119 per parcel with available water and sewer service, and \$98 per parcel with available water service only.
4. The Board of directors will hold a public hearing regarding imposition of a standby charge on each parcel and in the amount set forth within this resolution. The hearing will be held on May 21, 2020 at 4:00 PM or as soon thereafter as the matter may be heard, at the District Office, located at 4870 Heritage Road, in Heritage Ranch, California. At that time and place, the District will hear and consider all objections or protests, if any, to the proposed standby charges.

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

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Heritage Ranch Community Services District on the 19th day of March 2020, by the following roll call vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

APPROVED:

Dan Burgess, President
Board of Directors

ATTEST:

Kristen Gelos
Board Secretary

MEMORANDUM

Heritage Ranch Community Services District Engineering Report - Standby Charges



WALLACE GROUP®

Date: March 6, 2020
To: Scott Duffield, PE, General Manager
From: Steven G. Tanaka, PE, District Engineer
Subject: Engineering Report for Standby Charges Pursuant to the Uniform Standby Charge Procedures Act, Section 54984 et. seq. of the California Government Code



CIVIL AND
TRANSPORTATION
ENGINEERING

CONSTRUCTION
MANAGEMENT

LANDSCAPE
ARCHITECTURE

MECHANICAL
ENGINEERING

PLANNING

PUBLIC WORKS
ADMINISTRATION

SURVEYING /
GIS SOLUTIONS

WATER RESOURCES

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

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

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

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

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

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completed. This cost is being funded through a \$984,090, 20-year term loan also from the State. The total annual debt service for both loans is \$162,367.

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

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

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

There are currently 2,071 existing parcels within the District subject to these standby charges. Of this total, 1,866 parcels would be charged for water and sewer service, and the remaining 205 parcels would be charged for standby water service only. A summary of the standby charges for both water and sewer systems are included in Table 1.

Table 1. Summary of Standby Charges by Parcel

For the water system, \$162,367 will be used for the retirement of debt service for the District's Safe Drinking Water loan for construction of the District's Water Treatment Plant and pumping facility improvements, as well as the District's State Water Resources Control Board loan for construction of the Plate Settler at the Water Treatment Plant. The remaining \$40,591 will be used for water system maintenance and operation.

Standby Charge	No. of Parcels	Assessment per Parcel, \$	Total
Water	2,071	\$ 98	\$ 202,958
Sewer	1,866	\$ 21	\$ 39,186
TOTAL	---	---	\$ 242,144

For the wastewater system, \$39,186 will be used for wastewater system maintenance and operation. Table 2 summarizes the standby charges and their corresponding allocation to water and sewer systems.

Table 2. Summary of Use by Standby Charge

Item	Water	Sewer	Total
Debt Service	\$ 162,367	\$ -	\$ 162,367
Maintenance & Operations	\$ 40,591	\$ 39,186	\$ 79,777
TOTAL	\$ 202,958	\$ 39,186	\$ 242,144



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

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

The improvements to the water treatment plant benefit all 2,071 parcels whether currently provided water service, or such service is provided in the future for any parcel currently not served water (not yet developed). As such, the annual debt service is shared equally amongst all parcels which benefit equally from these water treatment plant improvements.

The water and sewer system maintenance and operations costs are annual costs to operate the entire water and sewer systems that benefit all 2,071 parcels receiving water services, and all 1,866 parcels receiving sewer services, equally.

Therefore, it is recommended that the District initiate and confirm the Water and Sewer Standby Charges for FY 2020/21 in the amount of \$98 for water and \$21 for sewer for each and every parcel in the District eligible for these services. These charges should be confirmed prior to July 1, 2020 (beginning of the Fiscal Year) by a Public Hearing and Resolution.

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

A listing of the 2,071 properties, corresponding assessor parcel numbers, and associated charges will be filed concurrently with the County Auditor's office. This listing is also on file at the District office.

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

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

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

The Board will hold a public hearing on May 21, 2020, at 4:00 pm at the District Office, located at 4870 Heritage Road, in Heritage Ranch, California. At that time and place, the District will hear and consider all objections or protests, if any, to the proposed standby or availability charges or assessments.

SGT:



HERITAGE RANCH COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors

FROM: Scott Duffield, General Manager

DATE: March 19, 2020

SUBJECT: Request to receive and file Photovoltaic System Project updates.

Recommendation

It is recommended that the Board of Directors receive and file Photovoltaic System Project updates.

Background

Your Board approved the Photovoltaic System Project (Project) at the January 16, 2020 meeting and selected Stockman's Energy, Inc. as the most qualified proposer.

Discussion

Agreement with Stockman's Energy, Inc.

The Agreement with Stockman's Energy, Inc. has an effective date of February 26, 2020.

Schedule

The Notice to Proceed was executed on March 3, 2020. The initial conference (pre-construction meeting) was held on March 10, 2020. The preliminary project construction schedule shows 178 Days to final submittal to PG&E. The critical path goes through PG&E; thus, commissioning of the system will depend on the timing of service upgrades and the interconnection process. The preliminary project construction schedule dated 3/10/2020 is attached.

Fiscal Considerations

The FY 2019/20 Budget includes \$79,868 for the design and bid phase of the Project. There is currently enough budgeted in this line item to cover project management costs for this fiscal year. Proportionate cash reserves will need to be transferred from the sewer and water funds to fund construction of the Project this fiscal year. The FY 2020/21 budget will be prepared to include the Project. Substantial energy cost savings will also be realized.

As previously directed by your Board, staff is moving forward with applying for a private placement loan to partially fund the Project. The private placement loan process is like a project itself and includes the placement agent issuing a Request for Proposals to numerous banks, and usually takes about 30-60 days to complete once the RFP is issued. Your Board previously adopted a reimbursement resolution that allows pay back of cash reserves used for the Project with the private placement loan monies.

The RFP is being prepared for a loan to cover most Project costs, including estimated soft costs, estimated PG&E costs, and construction contingency, which equates to \$1,571,970, not including costs of issuance.

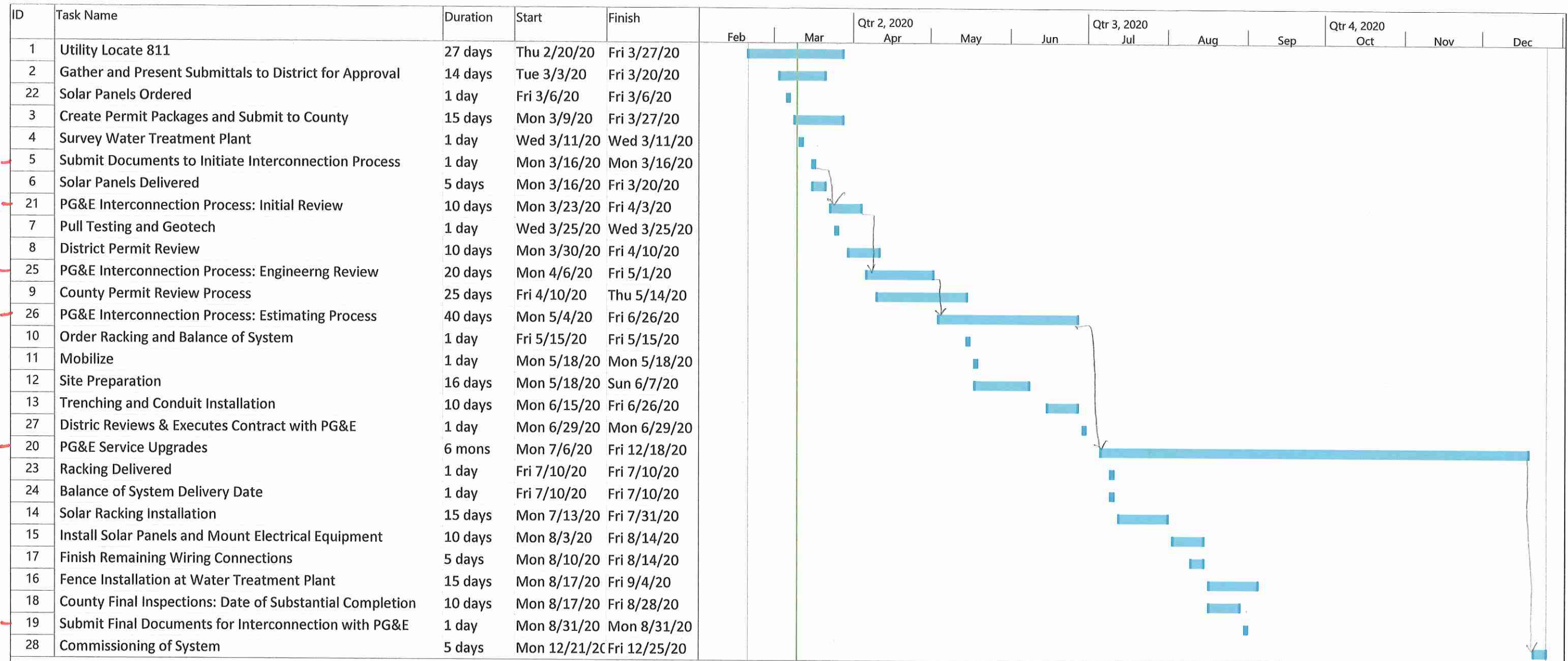
The loan documents will be brought to your Board for presentation and approval at a future meeting.

Results

Receipt and file of this report keeps the Board formally informed on progress of the Project.

Attachments: Preliminary Project Construction Schedule dated 3/10/2020

File: Projects_PVS



Project: HRCSD Preliminary Pro Date: Tue 3/10/20	Task		Project Summary		Manual Task		Start-only		Deadline	
	Split		Inactive Task		Duration-only		Finish-only		Progress	
	Milestone		Inactive Milestone		Manual Summary Rollup		External Tasks		Manual Progress	
	Summary		Inactive Summary		Manual Summary		External Milestone			

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

Manager Report For the Month of March 2020

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

Administration

- The Manager and Office Supervisor were deputized by the County Clerk-Recorder to close the ballot drop-off box that was located in the lobby. The District Board Room was also a polling place for the March 3, 2020 election.
- The Manager participated in a conference call with District Counsel and others regarding at-large versus by district elections and what that may mean for us.
- The Manager and Office Supervisor participated in a three of six live webinars in a series related to marketing for Special Districts. These webinars are only 20-30 minutes and provide ideas and information on how to engage your community.
- The Manager and Office Supervisor participated in a CSDA webinar titled, "How to collect unpaid bills: SB 998 new restrictions."
- The Manager and staff continued to discuss and anticipate changes in our meter reading and billing procedures due to the new legislation (SB998) regarding discontinuance of residential water service that will be effective April 1st.

Operations

- The Manager and staff completed requirements of the citation we received from the Division of Drinking Water for exceeding the haloacetic acids maximum contaminant level for the first calendar quarter of 2020. Staff is working on short, medium, and longer-term actions to address the issue. The Operations & Engineering Committee is also meeting on a regular basis and will report to the Board.
- Additional updates regarding operations can be found in the Operations Report.

Solid Waste

- Nothing significant to report.

Reservoir Status

- As reported by Monterey County Water Resources Agency (MCWRA), as of March 9, 2020, the reservoir was at approximately 762 feet in elevation, 52% of capacity, or 195,985-acre feet of storage. MCWRA water releases were shown as 60 cfs.

Capital Improvement Program (current FY)

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

- WTP Actuator Replacement: This project is continued from the previous FY and is in progress.
- Vertical well: The design phase is ready to start pending execution of the professional services agreement by Cleath-Harris Geologists. The agreement was sent to them on February 25, 2020. They responded on March 4th that they would send the executed agreement shortly.
- Lift Station 5 connection to Lift Station 10: No activity
- Lift Station 1-5 rehabilitation design phase: Development of contract documents underway by the District Engineer.
- VOiP System: The phones have been received. The installation and startup are tentatively scheduled for March 20, 2020.

Development

- The applicant for the two subdivisions for which your Board has issued conditional will serves; Tract 2879, and Tract 3110, called the Manager to check the status of the projects as they indicated they are ready to submit to the County. I informed them that the conditional will serves are valid until May 2020.
- There has been no new activity for the RV / boat storage facility (DRC2019-00099) for which your Board has issued a conditional will serve.

Public Relations and Community

- Nothing significant to report.

Human Resources

- The term of the Memorandum of Understanding with the employee's association is through June 30, 2020. The Board should anticipate entering negotiations for renewal of the MOU in the next couple of months.

Board Member & Staff Information and Learning Opportunities

- The calendar of events for CSDA is published and online. There are many different training opportunities for Directors and Staff including on-demand webinars.

* * *

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
FEBRUARY 2020 OFFICE REPORT**

Water & Sewer

On March 1st, we processed 1,917 bills for a total dollar amount of \$126,678 for water and sewer user fees for the month of February. The number of Automatic Drafts processed was 547 for a total dollar amount of \$35,025. On February 26th we processed 263 Late Notices.

San Miguel Garbage Franchise Fees

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

Month of January

Garbage Collection (10%) - \$ 5,653.23

Roll-Off Collection (10%) - \$ 426.38

Total Franchise Fees Collected - \$ 6,079.61

Service Orders Completed

Staff completed a total of 75 service orders for the month of February. Below is a breakdown by job code.

Occupant Change	8	Lock Meter	13
Sewer Problem	2	Misc	5
USA	17	Swap/Pull Meter	2
Leak	3	Call Out	2
Dirty Water Complaint	1	Pressure	1
Turn-Off Angle Stop	2	Backflow Reported	1
Turn-On Angle Stop	1	Sewer Inspection	1
Hydrant Meter	1	Unlock	15

Heritage Ranch Community Services District Operations Report – February 2020

Water Treatment:

- 7.88 Million gallons of water was treated
- Submitted monthly water treatment plant report
- Worked on Consumer Confidence Report
- Worked on Electronic Annual Report
- Meeting with vendor (JBI) regarding granular activated carbon system
- Test run and preparation of plate settler for MKN testing

Water Distribution:

- Oversight of Cla-Val rebuilds

Wastewater Treatment:

- 3.34 Million gallons of wastewater was treated

Wastewater Collection:

- SSO, clean up, and reporting
- Replaced Lift Station 2 motor saver

Vehicle & Equipment Maintenance:

- Nothing significant to report

Structures & Grounds:

- Coordinated lighting retrofits by Staples Energy through a PG&E incentive program
- Repaired parking lot light
- Oversight of general landscaping clean-up by community service worker