

HERITAGE RANCH COMMUNITY SERVICES DISTRICT
MEMORANDUM

TO: Board of Directors

FROM: Scott Duffield, General Manager

DATE: February 21, 2019

SUBJECT: Submittal for approval Resolution 19-01 Appealing Stage II Drought Conditions and Terminating Implementation of the Emergency Water Shortage Regulations and Staged Water Use Reduction Plan.

Recommendation

It is recommended that the Board of Directors:

1. Hold a Public Hearing; and
2. At the close of the Public Hearing consider approval of Resolution 19-01 Appealing Stage II Drought Conditions and Terminating Implementation of the Emergency Water Shortage Regulations and Staged Water Use Reduction Plan.

Background

In 2009 the District by Resolution established Code of Ordinance Section 5.900 - Emergency Water Shortage Regulation and Staged Water Use Reduction Plan.

Section 5.940 provides that the General Manager shall monitor the Nacimiento Reservoir water elevation and demand for water and shall report in writing to the Board.

At the July 19, 2018 meeting, your Board executed Resolution 18-10 declaring drought conditions and authorizing implementation of Stage II of the Emergency Water Shortage Regulation and Staged Water Use Reduction Plan (Plan).

At the January 17, 2019 meeting, your Board set a public hearing for today to consider terminating Stage II drought conditions and Implementation of the Emergency Water Shortage Regulations and Staged Water Use Reduction Plan.

Discussion

As of February 12th, the reservoir was at approximately 763 feet in elevation, 53% of capacity, or 198,750-acre feet of storage.

The releases from the dam were 60 cfs.

Monterey County Water Resources Agency will not develop a release schedule for 2019 until March or April.

District Code of Ordinances Section 5.900

Section 5.900 of Chapter 5 of the District Code is known and cited as the Heritage Ranch Community Services District Emergency Water Shortage Regulations and Staged Water Use Reduction Plan (Code). The purpose and intent of this Code is to provide water shortage response procedures to minimize the effect of any existing or threatened water shortage conditions to customers. Conservation goals are based on historical average and staged conservation measures are triggered by reservoir elevation.

Water Shortage Conservation Stages are summarized below:

Stage I	Elevation 730' – 720'	No mandatory conservation
Stage II	Elevation 720' – 700'	15% mandatory conservation
Stage III	Elevation 700' – 680'	30% mandatory conservation
Stage IV	Elevation 680' – 670'	50% mandatory conservation

As can be seen, the Nacimiento Reservoir has reached elevations that no longer trigger implementation of Code of Ordinance Section 5.900, Emergency Water Shortage Regulation and Staged Water Use Reduction Plan.

This Section of the Code of Ordinances includes language that requires the Board to determine whether a water shortage exists and states,

"The provisions of this Ordinance shall be implemented upon a determination by the Board of Directors that there exists, or there is a threat of, a water shortage that affects the District's ability to supply its customers with potable water."

It further states that the GM shall monitor and report to the Board, and that the Board shall set a public hearing(s) and execute a Resolution each time the Board chooses to implement, increase, or terminate, Water Shortage Conservation Stage II through IV. Water Shortage Conservation Stage I is education only and does not need Board action. The Manager has confirmed with District Counsel that California Water Code Section 350 requires the Board of Directors to continue to do this. That code section states,

*"The governing body of a distributor of a public water supply, whether publicly or privately owned and including a mutual water company, **shall** declare a water shortage emergency condition to prevail within the area served by such distributor whenever it finds and determines that the ordinary demands and requirements of water consumers cannot be satisfied without depleting the water supply of the distributor to the extent that there would be insufficient water for human consumption, sanitation, and fire protection."*

For further emphasis, this code section was revised in 2018 to say “***shall***” instead of “*may*”.

Fiscal Implications

There are no direct fiscal implications associated with this item.

Results

The attached resolution reflects termination of the staged water use reduction plan.

Attachments: Resolution 19-01
Notice of Public Hearing

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 19-01**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE HERITAGE RANCH
COMMUNITY SERVICES DISTRICT APPEALING STAGE II DROUGHT
CONDITIONS AND TERMINATING IMPLEMENTATION OF THE EMERGENCY
WATER SHORTAGE REGULATIONS AND STAGED WATER USE REDUCTION
PLAN**

WHEREAS, the District adopted Resolution 09-07 on July 16, 2009, establishing Code of Ordinance Section 5.900, Emergency Water Shortage Regulation and Staged Water Use Reduction Plan; and

WHEREAS, Monterey County Water Resources Agency is projected to release water to the Nacimiento River at a flow of 60 cubic feet per second (cfs) from January 2019, to the end of the rain season; and

WHEREAS, the Nacimiento Reservoir has reached elevations that no longer trigger implementation of Code of Ordinance Section 5.900, Emergency Water Shortage Regulation and Staged Water Use Reduction Plan; and

WHEREAS, this Resolution is adopted to continue to conserve a public water supply for the protection of the health, welfare, and safety of the residents of the Heritage Ranch Community Services District.

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

- 1) The Board of Directors finds that it has complied with all procedural and code requirements.
- 2) The Board of Directors hereby terminates Water Conservation Stage II and Implementation of the Emergency Water Shortage Regulations and Staged Water Use Reduction Plan.
- 3) The District intends to continue to promote water conservation by requiring the water conservation standards below that shall apply to all customers and property served by the District and are always in effect:
 - a) The General Manager is directed to provide concentrated public education of the water use prohibitions outlined below for equity and consistency:
 - i) Irrigating outdoors during and within 48 hours following measurable rainfall is prohibited.
 - ii) Irrigation with potable water outside of newly constructed homes and buildings that is inconsistent with regulations or other requirements established by the California Building Standards Commission and the Department of Housing and Community Development is prohibited.

- iii) Washing vehicles, boats, trailers or other types of mobile equipment is highly discouraged and may only be done when the hose is fitted with a shut-off nozzle or device attached to it that causes it to cease dispensing water immediately when not in use.
- iv) Potable water use that results in excessive water flow or runoff onto an adjoining driveway, street, gutter, ditch or green belt is prohibited.
- v) The use of potable water in a fountain or other decorative water feature may only occur where the water is part of a recirculating system.
- vi) Excessive use, loss or escape of water through breaks, leaks or other malfunctions in the customers' plumbing or distribution system for any period of time after such escape of water should have reasonably been discovered and corrected and in no event more than ten days after written notification by the District, is prohibited.
- vii) The District will pursue a public information program about water supply conditions and the need to reduce water consumption by such means deemed appropriate by the General Manager.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Heritage Ranch Community Services District on the 21st day of February 2019, by the following roll call vote.

AYES:

NOES:

ABSTAIN:

ABSENT:

APPROVED:_____

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

ATTEST:_____

**Kristen Gelos, Secretary
Board of Directors**

Heritage Ranch Community Services District
Notice of Public Hearing
Appealing Declaration of Drought Conditions and Implementation of Emergency Water
Shortage Regulations and Staged Water Use Reduction Plan

Heritage Ranch Community Services District (District) will conduct a Public Hearing on February 21, 2019 beginning at 4:00 p.m. at the District office located at 4870 Heritage Road, Paso Robles, California. The Board of Directors will consider appealing a declaration of drought conditions and staged water use prohibitions pursuant to Ordinance 5.900, Emergency Water Shortage Regulations and Staged Water Use Reduction Plan. Interested persons are invited to attend the Public Hearing or submit written comments prior to the Public Hearing.

Please contact the District office at (805) 227-6230 for more information.

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors

FROM: Scott Duffield, General Manager

DATE: February 21, 2019

SUBJECT: Submittal for approval an Affirmation and Restatement of the Household Hazardous Waste Agreement with the San Luis Obispo County Integrated Waste Management Authority (IWMA).

Recommendation

It is recommended that the Board of Directors approve an Affirmation and Restatement of the Household Hazardous Waste Agreement with the San Luis Obispo County Integrated Waste Management Authority (IWMA), and direct the Board President to sign.

Background

The District and the IWMA entered into the Household Hazardous Waste Agreement (Agreement) in January 2002. The purpose of the Agreement is to divert such waste from the waste stream that normally goes to landfills. There was a previous amendment approved by your Board in 2018 that removed liability of the District to operate the facility and transferred that to IWMA.

Discussion

The current Agreement was executed in 2002 for a term of ten years and contains a provision that IWMA has an option to extend the term for an additional ten years. It is not known by the parties whether or not IWMA formally exercised that option. Approval of this item will do that.

Fiscal Implications

There are no direct costs currently associated with this item. The IWMA pays all costs associated with the Household Hazardous Waste facility.

Results

Approval of the recommended action will formally extend the Agreement.

Attachments: Conflict Waiver

Affirmation and Restatement of the Household Hazardous Waste
Agreement

**ADAMSKI MOROSKI MADDEN
CUMBERLAND & GREEN LLP**

ATTORNEYS AT LAW

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February 21, 2019

Heritage Ranch Community Services District
Attn: Board of Directors
4870 Heritage Road
Paso Robles, CA 93446

Re: Conflict Waiver

Dear Directors of the Board:

In January of 2002, the Heritage Ranch Community Service District (“HRCSD”) entered into a Household Hazardous Waste Agreement (“Agreement”) with the Integrated Waste Management Authority (“IWMA”). The Agreement provided for IWMA’s lease of HRCSD real property to construct a permanent household hazardous waste collection facility, which was accomplished. The term of the original Agreement was for ten (10) years with an option to extend for an additional 10 years. Identical agreements were executed at the time with other local agencies. On January 28, 2012, the initial 10-year term expired. It appears the IWMA option to extend was informally exercised by email on December 18, 2017. Both the HRCSD and IWMA have continued to cooperate as if the option was formally exercised and the Agreement extended. The issue before your Board now is to formally ratify and affirm the terms of the 2002 Agreement and the Amendment of 2018 and exercise the option to extend.

My office represents a number of local government agencies, including acting as District legal counsel for IWMA. Accordingly, a conflict exists and I am precluded from representing either the HRCSD or IWMA on this matter without a conflict waiver from both agencies.

The California Rules of Professional Conduct prevent an attorney from representing a party in one matter where that attorney represents a different client in an unrelated matter adverse to the first client unless both clients provide informed written consent. The following are the pertinent Rules of Professional Conduct related to this engagement:

RULES OF PROFESSIONAL CONDUCT

Rule 1.7 of the California Rules of Professional Conduct provides in pertinent part:

(a) A lawyer shall not, without informed written consent* from each client and compliance with paragraph (d), represent a client if the representation is directly adverse to another client in the same or a separate matter.

(b) A lawyer shall not, without informed written consent* from each affected client and compliance with paragraph (d), represent a

client if there is a significant risk the lawyer's representation of the client will be materially limited by the lawyer's responsibilities to or relationships with another client, a former client or a third person,* or by the lawyer's own interests.

(c) Even when a significant risk requiring a lawyer to comply with paragraph (b) is not present, a lawyer shall not represent a client without written disclosure of the relationship to the client and compliance with paragraph (d) where:

- (1) the lawyer has, or knows that another lawyer in the lawyer's firm has, a legal, business, financial, professional, or personal relationship with or responsibility to a party or witness in the same matter; or
- (2) the lawyer knows or reasonably should know that another party's lawyer is a spouse, parent, child, or sibling of the lawyer, lives with the lawyer, is a client of the lawyer or another lawyer in the lawyer's firm, or has an intimate personal relationship with the lawyer. *See Exhibit A* (a complete copy of Rule 1.7 of the California Rules of Professional Conduct)

Here, because the matter is simply a ratification of an agreement that both parties have been operating under anyway, I am confident that I am able to provide you competent and diligent representation in all matters even if I simultaneously represent the IWMA in regards to the ratification of this same Agreement. Nevertheless, I am obliged to inform you of any actual or reasonably foreseeable adverse effects of this representation. At this time, it is foreseeable that your Board could perceive my representation of both parties as a breach of loyalty.

YOUR CONSENT

It is understood that this consent will not waive any protection that you may have with regard to attorney-client communications with me in this matter. Those communications will remain confidential and will not be disclosed to any third party without your consent.

I believe that the HRCSD Board is familiar with the factual background relevant to the content of this letter, and that I have given you a sufficiently-detailed description for obtaining informed written consent. However, if you believe that there is any other information that you or I need to have before such consent can be granted, please let me know immediately or such matters can be discussed at the February 21, 2019 meeting of the Board. You are advised of your right to seek independent legal advice related to the conflict represented by this waiver.

Heritage Ranch Community Services District

February 21, 2019

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In the event that circumstances change or I become aware of new information that may affect your consent, you will be notified of that fact immediately, and continued representation will be subject to the informed written consent of involved parties.

Your execution of this consent form will constitute an acknowledgment of full disclosure in compliance with the requirements of Rule 1.7 of the California Rules of Professional Conduct previously quoted in this letter.

Very truly yours,

ADAMSKI MOROSKI MADDEN
CUMBERLAND & GREEN LLP

JEFFREY A. MINNERY

Heritage Ranch Community Services District

Bill Barker, Jr., President

Date: _____



EXHIBIT A

The State Bar of California

Rule 1.7 Conflict of Interest: Current Clients (Rule Approved by the Supreme Court, Effective November 1, 2018)

- (a) A lawyer shall not, without informed written consent* from each client and compliance with paragraph (d), represent a client if the representation is directly adverse to another client in the same or a separate matter.
- (b) A lawyer shall not, without informed written consent* from each affected client and compliance with paragraph (d), represent a client if there is a significant risk the lawyer's representation of the client will be materially limited by the lawyer's responsibilities to or relationships with another client, a former client or a third person,* or by the lawyer's own interests.
- (c) Even when a significant risk requiring a lawyer to comply with paragraph (b) is not present, a lawyer shall not represent a client without written* disclosure of the relationship to the client and compliance with paragraph (d) where:
 - (1) the lawyer has, or knows* that another lawyer in the lawyer's firm* has, a legal, business, financial, professional, or personal relationship with or responsibility to a party or witness in the same matter; or
 - (2) the lawyer knows* or reasonably should know* that another party's lawyer is a spouse, parent, child, or sibling of the lawyer, lives with the lawyer, is a client of the lawyer or another lawyer in the lawyer's firm,* or has an intimate personal relationship with the lawyer.
- (d) Representation is permitted under this rule only if the lawyer complies with paragraphs (a), (b), and (c), and:
 - (1) the lawyer reasonably believes* that the lawyer will be able to provide competent and diligent representation to each affected client;
 - (2) the representation is not prohibited by law; and
 - (3) the representation does not involve the assertion of a claim by one client against another client represented by the lawyer in the same litigation or other proceeding before a tribunal.
- (e) For purposes of this rule, "matter" includes any judicial or other proceeding, application, request for a ruling or other determination, contract, transaction, claim, controversy, investigation, charge, accusation, arrest, or other deliberation, decision, or action that is focused on the interests of specific persons,* or a discrete and identifiable class of persons.*

Comment

[1] Loyalty and independent judgment are essential elements in the lawyer's relationship to a client. The duty of undivided loyalty to a current client prohibits

undertaking representation directly adverse to that client without that client's informed written consent.* Thus, absent consent, a lawyer may not act as an advocate in one matter against a person* the lawyer represents in some other matter, even when the matters are wholly unrelated. (See *Flatt v. Superior Court* (1994) 9 Cal.4th 275 [36 Cal.Rptr.2d 537].) A directly adverse conflict under paragraph (a) can arise in a number of ways, for example, when: (i) a lawyer accepts representation of more than one client in a matter in which the interests of the clients actually conflict; (ii) a lawyer, while representing a client, accepts in another matter the representation of a person* who, in the first matter, is directly adverse to the lawyer's client; or (iii) a lawyer accepts representation of a person* in a matter in which an opposing party is a client of the lawyer or the lawyer's law firm.* Similarly, direct adversity can arise when a lawyer cross-examines a non-party witness who is the lawyer's client in another matter, if the examination is likely to harm or embarrass the witness. On the other hand, simultaneous representation in unrelated matters of clients whose interests are only economically adverse, such as representation of competing economic enterprises in unrelated litigation, does not ordinarily constitute a conflict of interest and thus may not require informed written consent* of the respective clients.

[2] Paragraphs (a) and (b) apply to all types of legal representations, including the concurrent representation of multiple parties in litigation or in a single transaction or in some other common enterprise or legal relationship. Examples of the latter include the formation of a partnership for several partners* or a corporation for several shareholders, the preparation of a pre-nuptial agreement, or joint or reciprocal wills for a husband and wife, or the resolution of an "uncontested" marital dissolution. If a lawyer initially represents multiple clients with the informed written consent* as required under paragraph (b), and circumstances later develop indicating that direct adversity exists between the clients, the lawyer must obtain further informed written consent* of the clients under paragraph (a).

[3] In *State Farm Mutual Automobile Insurance Company v. Federal Insurance Company* (1999) 72 Cal.App.4th 1422 [86 Cal.Rptr.2d 20], the court held that paragraph (C)(3) of predecessor rule 3-310 was violated when a lawyer, retained by an insurer to defend one suit, and while that suit was still pending, filed a direct action against the same insurer in an unrelated action without securing the insurer's consent. Notwithstanding *State Farm*, paragraph (a) does not apply with respect to the relationship between an insurer and a lawyer when, in each matter, the insurer's interest is only as an indemnity provider and not as a direct party to the action.

[4] Even where there is no direct adversity, a conflict of interest requiring informed written consent* under paragraph (b) exists if there is a significant risk that a lawyer's ability to consider, recommend or carry out an appropriate course of action for the client will be materially limited as a result of the lawyer's other responsibilities, interests, or relationships, whether legal, business, financial, professional, or personal. For example, a lawyer's obligations to two or more clients in the same matter, such as several individuals seeking to form a joint venture, may materially limit the lawyer's ability to recommend or advocate all possible positions that each might take because of the lawyer's duty of loyalty to the other clients. The risk is that the lawyer may not be

able to offer alternatives that would otherwise be available to each of the clients. The mere possibility of subsequent harm does not itself require disclosure and informed written consent.* The critical questions are the likelihood that a difference in interests exists or will eventuate and, if it does, whether it will materially interfere with the lawyer's independent professional judgment in considering alternatives or foreclose courses of action that reasonably* should be pursued on behalf of each client. The risk that the lawyer's representation may be materially limited may also arise from present or past relationships between the lawyer, or another member of the lawyer's firm*, with a party, a witness, or another person* who may be affected substantially by the resolution of the matter.

[5] Paragraph (c) requires written* disclosure of any of the specified relationships even if there is not a significant risk the relationship will materially limit the lawyer's representation of the client. However, if the particular circumstances present a significant risk the relationship will materially limit the lawyer's representation of the client, informed written consent* is required under paragraph (b).

[6] Ordinarily paragraphs (a) and (b) will not require informed written consent* simply because a lawyer takes inconsistent legal positions in different tribunals* at different times on behalf of different clients. Advocating a legal position on behalf of a client that might create precedent adverse to the interests of another client represented by a lawyer in an unrelated matter is not sufficient, standing alone, to create a conflict of interest requiring informed written consent.* Informed written consent* may be required, however, if there is a significant risk that: (i) the lawyer may temper the lawyer's advocacy on behalf of one client out of concern about creating precedent adverse to the interest of another client; or (ii) the lawyer's action on behalf of one client will materially limit the lawyer's effectiveness in representing another client in a different case, for example, when a decision favoring one client will create a precedent likely to seriously weaken the position taken on behalf of the other client. Factors relevant in determining whether the clients' informed written consent* is required include: the courts and jurisdictions where the different cases are pending, whether a ruling in one case would have a precedential effect on the other case, whether the legal question is substantive or procedural, the temporal relationship between the matters, the significance of the legal question to the immediate and long-term interests of the clients involved, and the clients' reasonable* expectations in retaining the lawyer.

[7] Other rules and laws may preclude the disclosures necessary to obtain the informed written consent* or provide the information required to permit representation under this rule. (See, e.g., Bus. & Prof. Code, § 6068, subd. (e)(1) and rule 1.6.) If such disclosure is precluded, representation subject to paragraph (a), (b), or (c) of this rule is likewise precluded.

[8] Paragraph (d) imposes conditions that must be satisfied even if informed written consent* is obtained as required by paragraphs (a) or (b) or the lawyer has informed the client in writing* as required by paragraph (c). There are some matters in which the conflicts are such that even informed written consent* may not suffice to permit representation. (See *Woods v. Superior Court* (1983) 149 Cal.App.3d 931 [197 Cal.Rptr.

185]; *Klemm v. Superior Court* (1977) 75 Cal.App.3d 893 [142 Cal.Rptr. 509]; *Ishmael v. Millington* (1966) 241 Cal.App.2d 520 [50 Cal.Rptr. 592].)

[9] This rule does not preclude an informed written consent* to a future conflict in compliance with applicable case law. The effectiveness of an advance consent is generally determined by the extent to which the client reasonably* understands the material risks that the consent entails. The more comprehensive the explanation of the types of future representations that might arise and the actual and reasonably* foreseeable adverse consequences to the client of those representations, the greater the likelihood that the client will have the requisite understanding. The experience and sophistication of the client giving consent, as well as whether the client is independently represented in connection with giving consent, are also relevant in determining whether the client reasonably* understands the risks involved in giving consent. An advance consent cannot be effective if the circumstances that materialize in the future make the conflict nonconsentable under paragraph (d). A lawyer who obtains from a client an advance consent that complies with this rule will have all the duties of a lawyer to that client except as expressly limited by the consent. A lawyer cannot obtain an advance consent to incompetent representation. (See rule 1.8.8.)

[10] A material change in circumstances relevant to application of this rule may trigger a requirement to make new disclosures and, where applicable, obtain new informed written consents.* In the absence of such consents, depending on the circumstances, the lawyer may have the option to withdraw from one or more of the representations in order to avoid the conflict. The lawyer must seek court approval where necessary and take steps to minimize harm to the clients. See rule 1.16. The lawyer must continue to protect the confidences of the clients from whose representation the lawyer has withdrawn. (See rule 1.9(c).)

[11] For special rules governing membership in a legal service organization, see rule 6.3; and for work in conjunction with certain limited legal services programs, see rule 6.5.

AFFIRMATION AND RESTATEMENT OF THE HOUSEHOLD HAZARDOUS WASTE AGREEMENT

THIS AFFIRMATION AND RESTATEMENT shall affirm and restate the terms of the HOUSEHOLD HAZARDOUS WASTE AGREEMENT dated January 28, 2002 by and between the **SAN LUIS OBISPO COUNTY INTEGRATED WASTE MANAGEMENT AUTHORITY (“IWMA”)** and the **HERITAGE RANCH COMMUNITY SERVICES DISTRICT** (collectively referred to as the “Parties”).

RECITALS

WHEREAS, the Parties executed the original agreement on January 28, 2002 (“Agreement”); and

WHEREAS, Section B.1. of the Agreement provides the IWMA an option to extend the Agreement for an additional period of ten (10) years from the original expiration date of the Agreement; and

WHEREAS, the original expiration date of the Agreement was January 28, 2012; and

WHEREAS, IWMA informally exercised its option to extend the term of the Agreement after the original expiration date by email dated December 18, 2017; and

WHEREAS, it appears that the Parties, by their course of conduct in continuing to operate pursuant to the Agreement, intended to formally exercise the option to extend the term of the Agreement prior to its expiration date; and

WHEREAS, the Parties executed an amendment to the original agreement on February 28, 2018, unrelated to the term of the Agreement.

NOW, THEREFORE, the Parties do mutually agree as follows:

1. The Parties mutually affirm and restate the Agreement and the February 28, 2018 amendment, including exercise of the option to extend the term as if exercised prior to the original expiration date of the Agreement, making the new expiration date January 28, 2022.
2. In all other aspects, the HOUSEHOLD HAZARDOUS WASTE AGREEMENT dated January 28, 2002 and the AMENDMENT TO THE HOUSEHOLD HAZARDOUS WASTE AGREEMENT dated February 28, 2018 shall remain unchanged and in full force and effect.

San Luis Obispo County
Integrated Waste Management Authority

By: _____ Date: _____
Jeff Lee, President

Heritage Ranch Community Services District

By: _____ Date: _____
Bill Barker, Jr., President

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors

FROM: Scott Duffield, General Manager
Jason Molinari, Operations Manager

DATE: February 21, 2019

SUBJECT: Request to receive and file an update on current capital projects.

Recommendation

It is recommended that the Board of Directors receive and file an update on current capital projects.

Background

Your Board approves a Budget annually that includes an operating budget and a capital budget. Other projects and/or equipment repairs or replacements may be added to the Budget as necessary.

Discussion

The following updates are provided for the projects on the current capital budget:

GSP Development

This project is for the development of a Groundwater Sustainability Plan (GSP) as required by the Sustainable Groundwater Management Act and is for a consultant to do that work in coordination with the participating agencies. As reported at the January meeting, the Department of Water Resources (DWR) has approved our Basin Boundary Modification Request (BBMR). The new boundary excludes the District from the groundwater basin, thus we no longer need to participate in the GSP. Correspondence was sent to the other agencies notifying them that the District is withdrawing from the Memorandum of Agreement to develop a GSP, effective January 18, 2019. The District is still responsible for our 1% proportional share up to the date of the notice. The status of the DWR grant and any reimbursement is unknown at this time. This project will be complete once we are invoiced for work through January.

Basin Boundary Modification Request

This project is for a consultant to develop, write, and present technical information and reports that are required to be submitted to DWR supporting our BBMR. It also includes additional technical work and meetings with DWR subsequent to DWR's denial of our initial submittal. This project is complete.

Office Tenant Improvement

This project will provide a second hard-walled office in the administrative building. The District has obtained a building permit and a purchase order has been issued to a contractor. Staff anticipates work to start around the time this report is published.

Lift Station 3 Rehabilitation

This project is for rehabilitation of Lift Station 3. Work started in FY16/17 and was placed on hold with other capital projects in conjunction with the initial rate increases. It has been carried over to the current budget in case we restart work on it.

Lift Station 5 Pumps & Controls

This project is for control upgrades and replacement of the pumps at Lift Station 5. The pumps have been replaced. Some materials for the controls have been ordered by the District and a purchase order has been issued for a vendor to provide other materials and labor. Staff is targeting the work to be complete by the end of March.

WTP Actuator Replacement

The purpose of the Project is to replace the influent and effluent actuators on each of the four filter units. Staff previously replaced one actuator and ordered a second under the operating budget. One has been installed and staff anticipates installing the second (on the same filter) by the end of February. Staff will evaluate how this first filter operates and the level of programming needed before replacing the remaining six actuators. We are targeting the end of June to complete this project.

Lift Station 1-5 Condition Assessment

This project will evaluate the wet well condition of Lift Stations 1 through 5. The District accepted a proposals from a vendor and has issued a purchase order. Staff is targeting the work to start around the beginning of March.

Lift Station 1 Electrical Controls Repair

This project is to evaluate and repair the electrical controls for Lift Station 1. Some materials have been ordered by the District and a purchase order has been issued for a

vendor to provide other materials and labor. Staff is targeting the work to be complete by the end of March.

Fiscal Implications

There are no direct fiscal implications associated with this item.

Results

Prioritization and implementation of capital projects within a schedule that is conducive with appropriate rates and charges will provide continued safe and reliable services.

Attachments: Current Capital Budget Summary

Current Projects Budget Summary

02/01/2019

Project/Equipment	Budgeted	Paid	Remaining
GSP Development (includes contingency)	\$ 16,755	\$ 6,952.53	9,802.19
*\$1754 from FY 17/18			
Basin Boundary Modification Request	\$ -	\$ 10,634.07	-10,634.07
Office Tenant Improvement	\$ 25,000	\$ 1,335.17	23,664.83
LS 3 Rehabilitation/upgrades	\$ 3,521	\$ -	3,521.00
*previous year balance moved to fy			
LS 5 Pumps & Controls	\$ 8,000	\$ 4,384.69	3,615.31
WTP Actuator Replacement	\$ 55,000	\$ -	55,000.00
*added to budget 11/15/18			
LS 1-5 Condition Assessment	\$ 10,000	\$ -	10,000.00
*added to budget 1/17/19			
LS 1 Electrical Controls Repair	\$ 10,000	\$ -	10,000.00
*added to budget 1/17/19			
TOTALS	\$ 128,276	\$ 23,306	\$ 104,969

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors

FROM: Scott Duffield, General Manager
Steve Tanaka, District Engineer

DATE: February 21, 2019

SUBJECT: Request to receive and file an update on development of a photovoltaic system project and provide direction to staff.

Recommendation

Request to receive and file an update on development of a photovoltaic system project and provide direction to staff.

Background

Your Board approves a Budget annually that includes an operating budget and a capital budget. A System Energy Plan (SEP) was completed in 2014 and several of the projects identified in that plan have been implemented. Your Board also approved a 5-year Capital Improvement Plan (CIP) in 2017. A photovoltaic system (PVS) project is included in the SEP and the CIP, but nothing is budgeted this FY. Staff received direction from your Board to begin developing a PVS project.

Discussion

The SEP identified then current energy use and potential projects and associated cost savings should those projects be implemented. It also provided a recommended approach to a PVS project as follows:

- Issue a competitive RFP that requires a direct purchase option (cash or debt) and a power purchase agreement option (lease to own w/ third party financing).
- Power delivery via Net Energy Metering (NEM).
- Project size to offset energy from WWTP and Administration building (230kV).
- Project location Alternative 1 south of WWTP.
- Project location Alternative 2 north of Administration building.

There will be many things to discuss later if the Board continues to move forward on a PVS project. In this initial stage and to build on the SEP, the Board may choose to dicuss several more general and near term things:

Current Goals and Priorities of a PVS

- Offset energy used by the Wastewater Treatment Plant (WWTP)
- Offset energy used by the Administration Building and Yard
- Offset energy used by the Water Treatment Plant (WTP)
- Multi-functional use (shade structures, carports, lease spaces, etc.)
- Other?

Implementation Options

- Direct = District size, design, act as general contractor.
- Direct = Hire “energy manager/company” to size, design, act as general contractor.
- Full Service = Issue an RFP for Design-Build; turnkey. (SEP recommendation)
- Other?
- Interested Full Service Company List

Near Term Considerations

- Other Capital Projects (priorities)
- Timing (certain programs may sunset soon)
- Siting (practical, sensitivity, other capital projects)
- Other?

Next Steps

- Standing Agenda Item?
- Work at the Operations & Engineering Committee level?
- Draft RFP?
- Other?

Fiscal Implications

Development of a PVS project is not included in the Capital Budget this FY. The fiscal implications are anticipated to be Manager and District Engineer labor costs this FY. There is currently sufficient Operating Budget to cover these costs. Should we need additional budget staff will return to your Board.

Moving forward the Board will need to make decision(s) on how to finance further development and installation of a PVS project. It is anticipated financing options will be flushed out as the project is developed.

Results

Prioritization and implementation of capital projects within a schedule that is conducive with appropriate rates and charges will provide continued safe and reliable services to our customers.

Attachments: Full Service PVS Vendor List (draft)

Full Service Photovoltaic System Vendor List (Draft)

Bland Solar & Air
1177 N. Willow Avenue, Ste 104
Clovis, CA 93611
559-385-2528

Borrego Solar Systems, Inc.
1814 Franklin St. #700
Oakland, CA 94612
888-898-6273

Pacific Energy Company
2121 Santa Barbara Street
San Luis Obispo, CA 93401
805-544-4700

Photon Brothers
1492 Railroad St.
Oceano, CA 93445
805-472-3746

REC Solar
3450 Broad St #105
San Luis Obispo, CA 93401
844-732-7652

Solarponics, Inc.
4700 El Camino Real
Atascadero, CA 93422
805-466-5595

Sunrun
775 Fiero Ln. Suite 200
San Luis Obispo, CA 93401
805-228-4239

Sunworks
1030 Winding Creek Rd., Ste 100
Roseville, CA 95678
866-600-6800



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

Minutes of January 17, 2019

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

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

2. ROLL CALL

Secretary Gelos called the role. All Directors were present.

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

3. PUBLIC COMMENT ON ITEMS NOT ON THE AGENDA

Heritage Ranch Resident Sheriff Deputy Brandon Florentino provided us with a monthly report on his calls for service which pertain to the community.

4. DISCUSSION ITEMS

- a. Request to receive and file an update on the status of Nacimiento Reservoir and implementation of the Emergency Water Shortage Regulations and Staged Water Use Reduction Plan:** Manager Duffield provided a summary of the item and answered any questions the Board had.

The Board directed staff to set public hearing for February 21, 2019 to update the Emergency Water Shortage Regulations and Staged Water Use Reduction Plan based on the current Reservoir water level.

- b. Request to consider approval of the 1) Lift Station 1-5 Condition Assessment, 2) Lift Station 1 Electrical Controls Repair, and 3) authorize a corresponding budget adjustment of \$20,000 from reserves:** Manager Duffield provided a summary of the item and Operations Manager Molinari discussed the item more in detail and answered any questions the Board had.

Director Burgess made a motion to approve the 1) Lift Station 1-5 Condition Assessment for a not to exceed amount of \$10,000; and approve 2) Lift Station 1 Electrical Controls Repair for a not to exceed amount of \$10,000; and authorize a budget adjustment of \$20,000 from reserves. Director Cousineau seconded the motion. The motion passed by a unanimous Roll-Call vote:

Ayes: Barker, Burgess, Capps, Cousineau, Rowley

5. CONSENT ITEMS

- a. Regular Meeting Minutes:** Receive/approve minutes of regular meeting of December 20, 2018.
- b. Warrant Register:** Receive/approve December 2018 warrants.
- c. Treasurer's Report:** Receive/file December 2018 report.
- d. Fiscal Report:** Receive/file December 2018 status report.
- e. Manager's Report:** Receive/file December 2018 report.
- f. Staff Reports:** Receive/file December 2018 reports.

Director Barker pulled items E and F (Manager and Staff Reports). Director Burgess made a motion to approve items A – D as presented. Director Cousineau seconded the motion. The motion passed by a unanimous voice vote:

Ayes: Barker, Burgess, Capps, Cousineau, Rowley

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

Director Capps made a motion to approve items E and F as presented. Director Burgess seconded the motion. The motion passed by a unanimous voice vote:

Ayes: Barker, Burgess, Capps, Cousineau, Rowley

6. DIRECTORS/MANAGER COMMENTS

The Board thanked Manager Duffield for all of his work in completing the Basin Boundary Modification. Director Capps asked if there was any update on the solar project.

7. ADJOURNMENT

On a motion by Director Cousineau and seconded by Director Capps, the meeting adjourned at 5:00 pm to the next scheduled meeting on Thursday, January 17, 2019 at 4:00 pm.

APPROVED:

Martin Rowley, Board President

ATTEST:

Kristen Gelos, Board Secretary

HERITAGE RANCH COMMUNITY SERVICES DISTRICT
JANUARY 2019 WARRANT REGISTER

PACIFIC PREMIER BANK WARRANTS

DATE	NAME OF PAYEE	DESCRIPTION	AMOUNT
1/3/2019	ADAMSKI, MOROSKI, MADDEN, CUMB	LEGAL & ATTORNEY	\$ 816.00
1/3/2019	ALL TECH SERIVCES, INC.	VEHICLES	\$ 337.47
1/3/2019	ALPHA ELECTRICAL SERVICE	MAINTENANCE FIXED EQUIPMENT	\$ 1,455.73
1/3/2019	BLAKES INC	MAINTENANCE FIXED EQUIPMENT	\$ 44.55
1/3/2019	BRENNTAG PACIFIC, INC	CHEMICALS	\$ 2,689.47
1/3/2019	CAL COAST IRRIGATION, INC.	MAINTENANCE FIXED EQUIPMENT	\$ 39.57
1/3/2019	CALPERS HEALTH BENEFITS	CALPERS HEALTH BENEFITS	\$ 14.40
1/3/2019	DATA PROSE LLC	WINTER NEWSLETTER 1-1-19	\$ 356.00
1/3/2019	FERGUSON ENTERPRISES INC	MAINTENANCE FIXED EQUIPMENT	\$ 142.32
1/3/2019	FERGUSON ENTERPRISES INC	MAINTENANCE FIXED EQUIPMENT	\$ 142.32
1/3/2019	FERGUSON ENTERPRISES INC	FIXED EQUIP/SUPPLIES/LAB TEST	\$ 318.66
1/3/2019	FERGUSON ENTERPRISES INC	FERGUSON ENTERPRISES INCVOIDED	
1/3/2019	FGL ENVIRONMENTAL	LAB TESTING	\$ 100.00
1/3/2019	FGL ENVIRONMENTAL	LAB TESTING	\$ 240.00
1/3/2019	GREAT WESTERN ALARM	ALARM/ANSWERING SERVICE	\$ 295.05
1/3/2019	KRISTINE HINDS	FINAL ACCT CRED	\$ 25.11
1/3/2019	LOWE'S	STRCT&GRND/SUPPLIES/SM TOOLS	\$ 137.67
1/3/2019	MASTER METER, INC.	COMPUTER / SOFTWARE	\$ 1,500.00
1/3/2019	NAPA AUTO PARTS	VEHICLES	\$ 125.38
1/3/2019	PASO ROBLES SAFE & LOCK	STRUCTURES&GRNDS/FIXED EQUIP	\$ 92.34
1/3/2019	SWRCB	LICENSES & PERMITES	\$ 9,115.00
1/3/2019	USA BLUEBOOK	FIXED EQUIP/SUPPLIES/LAB TEST	\$ 318.66
1/4/2019	B. BARKER	NET PAYROLL	\$ 92.35
1/4/2019	CALPERS HEALTH BENEFITS	CALPERS HEALTH BENEFITS	\$ 12,502.37
1/4/2019	CALPERS HEALTH BENEFITS	EMPLOYEE PAID HEALTH BENEFIT	\$ 490.04
1/4/2019	CALPERS HEALTH BENEFITS	EMPLOYEE PAID HEALTH BENEFIT	\$ 795.92
1/4/2019	D. BURGESS	NET PAYROLL	\$ 92.35
1/4/2019	D. CAPPS	NET PAYROLL	\$ 92.35
1/4/2019	J. MOLINARI	NET PAYROLL	\$ 2,862.17
1/4/2019	J. PRITCHETT	NET PAYROLL	\$ 2,564.59
1/4/2019	K. GELOS	NET PAYROLL	\$ 1,152.65
1/4/2019	M. HUMPHREY	NET PAYROLL	\$ 1,702.30
1/4/2019	M. ROWLEY	NET PAYROLL	\$ 92.35
1/4/2019	R. ARNOLD	NET PAYROLL	\$ 2,551.76
1/4/2019	R. BRINK	NET PAYROLL	\$ 2,492.24
1/4/2019	R. COUSINEAU	NET PAYROLL	\$ 92.35
1/4/2019	S. BRENNEMAN	NET PAYROLL	\$ 1,550.07
1/4/2019	S. DUFFIELD	NET PAYROLL	\$ 3,033.61
1/7/2019	PG&E	ELECTRICITY	\$ 15,508.41
1/8/2019	BAUTISTA'S CLEANING SERVICE	STRUCTURES & GROUNDS	\$ 180.00
1/8/2019	EDD	ETT	\$ 23.80
1/8/2019	EDD	ETT	\$ 1.49
1/8/2019	EDD	SDI	\$ 237.91

HERITAGE RANCH COMMUNITY SERVICES DISTRICT
JANUARY 2019 WARRANT REGISTER

DATE	NAME OF PAYEE	DESCRIPTION	AMOUNT
1/8/2019	EDD	SDI	\$ 14.92
1/8/2019	EDD	SUI	\$ 737.48
1/8/2019	EDD	SUI	\$ 46.25
1/8/2019	EDD	STATE WITHHOLDING	\$ 825.86
1/8/2019	EDD	STATE WITHHOLDING	\$ 11.91
1/8/2019	INTERNAL REVENUE SERVICE	FEDERAL WITHHOLDING TAXES	\$ 2,164.14
1/8/2019	INTERNAL REVENUE SERVICE	FICA WITHHOLDING	\$ 62.00
1/8/2019	INTERNAL REVENUE SERVICE	MEDICARE	\$ 704.38
1/11/2019	CALPERS 457 DEFFERED COMP PROG	PERS 457- DEFFERED COMP.	\$ 1,137.00
1/11/2019	CALPERS 457 DEFFERED COMP PROG	PERS 457- DEFFERED COMP.	\$ 50.00
1/11/2019	CALPERS RETIREMENT SYSTEM	PERS RETIREMENT	\$ 2,365.14
1/11/2019	CALPERS RETIREMENT SYSTEM	PERS RETIREMENT	\$ 277.65
1/11/2019	CALPERS RETIREMENT SYSTEM	PERS RETIREMENT TIER 2	\$ 778.07
1/11/2019	CALPERS RETIREMENT SYSTEM	PERS RETIREMENT PEPRA	\$ 453.83
1/11/2019	CALPERS RETIREMENT SYSTEM	SURVIVOR BENEFIT	\$ 6.51
1/11/2019	CALPERS RETIREMENT SYSTEM	SURVIVOR BENEFIT	\$ 0.93
1/11/2019	INTERNAL REVENUE SERVICE	FEDERAL WITHHOLDING TAXES	\$ 65.08
1/11/2019	INTERNAL REVENUE SERVICE	MEDICARE	\$ 43.26
1/17/2019	J.B. DEWAR. INC.	FUEL & OIL	\$ 934.50
1/18/2019	J. MOLINARI	NET PAYROLL	\$ 2,831.79
1/18/2019	J. PRITCHETT	NET PAYROLL	\$ 2,501.84
1/18/2019	K. GELOS	NET PAYROLL	\$ 1,609.09
1/18/2019	M. HUMPHREY	NET PAYROLL	\$ 1,549.34
1/18/2019	R. ARNOLD	NET PAYROLL	\$ 2,045.18
1/18/2019	R. BRINK	NET PAYROLL	\$ 2,085.35
1/18/2019	S. BRENNEMAN	NET PAYROLL	\$ 1,538.24
1/18/2019	S. DUFFIELD	NET PAYROLL	\$ 3,227.11
1/22/2019	ABALONE COAST ANALYTICAL, INC.	LAB TESTING	\$ 699.00
1/22/2019	ADAMSKI, MOROSKI, MADDEN, CUMB	LEGAL & ATTORNEY	\$ 1,224.00
1/22/2019	AT&T	TELEPHONE/INTERNET	\$ 154.77
1/22/2019	BLAKES INC	SUPPLIES	\$ 19.36
1/22/2019	BRENTAG PACIFIC, INC	CHEMICALS	\$ 2,437.68
1/22/2019	BURT INDUSTRIAL SUPPLY	SMALL TOOLS & EQUIP/SUPPLIES	\$ 298.80
1/22/2019	CITY OF PASO ROBLES	PASO ROBLES BASIN GSP	\$ 317.60
1/22/2019	CORE & MAIN LP	MAINTENANCE FIXED EQUIPMENT	\$ 969.33
1/22/2019	CSDA-SLO COUNTY CHAPTER	TRAINING & TRAVEL	\$ 250.00
1/22/2019	DATA PROSE LLC	JAN. BILLING	\$ 1,278.11
1/22/2019	DELTA LIQUID ENERGY	PROPANE	\$ 220.39
1/22/2019	EDD	ETT	\$ 19.48
1/22/2019	EDD	SDI	\$ 246.05
1/22/2019	EDD	SUI	\$ 603.72
1/22/2019	EDD	STATE WITHHOLDING	\$ 745.25
1/22/2019	FLUID RESOURCE MANAGEMENT	PROFESSIONAL SERVICES	\$ 375.00
1/22/2019	GSI WATER SOLUTIONS, INC.	BASIN BOUNDARY MOD. REQUEST	\$ 7,534.07

HERITAGE RANCH COMMUNITY SERVICES DISTRICT
JANUARY 2019 WARRANT REGISTER

DATE	NAME OF PAYEE	DESCRIPTION	AMOUNT
1/22/2019	HOME DEPOT CREDIT SERVICES	SM TOOLS & EQUIP / CHEMICALS	\$ 269.25
1/22/2019	INTERNAL REVENUE SERVICE	FEDERAL WITHHOLDING TAXES	\$ 2,135.77
1/22/2019	INTERNAL REVENUE SERVICE	MEDICARE	\$ 713.56
1/22/2019	JAMES A. PRITCHETT	CELL PHONE/INTERNET ALLOWANCE	\$ 80.00
1/22/2019	JAN. BILLING	DEC. BILLING / LATE NOTICES	\$ 1,086.16
1/22/2019	JASON MOLINARI	MEDICAL REIMBURSEMENTS	\$ 297.90
1/22/2019	JASON MOLINARI	MEDICAL REIMBURSEMENT	\$ 666.00
1/22/2019	JASON MOLINARI	CELL PHONE/INTERNET ALLOWANCE	\$ 80.00
1/22/2019	KRISTEN GELOS	CELL PHONE/INTERNET ALLOWANCE	\$ 40.00
1/22/2019	KRITZ EXCAVATING & TRUCKING, I	MAINTENANCE FIXED EQUIPMENT	\$ 1,390.60
1/22/2019	LOWE'S	SMALL TOOLS & EQUIP / SUPPLIES	\$ 158.37
1/22/2019	PROFESSIONAL SERVICES	PROFESSIONAL SERVICES	\$ 395.00
1/22/2019	RIVAL TECHNOLOGY INC.	COMPUTER/SOFTWARE	\$ 225.00
1/22/2019	ROY ARNOLD	CELL PHONE/INTERNET ALLOWANCE	\$ 80.00
1/22/2019	RYAN BRINK	CELL PHONE/INTERNET ALLOWANCE	\$ 80.00
1/22/2019	SCOTT DUFFIELD	MEDICAL REIMBURSEMENTS	\$ 92.16
1/22/2019	SCOTT DUFFIELD	TRAINING & TRAVEL	\$ 96.86
1/22/2019	SCOTT DUFFIELD	CELL PHONE/INTERNET ALLOWANCE	\$ 40.00
1/22/2019	SHORE-TEK INC	EQUIPMENT RENT-LEASE	\$ 270.00
1/22/2019	SWRCB	LICENSES & PERMITS - WW	\$ 2,286.00
1/22/2019	U.S. BANK	SM TOOLS&EQUIP/SUPPLIES	\$ 80.75
1/22/2019	U.S. BANK	LAB TESTING	\$ 5.81
1/22/2019	U.S. BANK	TRAINING & TRAVEL	\$ 19.99
1/22/2019	U.S. BANK	TRAINING & TRAVEL	\$ 44.34
1/22/2019	U.S. BANK	TRAINING & TRAVEL - M.HUMPHREY	\$ 121.55
1/22/2019	U.S. BANK	SMALL TOOL S& EQUIPMENT	\$ 85.77
1/22/2019	WOLFE CAPITAL INV	FINAL ACCT	\$ 47.82
1/23/2019	CHARTER COMMUNICATIONS	INTERNET	\$ 79.99
1/24/2019	CALPERS RETIREMENT SYSTEM	PERS RETIREMENT U/L	\$ 4,750.86
1/24/2019	CALPERS RETIREMENT SYSTEM	PERS RETIREMENT U/L	\$ 85.79
1/25/2019	CALPERS 457 DEFFERED COMP PROG	PERS 457- DEFFERED COMP.	\$ 1,187.00
1/25/2019	CALPERS RETIREMENT SYSTEM	EMPLOYER'S CONTRIBUTION	\$ 18.60
1/25/2019	CALPERS RETIREMENT SYSTEM	PERS RETIREMENT	\$ 2,753.84
1/25/2019	CALPERS RETIREMENT SYSTEM	PERS RETIREMENT TIER 2	\$ 778.07
1/25/2019	CALPERS RETIREMENT SYSTEM	PERS RETIREMENT PEPRA	\$ 453.83
1/25/2019	CALPERS RETIREMENT SYSTEM	SURVIVOR BENEFIT	\$ 7.44
1/29/2019	AT&T	TELEPHONE / INTERNET	\$ 242.96

GRAND TOTAL FOR ALL WARRANTS \$ 133,123.28

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

SUMMARY REPORT OF ALL ACCOUNTS

Beginning Balance:	\$ 3,507,284.97
Ending Balance:	\$ 3,505,386.40
Variance:	\$ (1,898.57)
Interest Earnings for the Month Reported:	\$ 18,126.53
Interest Earnings Fiscal Year-to-Date:	\$ 48,438.52

ANALYSIS OF REVENUES

Total operating income for water and sewer was:	\$ 107,321.80
Non-operating income was:	\$ 31,013.74
Franchise fees paid to the District by San Miguel Garbage was:	\$ 5,352.77
Interest earnings for the P.P.B. checking account was:	\$ 7.32
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:	\$ 18,119.21

ANALYSIS OF EXPENSES

Pacific Premier Bank checking account total warrants, fees, and Electronic Fund Transfers was:	\$ 157,430.34
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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
DEEMBER 2018**

BEGINNING BALANCE ALL ACCOUNTS	\$ 3,507,284.97
<hr/>	<hr/>
OPERATING CASH IN DRAWER	\$300.00
<hr/>	<hr/>
PACIFIC PREMIER BANK - CHECKING	
BEGINNING BALANCE 12/31/2018	\$311,821.11
DEPOSIT REVENUE & MISCELLANEOUS INCOME	\$137,405.24
INTEREST EARNED	\$7.32
TOTAL CHECKS, FEES AND EFT'S	(\$157,430.34)
TRANSFER TO LAIF ACCOUNT	(\$150,000.00)
ENDING BALANCE 01/31/2019	\$141,803.33
<hr/>	<hr/>
PACIFIC PREMIER BANK DWR LOAN REPAYMENT (1994-2029):	
LOAN SERVICES ACCOUNT	
BEGINNING BALANCE 12/31/2018	\$25,979.47
QUARTERLY DEPOSIT	\$0.00
INTEREST EARNED	\$0.00
SEMI-ANNUAL PAYMENT	\$0.00
ENDING BALANCE 01/31/2019	\$25,979.47
<hr/>	<hr/>
PACIFIC PREMIER BANK DWR RESERVE ACCOUNT	
BEGINNING BALANCE 12/31/2018	\$112,807.68
INTEREST EARNED	\$0.00
ENDING BALANCE 01/31/2019	\$112,807.68
<hr/>	<hr/>
PACIFIC PREMIER BANK SDWSRF LOAN SERVICES ACCOUNT	
BEGINNING BALANCE 12/31/2018	\$14,735.49
QUARTERLY DEPOSIT	\$0.00
INTEREST EARNED	\$0.00
SEMI-ANNUAL PAYMENT	\$0.00
ENDING BALANCE 01/31/2019	\$14,735.49
<hr/>	<hr/>
PACIFIC PREMIER BANK SDWSRF RESERVE ACCOUNT	
BEGINNING BALANCE 12/31/2018	\$0.00
QUARTERLY DEPOSIT	\$0.00
INTEREST EARNED	\$0.00
ENDING BALANCE 01/31/2019	\$0.00
<hr/>	<hr/>
LOCAL AGENCY INVESTMENT FUND (LAIF)	
BEGINNING BALANCE 12/31/2018	\$3,041,941.22
INTEREST EARNED	\$18,119.21
TRANSFER FROM PACIFIC PREMIER CHECKING	\$150,000.00
TRANSFER TO PACIFIC PREMIER CHECKING	\$0.00
ENDING BALANCE 01/31/2019	\$3,210,060.43
<hr/>	<hr/>
ENDING BALANCE ALL ACCOUNTS	\$3,505,386.40

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
STATUS REPORT FOR ALL ACCOUNTS
DEEMBER 2018**

DIFFERENCE FROM LAST MONTH **Decrease** **(\$1,898.57)**

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
QUARTERLY TREASURER'S
REPORT FOR THE PERIOD OF
OCTOBER 1, 2018 – DECEMBER 31, 2018**

SUMMARY REPORT OF ALL ACCOUNTS

Beginning Balance	\$ 3,180,336
Ending Balance	\$ 3,507,791
Variance	\$ 327,455
Interest Earnings	\$ 16,199.50

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. Pacific Premier Bank Checking: Variable interest-bearing checking account currently at 0.05%, at Pacific Premier branch in Paso Robles used for most of our transactions such as payroll, accounts receivable and accounts payable. Statements are received on a monthly basis.
3. Pacific Premier Bank DWR loan repayments: The Loan Services Account interest earnings rate is 0.25%. Quarterly deposits are made into each account. Semi-annual payments are made from the Loan Services 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.
4. Pacific Premier Bank DWR reserve: The Reserve Account interest earnings rate is 0.25%. 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. Statements are received on a quarterly basis.
- 5 . Pacific Premier Bank SDWSRF (Safe Drinking Water State Revolving Fund) loan repayments: The Loan Services Account interest earnings rate is 0.25%. Quarterly deposits will be made into the Loan Services. Semi-annual payments will be made from the Loan Services 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. Statements are received on a quarterly basis.
6. Pacific Premier Bank SDWSRF (Safe Drinking Water State Revolving Fund) reserve: Quarterly deposits will be made into the Reserve Account. The purpose of the Reserve Account is to build up over ten years an amount equal to two semiannual payments, which is based upon the estimated loan principal and interest rate.
7. 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 2.40%. Statements are received on a quarterly basis.

INTEREST EARNINGS: TRENDS & PROJECTIONS

The number of accounts in this report totals seven. 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 Debits	Total Credits	Interest Earnings	Ending Balance
1	300.00	-	-	0.00	300.00
2	106,958.08	-540,937.72	746,285.69	21.48	312,327.53
3	67.99	0.00	25,907.00	4.48	25,979.47
4	112,736.62	0.00	0.00	71.06	112,807.68
5	14,719.05	-29,369.28	29,370.00	15.72	14,735.49
6	0.00	0.00	0.00	0.00	0.00
7	2,945,854.46	0.00	80,000.00	16,086.76	3,041,941.22
TOTALS	\$3,180,636.20	(\$570,307.00)	\$881,562.69	\$16,199.50	\$3,508,091.39

Interest earnings in accounts 2, 3, 4, 5 & 6 above are always low because of account balance policies. Account 7 (LAIF) is the one account with more productive interest earnings because it typically holds over 90% of HRCSD cash reserves. Interest rates continue to fluctuate and remain low.

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 - CONSOLIDATED BUDGET
2018/19 Budget

OPERATING INCOME	Budget FY 18/19	Actual January	Actual Year to Date	Percentage Year to Date	Variance Explanation
Water Fees	901,000	58,275	582,213	65%	
Sewer Fees	594,950	47,707	334,003	56%	
Hook-Up Fees	6,000	0	3,000	50%	Fluctuates based on activity
Turn on Fees	3,500	250	1,825	52%	
Late Fees	16,500	1,089	10,024	61%	
Plan Check & Inspection	10,000	0	7,500	75%	Check./Insp. Deposit TR3110
Miscellaneous Income	2,000	1	1,044	52%	
TOTAL OPERATING INCOME	\$1,533,950	\$107,322	\$939,609	61%	
FRANCHISE INCOME					
Solid Waste Franchise Fees	66,000	5,353	39,780	60%	
TOTAL FRANCHISE REVENUE	\$66,000	\$5,353	\$39,780	60%	
NON-OPERATING INCOME					
Standby Charges	242,921	4,051	135,498	56%	
Property Tax	341,000	8,836	206,984	61%	
Interest	27,000	18,127	48,439	179%	Fluctuates based on activity
Connection Fees	70,250	0	36,213	52%	Fluctuates based on activity
TOTAL NON-OPERATING INCOME	\$681,171	\$31,014	\$427,133	63%	
RESERVE REVENUE					
Capital Reserves	103,276	7,852	21,971	21%	
General Reserves	50,000	0	1,285	3%	
TOTAL RESERVE REVENUE	\$153,276	\$7,852	\$23,257	15%	
TOTAL ALL INCOME	\$2,434,397	\$151,540	\$1,429,779	59%	

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

OPERATING EXPENSES

SALARIES AND BENEFITS	Budget FY 18/19	Actual January	Actual Year to Date	Percentage Year to Date	Variance Explanation
Salaries	654,697	46,595	355,488	54%	
Health Insurance	120,616	8,996	72,504	60%	
Health Insurance - Retiree	58,233	5,131	35,852	62%	
PERS	123,796	9,277	67,957	55%	
Standby	12,500	1,047	7,000	56%	
Overtime	11,500	2,418	7,997	70%	
Workers Comp. Ins.	22,675	0	19,924	88%	Paid Annually
Directors' Fees	7,000	500	2,900	41%	
Medicare/FICA	10,014	762	5,661	57%	
Car Allowance	3,000	250	1,750	58%	
SUI/ETT	1,500	456	456	30%	
Uniforms	3,800	0	1,448	38%	
TOTAL SALARIES & BENEFITS	\$1,029,331	\$75,431	\$578,937	56%	

UTILITIES

Electricity	242,800	15,508	127,783	53%	
Propane	900	220	411	46%	
Water Purchase	23,114	0	23,114	100%	Paid Semiannually
Telephone/Internet	11,830	878	5,946	50%	
TOTAL UTILITIES EXPENSE	\$278,644	\$16,607	\$157,254	56%	

MAINTENANCE & SUPPLIES

Chemicals	68,000	5,208	37,809	56%	
Computer/Software	7,000	1,725	4,889	70%	
Equip. Rental/Lease	1,000	270	340	34%	
Fixed Equip.	85,000	4,218	25,360	30%	
Fuel & Oil	12,000	935	7,040	59%	
Lab Testing	24,500	1,076	13,887	57%	
Office Supplies	3,000	18	879	29%	
Parks & Recreation	500	0	68	14%	
Struct./Grnds.	6,500	196	2,881	44%	
Small Tools/Equip.	3,500	728	1,613	46%	
Supplies	6,000	412	3,295	55%	
Meters/Equip.	5,000	0	2,639	53%	Fluctuates based on activity
Vehicles	8,500	463	2,832	33%	
TOTAL MAINT. & SUPPLY EXPENSE	\$230,500	\$15,247	\$103,533	45%	

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

GENERAL & ADMINISTRATION	Budget FY 18/19	Actual January	Actual Year to Date	Percentage Year to Date	Variance Explanation
Ads./Advertising	1,500	0	962	64%	Fluctuates based on activity
Alarm/Answering Service	3,275	295	1,740	53%	
Audit	6,000	0	6,000	100%	
Bank Charges/Fees	2,000	101	1,241	62%	
Consulting/Engineering	40,000	0	3,224	8%	
Dues/Subscription	12,000	0	7,630	64%	
Elections	1,000	0	0	0%	
Insurance	22,525	0	25,768	114%	Paid Annually
LAFCO	8,000	0	7,015	88%	Paid Annually
Legal/Attorney	17,000	2,040	5,064	30%	
Licenses/Permits	26,000	11,401	17,192	66%	
Plan Check & Inspection	10,000	0	958	10%	
Postage/Billing	20,000	2,720	11,666	58%	
Professional Service	16,000	770	8,407	53%	
Tax Collection	5,300	0	0	0%	
Staff Training & Travel	5,000	533	1,014	20%	
Board Training & Travel	1,500	0	25	2%	
TOTAL G & A	\$197,100	\$17,860	\$97,907	50%	

CAPITAL PROJECTS & EQUIPMENT

Structures/Improvements	80,276	7,852	18,922	24%	
Equipment	73,000	0	4,385	6%	
TOTAL CAPITAL EXPENSE	\$153,276	7,852	23,306	15%	

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	\$168,000	58%	
UNFUNDED DEPRECIATION	\$0	\$0	\$0	0%	

TOTAL EXPENSE	\$2,339,220	\$156,996	\$1,210,121	52%	
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CONNECTION FEES TRANSFER	\$70,250	\$0	\$36,213	52%
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SOLID WASTE FEES TRANSFER	\$29,222	\$2,283	\$17,541	60%
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FUND TOTAL	(\$4,295)	(\$7,739)	\$165,904
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HERITAGE RANCH COMMUNITY SERVICES DISTRICT

Manager Report For the Month of February 2019

State of the District

The last few Board of Director meetings of 2018 and through the holiday season seemed to be a bit quieter than last year; however, staff has and continues to be very busy nonetheless. One significant thing to mention is that we welcome back those Directors that started new terms in December. Thank you to all the Directors for your interest, direction, and support in making the District a great place.

In addition to normal operations and administrative duties, several significant initiatives and projects the past calendar year were; SGMA efforts, the BBMR, implementation of the TSO, and a couple of staffing changes to name a few. I would like to take this time to look ahead to some of the major initiatives we will be working on over the next year.

- Operations – Staff will continue to fine tune the water system, specifically dialing in and adjusting the chemical(s) dosing and plate settler operation as well as integrating the new actuators as part of that project as it is implemented. On the waste water side, staff will continue to adjust the treatment process to comply with the new permit requirements over time by progressing on implementation of the TSO. As is always the case there are many other things to do on the maintenance side, not only on the water and wastewater systems themselves but also with other equipment and vehicles, structures and grounds, housekeeping, and records management.
- Administration – Work has begun and will continue on some of the previously identified areas for improvement including internal process control, office procedures, human resources, budget process, records management, and policy implementation. These improvements will take time and perhaps additional resources. It is understood that many of them are mid to long-term goals. Communication, initiative, and teamwork will be key for these areas.
- Finance and Budget – The District is financially strong, and our audits are completed on time with no significant findings. The District may need to start researching options for financing capital projects this year. As far as the budget goes, we are also tracking well this fiscal year and remain in the black. Last year staff better defined the budget line items so that we may have a better understanding of what should be allocated to each line item. This year I anticipate we will implement some other tools to continue to progress in budget development. For example, we intend to create and utilize separate worksheets for some of the higher dollar line items. This will allow staff to document and develop a better budget by getting into more detail on those line items. An example of one of those line items is the “Maintenance - Fixed Equipment” line.

- Human Resources – The MOU was updated last year with the term is through June 30, 2020; it will not need to be updated this year unless there is an unforeseen need. Staffing levels may be reviewed this year as we implement additional capital projects and continue the transition of the Operations Manager into the Assistant General Manager role and responsibilities. Staff and Directors should continue to update their certifications as required and necessary to perform their duties. Staff and the Board have expressed a desire to attend trainings and continuing education events and should request to attend such events as they become available and as the budget will allow. Staff is encouraged to attend one technical training and one soft skill training every year. Training and education are considered during budget preparation.
- CIP – The current projects are discussed in a separate agenda item. In addition, there are several other projects currently on the 5-year CIP listed to start next fiscal year.
 - Vertical Well: Work will consist of preliminary engineering, design, and permitting tasks next fiscal year. Depending on the schedule and financing (at a minimum), it may be possible to deliver the project next fiscal year as well. Alternatively, construction of the project is listed for FY 20/21.
 - Lift Station 3: This work was originally for rehabilitation of the wet well. The current project this fiscal year to perform a condition assessment of Lift Station 1-5 this year may drive the schedule and priority.
 - Lift Station 5: The pumps and controls are ongoing this fiscal year. Next fiscal year is listed for connecting this station to Lift Station 10 for operational efficiency.
 - Photovoltaic System: It is anticipated that the Board supports some level of budget for this project next fiscal year.
- Public Relations and Community – We intend to remain engaged in the community and with surrounding agencies and organizations. The HROA has a new General Manager and we have been in contact already. We intend to collaborate as much as necessary to improve upon several things. Communication is open with many other special districts, the County of SLO, MCWRA, and many others. Staff participates in the CSDA SLO Chapter of which our very own Kristen is Treasurer. If there are opportunities to participate in events throughout the ranch, we will consider it depending on resources. For example, the carnival held last year was attended by staff to answer questions and provide a demonstration of a water meter.

I am looking forward to these challenges and confident we will be successful as a team.

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Operations Report

January 2019

Water Treatment:

8.06 Million gallons of water was treated.

The potassium permanganate system uses an auger to feed granular chemical into a day tank where the chemical is then mixed with water. The auger is made of spiral wound metal with no support to keep the auger from flexing. Staff has experienced numerous failures in the auger design. The weight of the dry chemical would cause the auger to flex until the auger reached its' breaking point. The potassium permanganate system requires the auger to function. To add to the challenge, the original manufacturer of the system, Enpro, is no longer in business. Staff was able to track down another company, Velodyne Systems, which bought the original design. Staff sent detailed measurements and feed rates to Velodyne Systems. Velodyne Systems was then able to design a replacement auger which has a supporting structure to brace the auger and minimize any flexing. Staff expects to receive the replacement auger in several weeks.

The Nacimiento River is the water source for the District's water treatment plant. Recent rainfall has caused the turbidity of the water to increase. Turbidity is a standard measurement used to determine the clarity of the water and overall treatment efficiency. On average, the Nacimiento River turbidity is approximately in the range of six units. Staff has recently recorded turbidity readings at a high of ninety units. Increased turbidity requires numerous changes at the water treatment plant. Chemical adjustments, filter run times and mixing speeds are several adjustments which need to be made. Staff has successfully treated incoming turbidity levels down to well below the 0.30 treated water turbidity limitation. If staff is not able to meet the treated water turbidity limitation of 0.30, a boil water notice must be issued. The plate settler was installed in 2015 to help reduce turbidity and loading on the filter units. Currently, the plate settler is removing 50% of turbidity before the filtration process. Plate settler performance normally increases with higher turbidity. Prior to the plate settler, meeting limitations during high turbidity events was very difficult.

Wastewater Treatment:

3.63 Million gallons of wastewater was treated.

Staff submitted the required 4th Quarter Time Schedule Order Report. Based on the 4th Quarter results, staff made numerous changes to the treatment process to balance ammonia and nitrate levels. Staff has also ordered and received several chemicals used for pH adjustment. Staff will perform jar testing to evaluate which chemical and how much chemical is required to adjust the pH which will reduce copper corrosion in the water system. Any corrosion of copper in the water system flows into the wastewater system. Historically, the District has struggled with copper compliance in its' wastewater discharge. Reducing copper levels coming into the wastewater treatment plant will have a direct effect on the amount of copper discharged. The results of the pH adjustment tests will be included in the 1st Quarter 2019 Time Schedule Order Report due May 1st.

HERITAGE RANCH COMMUNITY SERVICES DISTRICT JANUARY 2019 OFFICE REPORT

Water & Sewer

On February 1st, we processed 1,889 bills for a total dollar amount of \$117,408 for water and sewer user fees for the month of January. The number of Automatic Drafts processed was 507 for a total dollar amount of \$27,029. On January 26th we processed 202 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 December

Garbage Collection (10%) - \$ 5,054.31

Roll-Off Collection (10%) - \$ 298.46

Total Franchise Fees Collected - \$ 5, 352.77

Service Orders Completed

Staff completed a total of 112 service orders for the month of January. Below is a breakdown by job code.

USA	10	AMR Data Log	1
Lock Meter	9	Occupant Change	9
Leak	4	Pressure Test	1
Unlock Meter	13	Meter Swap	59
Call-Out	3	Misc.	2