

# HERITAGE RANCH COMMUNITY SERVICES DISTRICT

## MEMORANDUM

**TO:** Board of Directors  
**FROM:** Scott Duffield, General Manager  
**DATE:** December 19, 2024  
**SUBJECT:** Election of a Board President and Vice President for 2025.

### **Background**

District Code of Ordinance states:

#### 2.110 - Officer Election And Term Of Office

The President and Vice President of the Board shall be elected by the members of the Board for a one-year term pursuant to a rotation policy. The election shall be held at any time during the first regular meeting following the date members of the Board are eligible to assume office following the general District election.

#### 2.120 - President

The President shall

- A. Be the principal executive officer of the District and, unless otherwise determined by the members of the Board, shall preside at all meetings of the Board, and
- B. May sign deeds, notes, bonds, contracts or other instruments authorized by the Board to be executed, except in cases in which the signing and execution thereof shall be expressly designated by the Board to some other officer or agent of the District or shall be required by law to be otherwise signed or executed and,
- C. Shall perform in general all duties incident to the office of President and such other duties as may be prescribed by the Board from time to time.

#### 2.130 - Vice President

The Vice President shall in the absence of the President, assume the duties and powers of the President.

The District's Board officers are shown on Attachment A.

Attachments: Attachment A – Board of Directors and Officers

File: BOD

Attachment A

**Heritage Ranch Community Services District  
Board of Directors and Officers**

<b>Officers</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
President	Bill Barker	Bill Barker	Tony Foti	Dan Burgess	Reg Cousineau
VP	Ralph Allison	Tony Foti	Dan Burgess	Reg Cousineau	Martin Rowley
					Bill Barker
					Dan Burgess
					Devin Capps
<b>Officers</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
President	Martin Rowley	Bill Barker	Dan Burgess	Devin Capps	Reg Cousineau
VP	Bill Barker	Dan Burgess	Devin Capps	Reg Cousineau	Martin Rowley
	Dan Burgess	Devin Capps	Reg Cousineau	Martin Rowley	Bill Barker
	Devin Capps	Reg Cousineau	Martin Rowley	Bill Barker	Dan Burgess
	Reg Cousineau	Martin Rowley	Bill Barker	Dan Burgess	Devin Capps
<b>Officers</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
President	Bill Barker	Dan Burgess			
VP	Dan Burgess	Masen Yaffee			
	Devin Capps	Capps / Swanson			
	Masen Yaffee	Michael Camou			
	Michael Camou	Bill Barker			

## HERITAGE RANCH COMMUNITY SERVICES DISTRICT

### MEMORANDUM

**TO:** Board of Directors

**FROM:** Scott Duffield, General Manager

**DATE:** December 19, 2024

**SUBJECT:** Appointments to the District's committees for the term 2025 – 2026.

#### **Background**

The Board President may appoint standing and/or ad-hoc committees. Committee motions and recommendations shall be advisory to the Board and shall not commit the District to any policy, act or expenditure unless expressly delegated by Board action. Nor may any committee direct staff to perform specific duties unless duly authorized by the Board. The committee chair is authorized to schedule committee meetings as deemed necessary and all such meetings, except ad-hoc committees, need to follow Open Meeting Law of California (Brown Act).

Committees may include two Board members and members of the public. The Manager is the staff person assigned to all Committees. The Board President appoints membership to committees at the first regular meeting in December in even number years. Committee membership lasts for two years.

Each standing committee has a Board approved Statement of Purpose as set forth in Attachment A.

Attachments: Attachment A – Standing Committees Statement of Purpose  
Attachment B – Current Committee Membership

# Attachment A

## HERITAGE RANCH COMMUNITY SERVICES DISTRICT STANDING COMMITTEES

### **Finance & Audit Committee**

Statement of Purpose - February 20, 1997

There are those who believe that budget reports are the most important documents produced by an organization. If they are not, they certainly come close. After all, money and the amount available is the fuel of our engine.

As a public agency, we are the stewards of public funds. We are charged with the responsibility to invest and spend wisely. We have the obligation to sustain an infrastructure that in turn sustains life itself, as well as monetary investment in property and improvements by our constituency.

The purpose of this committee is to seek and maintain a balance of revenues and expenditures which are both fair to our constituents and sustain the community owned infrastructure which serves them. This philosophy is accomplished through developments and use of budgets, financial reports and audits that enable adequate cash flows for both routine operations and special projects. This Committee reviews all rate increase issues.

### **Operations and Engineering Committee**

Statement of Purpose - February 20, 1997

Engineering is the practical application of knowledge. In our case, this means such things as the mechanics of providing services and enhancement of same as technology allows or regulations dictate. For this reason, engineering relates to operations, and therefore are combined.

A major element of our operation is of course the facilities used to provide water and sewer services. This includes not only the more direct components such as pumps and pipelines, but also the indirect or supporting components such as rolling stock, equipment, labs, shops, tools, and parts. We also have the authority for removal of Solid Waste, a function handled by contract with the San Miguel Garbage Company. The District does not perform any hands-on activity with this operation.

Following the reorganization of CSA 19 to the District, we have facilitated several capital improvements and upgrades. As time progresses, we will have more such activity, especially if we add new services or face new regulatory requirements. The relationship of engineering and operations calls for integration of applied science to create and build along with efficient operation and proper maintenance.

The purpose of this committee is to ensure efficient operation of our facilities. This includes improvements or enhancements that improve that purpose or to maintain long term integrity of our facilities as determined by planning. This Committee receives consulting advice from the District Engineer.

# Attachment A

## HERITAGE RANCH COMMUNITY SERVICES DISTRICT STANDING COMMITTEES

### **Personnel Committee**

Statement of Purpose - February 20, 1997

To carry out the mission of any organization, it is essential that staff be competent. To retain qualified personnel, it is incumbent on this committee to establish and sustain an environment in which District personnel can be productive.

The cornerstone of effective administration for our type of organization is the establishment and executive of written procedures. These take the form of many examples such as state law, District Ordinances and Resolutions, Policies and Procedures, and so on. This concept provides a clear picture to all with consistency and fair ideology.

The purpose of this committee is to endeavor to sustain a high degree of integrity of District operations through the practice of effective administration strategies including the element of competent personnel. This Committee reviews all wage and benefit issues related to employee compensation.

### **Safety Committee**

Statement of Purpose - February 20, 1997

Safety is an attitude. It is also an important concept in terms of cost and production; cost relative to risk exposure and production relative to lost man hours and impact on work schedules. Safety is an issue that concerns both staff and the public. Our best defense is an awareness and an on-going campaign of prevention measures.

The purpose of this committee is to promote and establish safety awareness, to prevent accidents, and if accidents do occur, to investigate them with a resolve to prevent repetition. The methods to accomplish this purpose include education, training, and inspections. Resources include such things as video tapes, tailgate sessions, safety equipment, implementation of policy and procedures, practice drills, etc.

### **Public Relations Committee**

Statement of Purpose - February 20, 1997

Communications are all important in any organization regardless of type or size. As a public agency, we want to communicate with our constituency those issues that may be of concern, and to the extent possible, encourage feedback to "complete the loop". This act of communication is basically a flow of information which informs and gives a certain comfort level to our constituents on what their Community Services District is accomplishing.

The purpose of this committee is to develop and foster public relations with our constituency. This includes information about District activities, future plans, helpful hints, and customer service. This is accomplished through "user friendly" customer service policies and procedures, promotion beneficial to the public, positive relationships with other agencies, making information and documents available, distribution of newsletter, bulletins, etc.

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**Heritage Ranch Community Services District  
Committee Membership**

<b>Committee</b>	<b>2023-24</b>
Finance & Audit	Burgess Yaffee
Operations & Engineering	Capps Camou
Personnel	Barker Yaffee
Safety	Capps Camou
Public Relations	Barker Burgess
WRRF Ad-hoc	Barker Yaffee



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

*November 21, 2024*

**1. 5:30 PM OPEN SESSION / CALL TO ORDER / FLAG SALUTE**

President Burgess called the meeting to order at 5:30 pm and led the flag salute.

**2. ROLL CALL**

Secretary Gelos called the roll.

Directors present: Bill Barker, Dan Burgess, Michael Camou, Tom Swanson, and Mason Yaffee.

Staff present: General Manager, Scott Duffield, District Engineer, Doug Groshart, Operations Manager, Brian Vogel and District Counsel Jeff Minnery.

**3. PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA**

There were no public comments.

**4. CONSENT ITEMS**

**a. Meeting Minutes:** Receive/approve minutes of regular meeting of October 17, 2024, and special meeting of October 25, 2024.

**b. Warrant Register:** Receive/approve October 2024 warrants.

**c. Treasurer's Report:** Receive/file Septe October 2024 report.

**d. Fiscal Report:** Receive/file October 2024 status report.

**e. Office Report:** Receive/file October 2024 report.

**f. District Engineer Report:** Receive/file November 2024 report.

**g. Operations Manager Report:** Receive/fil November 2024 report.

**h. Updates regarding disinfections byproducts.**

There were no public comments.

Director Yaffee pulled items A and H.

Director Barker made a motion to approve items B-G as presented. Director Camou seconded the motion. The motion passed unanimously.

Director Barker made a motion to approve items A and H as presented. Director Camou seconded the motion. The motion passed unanimously.

## **5. BUSINESS ITEMS**

- a. **Submittal for approval Resolution 24-14 declaring its official intent to reimburse itself with the proceeds of a tax-exempt financing for certain WRRF project expenditures undertaken or to be undertaken by the District; and, Resolution 24-15 directing staff to proceed with planning for the issuance of certain obligations to finance the WRRF and appointing the financing team.**

There were no public comments.

A.M. Peche and Associates gave a power-point presentation to the board and answered any questions they had.

Director Yaffee made a motion approve Resolutions 24-14 and 24-15 as written. Director Swanson seconded the motion. The motion passed by the following roll call vote:

Ayes: Barker, Burgess, Camou, Swanson, Yaffee

## **6. GENERAL MANAGER REPORT**

There were no public comments.

Report was received and filed.

## **7. COMMITTEE REPORTS**

There were no public comments.

There were no committee reports.

## **8. FUTURE AGENDA ITEMS**

There were no public comments.

The Board determined to add the following to a future agenda:

- GAC Study Report – 12/19/24
- Strategic Planning - tbd

## **9. ADJOURNMENT**

On a motion by Director Yaffee and seconded by Director Camou the meeting adjourned at 7:04 pm to the next scheduled meeting on Thursday, December 19, 2024.



**APPROVED:**

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**Dan Burgess, President**  
**Board of Directors**

**ATTEST:**

\_\_\_\_\_  
**Kristen Gelos, Secretary**  
**Board of Directors**

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT  
WARRANT REGISTER  
NOVEMBER 2024**

<b>DATE</b>	<b>NAME OF PAYEE</b>	<b>ITEM AMOUNT</b>	<b>WARRANT AMOUNT</b>
11/1/2024	R. ARNOLD NET PAYROLL	2,962.53	\$ 2,962.53
11/1/2024	T. SHOGREN NET PAYROLL	2,503.81	\$ 2,503.81
11/1/2024	J. MARTY NET PAYROLL	2,886.89	\$ 2,886.89
11/1/2024	A. GRAY NET PAYROLL	812.07	\$ 812.07
11/1/2024	J. GULARTE NET PAYROLL	1,747.67	\$ 1,747.67
11/1/2024	C. PEREZ SALDANA NET PAYROLL	2,128.53	\$ 2,128.53
11/1/2024	K. GELOS NET PAYROLL	3,080.98	\$ 3,080.98
11/1/2024	D. BURGESS NET PAYROLL	184.70	\$ 184.70
11/1/2024	B. BARKER NET PAYROLL	187.70	\$ 187.70
11/1/2024	S. DUFFIELD NET PAYROLL	4,861.35	\$ 4,861.35
11/1/2024	B. VOGEL NET PAYROLL	3,015.08	\$ 3,015.08
11/1/2024	D. GROSHART NET PAYROLL	4,495.66	\$ 4,495.66
11/1/2024	M. CAMOU NET PAYROLL	184.70	\$ 184.70
11/1/2024	M. YAFFEE NET PAYROLL	277.05	\$ 277.05

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT  
WARRANT REGISTER  
NOVEMBER 2024**

<b>DATE</b>	<b>NAME OF PAYEE</b>	<b>ITEM AMOUNT</b>	<b>WARRANT AMOUNT</b>
11/1/2024	INTERNAL REVENUE SERVICE FEDERAL WITHHOLDING TAXES FICA WITHHOLDING MEDICARE	3,179.87 111.60 1,163.06	\$ 4,454.53
11/1/2024	EMPLOYMENT DEVELOPMENT DEPARTM ETT SDI SUI STATE WITHHOLDING	5.00 431.26 75.02 1,277.74	\$ 1,789.02
11/1/2024	CALPERS RETIREMENT SYSTEM CALPERS UNIFORM ALLOWANCE PERS-IRC 457 CONTRIBUTIONS PERS-IRC 457 CONTRIBUTIONS PERS RETIREMENT PERS RETIREMENT TIER 2 PERS RETIREMENT PEPPRA SURVIVOR BENEFIT	10.51 370.00 1,173.08 1,763.13 2,056.56 2,853.46 9.30	\$ 8,236.04
11/3/2024	CALPERS HEALTH BENEFITS EMPLOYEE PAID HEALTH BENEFIT EMPLOYEE PAID HEALTH BENEFIT	886.00 886.00	\$ 1,772.00
11/3/2024	CALPERS HEALTH BENEFITS CALPERS HEALTH BENEFITS	20,810.46	\$ 20,810.46
11/4/2024	PG&E ELECTRICITY	10,350.45	\$ 10,350.45
11/5/2024	PITNEY BOWES GLOBAL FINANCIAL POSTAGE METER LEASE	161.79	\$ 161.79
11/7/2024	SAN MIGUEL GARBAGE DELINQUENT SOLID WASTE FEES	1,066.00	\$ 1,066.00
11/14/2024	CALPERS RETIREMENT SYSTEM CALPERS UNFUNDED LIABILITY	10,325.42	\$ 10,325.42
11/14/2024	CONSOLIDATED ELECTRICAL DISTRI MAINTENANCE FIXED EQUIPMENT	135.34	\$ 135.34

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT  
WARRANT REGISTER  
NOVEMBER 2024**

<b>DATE</b>	<b>NAME OF PAYEE</b>	<b>ITEM AMOUNT</b>	<b>WARRANT AMOUNT</b>
11/14/2024	USA BLUEBOOK MAINTENANCE FIXED EQUIPMENT SUPPLIES	762.09 102.64	\$ 864.73
11/14/2024	BRENNTAG PACIFIC, INC CHEMICALS CHEMICALS	4,172.00 3,543.36	\$ 7,715.36
11/14/2024	COUNTY OF SAN LUIS OBISPO LICENSES & PERMITS LICENSES & PERMITS	600.00 1,003.00	\$ 1,603.00
11/14/2024	DELTA LIQUID ENERGY PROPANE	272.89	\$ 272.89
11/14/2024	COUNTY OF SAN LUIS OBISPO WATER PURCHASE	14,300.00	\$ 14,300.00
11/14/2024	ABALONE COAST ANALYTICAL, INC. LAB TESTING	3,792.00	\$ 3,792.00
11/14/2024	KRISTEN GELOS TRAINING & TRAVEL	583.10	\$ 583.10
11/14/2024	PITNEY BOWES POSTAGE	200.00	\$ 200.00
11/14/2024	TUCKFIELD & ASSOCIATES PROFESSIONAL SERVICES	3,500.00	\$ 3,500.00
11/14/2024	CORE & MAIN LP MAINTENANCE FIXED EQUIPMENT	209.14	\$ 209.14
11/14/2024	TRACTOR SUPPLY CO. STRCT&GRND/CHEMICAL/FIXD.EQUIP	848.21	\$ 848.21
11/14/2024	DATA PROSE LLC OCTOBER BILLING	1,503.41	\$ 1,503.41
11/14/2024	RIVAL TECHNOLOGY INC. PROFESSIONAL SERVICES	1,201.44	\$ 1,201.44

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT  
WARRANT REGISTER  
NOVEMBER 2024**

<b>DATE</b>	<b>NAME OF PAYEE</b>	<b>ITEM AMOUNT</b>	<b>WARRANT AMOUNT</b>
11/14/2024	MID-STATE REPAIR SERVICE MAINTENANCE FIXED EQUIPMENT MAINTENANCE FIXED EQUIPMENT VEHICLES	939.69 625.55 685.00	\$ 2,250.24
11/14/2024	SPEEDY COASTAL MESSENGER, INC. LAB TESTING	535.00	\$ 535.00
11/14/2024	SPICE INTEGRATION WW SCADA / WATER SCADA PROJECT	3,687.50	\$ 3,687.50
11/14/2024	HYDROSCIENCE ENGINEERS INC WRRF PROJECT	45,008.50	\$ 45,008.50
11/14/2024	THE JAM LAW GROUP LEGAL & ATTORNEY	1,913.50	\$ 1,913.50
11/14/2024	LANGE CONTAINMENT SYSTEMS, LLC MAINTENANCE FIXED EQUIPMENT	7,419.22	\$ 7,419.22
11/14/2024	ONESOURCE DISTRIBUTORS, LLC MAINTENANCE FIXED EQUIPMENT MAINTENANCE FIXED EQUIPMENT	21.30 58.56	\$ 79.86
11/14/2024	STAPLES CREDIT PLAN OFFICE SUPPLIES	40.42	\$ 40.42
11/14/2024	CHARTER COMMUNICATIONS INTERNET	101.24	\$ 101.24
11/14/2024	ALASKA AIR TRAINING & TRAVEL	78.10	\$ 78.10
11/14/2024	TRACTOR SUPPLY CO. FIXED EQUIP./CHEMICALS	139.14	\$ 139.14
11/14/2024	AUTOMATION DIRECT MAINTENANCE FIXED EQUIPMENT	205.92	\$ 205.92
11/14/2024	RING CENTRAL TELEPHONE	297.49	\$ 297.49

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT  
WARRANT REGISTER  
NOVEMBER 2024**

<b>DATE</b>	<b>NAME OF PAYEE</b>	<b>ITEM AMOUNT</b>	<b>WARRANT AMOUNT</b>
11/14/2024	HARBOR FREIGHT SUPPLIES	92.91	\$ 92.91
11/14/2024	STARLINK INTERNET	250.00	\$ 250.00
11/15/2024	R. ARNOLD NET PAYROLL	3,549.29	\$ 3,549.29
11/15/2024	T. SHOGREN NET PAYROLL	2,441.31	\$ 2,441.31
11/15/2024	J. MARTY NET PAYROLL	2,520.53	\$ 2,520.53
11/15/2024	A. GRAY NET PAYROLL	1,781.91	\$ 1,781.91
11/15/2024	J. GULARTE NET PAYROLL	1,727.71	\$ 1,727.71
11/15/2024	K. GELOS NET PAYROLL	3,080.98	\$ 3,080.98
11/15/2024	S. DUFFIELD NET PAYROLL	4,698.30	\$ 4,698.30
11/15/2024	B. VOGEL NET PAYROLL	3,015.08	\$ 3,015.08
11/15/2024	D. GROSHART NET PAYROLL	4,495.67	\$ 4,495.67
11/15/2024	INTERNAL REVENUE SERVICE FEDERAL WITHHOLDING TAXES MEDICARE MEDICARE	3,121.91 22.90 1,093.18	\$ 4,237.99
11/15/2024	J.B. DEWAR. INC. FUEL & OIL	830.85	\$ 830.85

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT  
WARRANT REGISTER  
NOVEMBER 2024**

<b>DATE</b>	<b>NAME OF PAYEE</b>	<b>ITEM AMOUNT</b>	<b>WARRANT AMOUNT</b>
11/15/2024	EMPLOYMENT DEVELOPMENT DEPARTM ETT	2.12	
	SDI	8.68	
	SDI	414.65	
	SUI	31.80	
	STATE WITHHOLDING	5.18	
	STATE WITHHOLDING	1,303.40	\$ 1,765.83
11/15/2024	CALPERS RETIREMENT SYSTEM PERS-IRC 457 CONTRIBUTIONS	50.00	
	PERS-IRC 457 CONTRIBUTIONS	320.00	
	PERS-IRC 457 CONTRIBUTIONS	1,173.08	
	PERS RETIREMENT	1,763.14	
	PERS RETIREMENT TIER 2	2,056.56	
	PERS RETIREMENT PEPRA	123.30	
	PERS RETIREMENT PEPRA	2,635.67	
	SURVIVOR BENEFIT	0.93	
	SURVIVOR BENEFIT	8.37	\$ 8,131.05
11/18/2024	PG&E ELECTRICITY	4,992.90	\$ 4,992.90
11/23/2024	J.B. DEWAR. INC. FUEL & OIL	269.65	\$ 269.65
11/29/2024	R. ARNOLD NET PAYROLL	3,866.19	\$ 3,866.19
11/29/2024	T. SHOGREN NET PAYROLL	2,480.64	\$ 2,480.64
11/29/2024	J. MARTY NET PAYROLL	2,180.65	\$ 2,180.65
11/29/2024	A. GRAY NET PAYROLL	1,781.91	\$ 1,781.91
11/29/2024	J. GULARTE NET PAYROLL	1,676.04	\$ 1,676.04
11/29/2024	K. GELOS NET PAYROLL	3,080.98	\$ 3,080.98

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT  
WARRANT REGISTER  
NOVEMBER 2024**

<b>DATE</b>	<b>NAME OF PAYEE</b>	<b>ITEM AMOUNT</b>	<b>WARRANT AMOUNT</b>
11/29/2024	S. DUFFIELD NET PAYROLL	4,698.30	\$ 4,698.30
11/29/2024	B. VOGEL NET PAYROLL	3,015.08	\$ 3,015.08
11/29/2024	D. GROSHART NET PAYROLL	4,495.66	\$ 4,495.66
11/29/2024	INTERNAL REVENUE SERVICE FEDERAL WITHHOLDING TAXES MEDICARE	3,174.54 1,094.58	\$ 4,269.12
11/29/2024	EMPLOYMENT DEVELOPMENT DEPARTM SDI STATE WITHHOLDING	415.18 1,332.32	\$ 1,747.50
11/29/2024	CALPERS RETIREMENT SYSTEM PERS-IRC 457 CONTRIBUTIONS PERS-IRC 457 CONTRIBUTIONS PERS RETIREMENT PERS RETIREMENT TIER 2 PERS RETIREMENT PEPRA SURVIVOR BENEFIT	320.00 1,173.08 1,763.14 2,056.56 2,635.67 8.37	\$ 7,956.82
<b>TOTAL ALL WARRANTS</b>			<b>\$ 275,910.03</b>



**HERITAGE RANCH COMMUNITY SERVICES DISTRICT  
TREASURER'S REPORT  
NOVEMBER 2024**

**SUMMARY REPORT OF ALL ACCOUNTS**

Beginning Balance:	\$4,474,020
Ending Balance:	\$4,543,207
Variance:	\$ 69,188
Interest Earnings for the Month Reported:	\$ 1,397
Interest Earnings Fiscal Year-to-Date:	\$ 164,148

**ANALYSIS OF REVENUES**

Total operating income for water and sewer was:	\$ 235,386
Non-operating income was:	\$ 7,083
Franchise fees paid to the District by San Miguel Garbage was:	\$ 9,193
Interest earnings for the LAIF account was:	\$ -
Interest earnings for the California CLASS account was:	\$ 15,002
Interest earnings for the Five Star Bank checking account was:	\$ 21
Interest earnings for the Five Star Bank DWR Loan Services account was:	\$ 7
Interest earnings for the Five Star Bank DWR Reserve account was:	\$ 456
Interest earnings for the Mechanics Bank money market account was:	\$ 0

**ANALYSIS OF EXPENSES**

Five Star Bank checking account total warrants, fees, and Electronic Fund Transfers was:	\$ 91,691
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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  
NOVEMBER 2024**

<b>BEGINNING BALANCE ALL ACCOUNTS</b>		<b>\$4,474,019.68</b>
<hr/>		
<b>OPERATING CASH IN DRAWER</b>		<b>\$ 300.00</b>
<hr/>		
<b>FIVE STAR BANK DWR LOAN REPAYMENT (1994-2029):</b>		
<b>BEGINNING BALANCE 10/31/2024</b>	1,779.71	
QUARTERLY DEPOSIT	-	
INTEREST EARNED	6.63	
SEMI-ANNUAL PAYMENT	-	
<b>ENDING BALANCE 11/30/2024</b>		<b>\$ 1,786.34</b>
<hr/>		
<b>FIVE STAR BANK DWR RESERVE ACCOUNT</b>		
<b>BEGINNING BALANCE 10/31/2024</b>	122,251.46	
INTEREST EARNED	455.74	
<b>ENDING BALANCE 11/30/2024</b>		<b>\$ 122,707.20</b>
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<b>FIVE STAR BANK SDWSRF LOAN SERVICES ACCOUNT</b>		
<b>BEGINNING BALANCE 10/31/2024</b>	16,001.77	
QUARTERLY DEPOSIT	-	
INTEREST EARNED	59.66	
SEMI-ANNUAL PAYMENT	-	
<b>ENDING BALANCE 11/30/2024</b>		<b>\$ 16,061.43</b>
<hr/>		
<b>FIVE STAR BANK SDWSRF RESERVE ACCOUNT</b>		
<b>BEGINNING BALANCE 10/31/2024</b>	63,263.74	
INTEREST EARNED	235.85	
<b>ENDING BALANCE 11/30/2024</b>		<b>\$ 63,499.59</b>
<hr/>		
<b>MECHANICS BANK MONEY MARKET ACCOUNT</b>		
<b>BEGINNING BALANCE 10/31/2024</b>	10,864.67	
DEPOSIT REVENUE - CASH	2,327.70	
INTEREST EARNED	0.19	
<b>ENDING BALANCE 11/30/2024</b>		<b>\$ 13,192.56</b>
<hr/>		
<b>FIVE STAR BANK - MONEY MARKET</b>		
<b>BEGINNING BALANCE 10/31/2024</b>	124,198.27	
INTEREST EARNED	463.00	
<b>ENDING BALANCE 11/30/2024</b>		<b>\$ 124,661.27</b>
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**HERITAGE RANCH COMMUNITY SERVICES DISTRICT  
STATUS REPORT FOR ALL ACCOUNTS  
NOVEMBER 2024**

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**FIVE STAR BANK - CHECKING**

<b>BEGINNING BALANCE 10/31/2024</b>	91,691.20	
DEPOSIT REVENUE & MISCELLANEOUS INCOME	330,456.26	
INTEREST EARNED	21.18	
TOTAL CHECKS, FEES AND EFT'S	(279,840.25)	
<b>ENDING BALANCE 11/30/2024</b>		<b>\$ 142,328.39</b>

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**LOCAL AGENCY INVESTMENT FUND (LAIF)**

<b>BEGINNING BALANCE 10/31/2024</b>	252,258.58	
INTEREST EARNED	-	
<b>ENDING BALANCE 11/30/2024</b>		<b>\$ 252,258.58</b>

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**CALIFORNIA CLASS**

<b>BEGINNING BALANCE 10/31/2024</b>	3,791,410.28	
INTEREST EARNED	15,001.72	
<b>ENDING BALANCE 11/30/2024</b>		<b>\$3,806,412.00</b>

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<b>ENDING BALANCE ALL ACCOUNTS</b>		<b>\$4,543,207.36</b>
<b>DIFFERENCE FROM LAST MONTH</b>	<b>Increase</b>	<b>\$ 69,187.68</b>

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT - CONSOLIDATED BUDGET  
2024/25 Budget**

<b>OPERATING REVENUE</b>	<b>Budget FY 24/25</b>	<b>Actual November</b>	<b>Actual Year to Date</b>	<b>Percentage Year to Date</b>	<b>Variance Explanation</b>
Water Fees	1,563,732	146,118	800,443	51%	
Sewer Fees	1,240,328	92,617	463,168	37%	
Hook-Up Fees	2,400	0	0	0%	
Turn on Fees	3,500	150	750	21%	
Late Fees	18,860	3,378	15,263	81%	Fluctuates based on activity
Plan Check & Inspection	1,600	0	0	0%	
Miscellaneous Income	500	1,392	1,392	278%	
<b>TOTAL OPERATING</b>	<b>\$2,830,920</b>	<b>\$243,655</b>	<b>\$1,281,016</b>	<b>45%</b>	

<b>FRANCHISE REVENUE</b>					
Solid Waste Franchise Fees	91,802	8,054	41,276	45%	
<b>TOTAL FRANCHISE</b>	<b>\$91,802</b>	<b>\$8,054</b>	<b>\$41,276</b>	<b>45%</b>	

**TOTAL OPERATING** \$2,922,722    \$251,709    \$1,322,292    45%

<b>NON-OPERATING REVENUE</b>					
Standby Charges	242,200	29,176	29,176	12%	
Property Tax	475,629	54,098	71,264	15%	
Interest	80,000	16,244	134,109	168%	Fluctuates based on activity
Connection Fees	28,232	0	0	0%	
<b>TOTAL NON-OPERATING</b>	<b>\$826,061</b>	<b>\$99,517</b>	<b>\$234,549</b>	<b>28%</b>	

<b>RESERVE REVENUE</b>					
Capital Reserves	503,165	16,951	122,118	24%	
Operating Reserves	1,847,553	31,745	240,431	13%	
<b>TOTAL RESERVE</b>	<b>\$2,350,718</b>	<b>\$48,696</b>	<b>\$362,549</b>	<b>15%</b>	

**TOTAL NON-OPERATING** \$3,176,779    \$148,213    \$597,097    19%

<b>TOTAL ALL REVENUE</b>	<b>\$6,099,501</b>	<b>\$399,922</b>	<b>\$1,919,389</b>	<b>31%</b>	
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**HERITAGE RANCH COMMUNITY SERVICES DISTRICT - CONSOLIDATED BUDGET  
2024/25 Budget**

**OPERATING EXPENSES**

<b>SALARIES AND BENEFITS</b>	<b>Budget FY 24/25</b>	<b>Actual November</b>	<b>Actual Year to Date</b>	<b>Percentage Year to Date</b>	<b>Variance Explanation</b>
Salaries	1,045,010	109,930	376,798	36%	
Health Insurance	229,690	17,358	74,678	33%	
Health Insurance - Retirees	55,521	4,006	20,030	36%	
Pers Retirement	185,667	21,751	95,138	51%	
OPEB Funding/Transfer	35,000	0	0	0%	
Standby	34,380	3,172	11,121	32%	
Overtime	7,184	850	2,235	31%	
Workers Comp. Ins.	28,151	0	2,003	7%	
Directors' Fees	36,000	900	3,000	8%	
Medicare/FICA	15,675	1,743	6,161	39%	
Car Allowance	3,000	250	1,250	42%	
SUI/ETT	1,000	4	10	1%	
Uniforms	8,100	0	3,621	45%	
<b>TOTAL SALARIES &amp; BENEFITS</b>	<b>\$1,684,378</b>	<b>\$159,964</b>	<b>\$596,044</b>	<b>35%</b>	

**UTILITIES**

Electricity	134,433	15,343	72,251	54%	
Propane	1,586	273	273	17%	
Water Purchase	28,600	14,300	28,600	100%	Paid Semiannually
Telephone/Internet	13,313	649	5,829	44%	
<b>TOTAL UTILITIES</b>	<b>\$177,932</b>	<b>\$30,565</b>	<b>\$106,953</b>	<b>60%</b>	

**MAINTENANCE & SUPPLIES**

Chemicals	85,446	7,849	34,481	40%	
Computer/Software	36,666	0	6,192	17%	
Equip. Rental/Lease	2,704	0	1,895	70%	
Fixed Equip.	202,259	11,181	61,401	30%	
Fuel & Oil	16,224	1,101	6,235	38%	
Lab Testing	63,814	4,327	22,685	36%	
Office Supplies	1,622	40	546	34%	
Parks & Recreation	0	0	0	0%	
Struct./Grnds.	16,159	49	1,996	12%	
Small Tools/Equip.	3,245	0	58	2%	
Supplies	4,867	196	1,832	38%	
Meters/Equip.	12,979	0	8,492	65%	
Vehicles	6,490	685	1,990	31%	
<b>TOTAL MAINT. &amp; SUP.</b>	<b>\$452,475</b>	<b>\$25,428</b>	<b>\$147,802</b>	<b>33%</b>	

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT - CONSOLIDATED BUDGET**  
**2024/25 Budget**

<b>GENERAL &amp; ADMINISTRATION</b>	<b>Budget FY 24/25</b>	<b>Actual November</b>	<b>Actual Year to Date</b>	<b>Percentage Year to Date</b>	<b>Variance Explanation</b>
Ads./Advertising	1,560	0	421	27%	Fluctuates based on activity
Alarm/Answering Service	4,327	0	1,671	39%	
Audit	10,400	0	9,685	93%	
Bank Charges/Fees	0	0	0	0%	
Consulting/Engineering	10,000	0	0	0%	
Dues/Subscription	10,816	0	8,937	83%	
Elections	10,000	0	0	0%	
Insurance	44,738	0	43,427	97%	Paid Annually
LAFCO	8,162	0	8,361	102%	Paid Annually
Legal/Attorney	26,000	1,914	12,853	49%	
Licenses/Permits	31,367	1,603	2,195	7%	
Plan Check & Inspection	1,600	0	0	0%	
Postage/Billing	16,224	1,865	6,447	40%	
Professional Service	96,587	4,701	23,772	25%	
Tax Collection	6,542	0	0	0%	
Staff Training & Travel	12,980	661	6,243	48%	
Board Training & Travel	1,040	0	0	0%	
<b>TOTAL G &amp; A</b>	<b>\$292,343</b>	<b>\$10,744</b>	<b>\$124,012</b>	<b>42%</b>	

**CAPITAL PROJECTS & EQUIPMENT**

Structures/Improvements	2,285,718	48,696	362,549	16%	
Equipment	65,000	0	0	0%	
<b>TOTAL CAPITAL EXPENSE</b>	<b>\$2,350,718</b>	<b>48,696</b>	<b>362,549</b>	<b>15%</b>	

**DEBT**

State Loan Payment	103,628	0	51,814	50%	paid semiannually
State Loan Payment Phase II	58,740	0	0	0%	paid semiannually
Western Alliance Lease-PVS	152,857	0	76,869	50%	paid semiannually
<b>TOTAL DEBT</b>	<b>\$315,225</b>	<b>\$0</b>	<b>\$128,683</b>		

FUNDED DEPRECIATION	\$288,000	\$24,000	\$120,000	42%	
UNFUNDED DEPRECIATION	\$0	\$0	\$0	0%	

<b>TOTAL EXPENSE</b>	<b>\$5,561,071</b>	<b>\$299,398</b>	<b>\$1,586,043</b>	<b>29%</b>	
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CAPACITY CHARGES TRANSFER      \$28,232                      \$0                      \$0                      0%

SOLID WASTE FEES TRANSFER      \$23,285                      \$1,071                      \$7,887                      34%

<b>FUND TOTAL</b>	<b>\$486,913</b>	<b>\$99,453</b>	<b>\$325,459</b>		
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# HERITAGE RANCH COMMUNITY SERVICES DISTRICT OFFICE REPORT

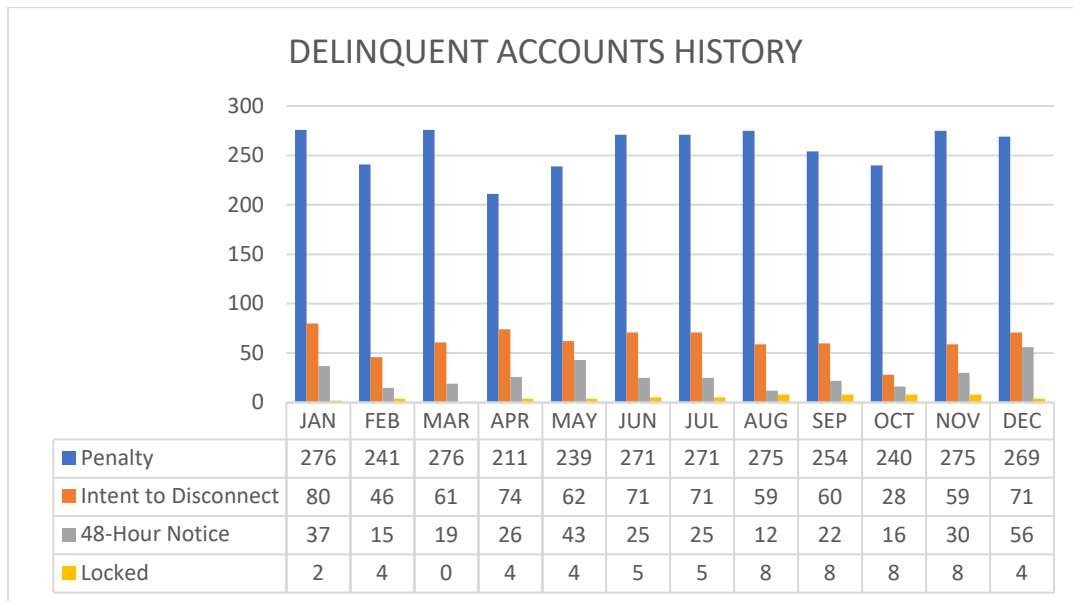
**NOVEMBER 2024**

## Utility Billing

- On December 1<sup>st</sup>, 1,938 bills were processed for a total dollar amount of \$225,001 for water and sewer user fees for the month of November.

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

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



## Customer Service Orders

- Staff completed the following service orders for the month:

Occupant Change	4	Unlock Meter	3
Locked Meter	4	Sewer Problem	1
Swap / Pull Meter	4	Leak	1

## Administration

- Nothing significant to report.

# HERITAGE RANCH COMMUNITY SERVICES DISTRICT

## District Engineer Report For the Month of December 2024

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

### Operations Support

- Working with Operations Staff re:
  - GAC project operation, ordering/coordinating for new GAC vessels (arrived 11/14)
  - Investigating UV disinfection for possible DBP reduction

### Capital Improvement Projects

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

- WRF Upgrade Project: – Continuing to work with the General Manager and the design engineer.
- Lift Station 1-5 rehabilitation design phase: LS 2 and 3 are the top priority. The current project scope is to replace corroded components and coat the wetwells. Recent controls and other mechanical related issues have arisen that may be combined with this scope to limit costs associated with bypassing. Coordinating with WRRF project to determine if any pump modifications will be required as a part of the project. This project was not worked on this month as other projects (Vertical Intake, DBP related project, Telemetry and SCADA) had more pressing needs.
- Water System SCADA Upgrade / Telemetry: Water System SCADA portion is complete. Telemetry project is designed and in the process of being installed. Installation is 80% complete with an estimated completion by the end of January. Staff worked with SPICE to order the remaining equipment for the project. Staff worked with Rival Technology to coordinate the installation of a new firewall at the Water Treatment Plant to improve security.
- GAC System (Pilot Study): See separate agenda item discussing the findings of the pilot study and recommending authorization to proceed with a permanent treatment project.
- Pressure Reducing Valves (Waterview/Equestrian): PRVs and all associated valves and parts have been received. Raminha has been authorized to begin work. They have been inundated with other work and unable to perform our project. We are hoping to have them onsite by the end of January.



- Raw Water Vertical Intake No. 2: All American Drilling signed and returned the required contract documents and are in the process of procuring materials, securing the permit and preparing for mobilization.

Staff has also begun the preliminary design for Phase 2, with the intent of having the design nearly complete when Phase 1's results are known. We will take the information from the well test and use it to finalize the design. This approach will allow for progression from Phase 1 to Phase 2 to take place quickly.

- DBP Project: See separate agenda item and report regarding DBPs.
- Wastewater Collection System SCADA Upgrade: SPICE has begun work on the wastewater collection system (Lift Station) SCADA upgrade. Installation will take place in conjunction with the Telemetry installation. The project is approximately 70% complete with an estimated completion by the end of January. Additionally, we will be upgrading the controls for Lift Stations 2 and 3 as a part of this project.
- Wastewater collection system model & I/I: Staff is reviewing the findings of the sewer system inspections by Video Inspection Specialists to determine what, if any, system repairs can be made to decrease I/I. This project was not worked on this month.
- Pump Station Covers (design): Work has not begun on this project.
- Electric Gate at Corp Yard: Work has not begun on this project.

#### Additional Tasks

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

Project Name	Original CIP Budget	FY 24/25 Budget	Design Status	Estimated Design Completion	Construction Status	Estimated Construction Completion
WRF Upgrade Project		\$755,035	Ongoing	1/31/2025	Not Started	Before 9/2027
Lift Station 1-5 Rehab		\$200,000	Ongoing	3/31/2025	Not Started	TBD
Water System SCADA Upgrade (Telemetry)	\$300,000	\$168,415	Complete	Complete	Ongoing	10/31/2024
GAC System (Pilot Study)		\$39,480	Complete	Complete	N/A	N/A
Pressure Reducing Valves (Waterview, Equestrian)	\$175,000	\$163,070	Complete	Complete	Authorized to begin 8/24	Update at meeting
Raw Water Vertical Intake No. 2	\$225,000	\$219,718	Ongoing	Complete (Well casing) 1/31/25 (Wellhead)	Out to Bid	1/31/2025 (Well casing) TBD (Wellhead)
DBP Project		\$400,000	Not Started	TBD	Not Started	TBD
Wastewater Collection System SCADA Upgrade	\$200,000	\$200,000	Complete	Complete	Ongoing	1/31/2025
Wastewater Collection System Model & I/I		\$75,000	N/A	N/A	TBD	TBD
Pump Station Covers (design)		\$15,000	Not Started	TBD	Not Started	TBD
Electric Gate at Corp Yard		\$50,000	Not Started	TBD	Not Started	TBD

# HERITAGE RANCH COMMUNITY SERVICES DISTRICT

## Operations Report For the Month of December 2024

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

### Water treatment

- Produced 9.75 million gallons of treated water.
- Replaced media on both Gac tanks. Put back in service after backwashing. The reduction upon start up is 99%.
- Serviced polymer pump at water treatment plant bearing was audible.
- Performed weekly calibrations on Turbidimeters.
- Collected Monthly DBP sample.

### Water distribution

- Took apart and cleaned the Meter at research center. Meter was not reading accurately. It is now functioning correctly
- Repaired Warf head on Comanche In. put back in service.
- All valve cans have been cleaned and inspected on the ranch.
- Continued with fire hydrant rehabilitation project throughout the ranch.
- Adjusted PRV on heritage rd. to provide fresher water.
- Flushed multiple fire hydrants throughout the ranch to improve water quality and increase the chlorine residual.
- Performed all water quality labs.
- Collected all state required Bac T samples.

### Wastewater collection

- Adjusted check valve on Pump 1 at Lift station 5. Undercurrent alarms have been going off frequently.
- Performed major landscaping maintenance at lift station 7.
- Performed monthly lift station checks.

### Wastewater treatment

- Treated 3.61 million gallons of wastewater.
- Jetted Transfer line between pond 1 and pond 2.
- Collected all state required Bac T samples along with BOD samples.
- Pulled impeller of large aerator in pond 1. Impeller was broken in half. Ordered replacement.

### Vehicles and equipment

- Repaired emergency brake on Ford Ranger.
- Performed oil changes on all fleet vehicles.

### Staff

- I am pleased to share that Jason Gularte one of our newest operators passed his Treatment operator 1 test and will become a certified Water treatment operator.

\* \* \*

## HRCSD Board of Directors 2025 Calendar of Activities

<p><b>JAN</b>  <b>MTG</b> – Jan 16<sup>th</sup> at 4:00 pm  Solid Waste fees PH?</p>	<p><b>FEB</b>  <b>MTG</b> – Feb 20<sup>th</sup> at 4:00 pm</p>	<p><b>MAR</b>  <b>MTG</b> – Mar 20<sup>th</sup> at 4:00 pm  Standby Charges set PH</p>
<p><b>APR</b>  <b>MTG</b> – Apr 17<sup>th</sup> at 4:00 pm  Reservoir Report (set PH?)</p>	<p><b>MAY</b>  <b>MTG</b> – May 15<sup>th</sup> at 4:00 pm  Confirm Standby Charges PH  Budget 1<sup>st</sup> draft</p>	<p><b>JUN</b>  <b>MTG</b> – Jun 19<sup>th</sup> at 4:00 pm  Elections even year  HRCSEA MOU due?  Adopt Pre Budget and set PH  GM agreement (closed/open)</p>
<p><b>JUL</b>  <b>MTG</b> – Jul 17<sup>th</sup> at 4:00 pm  Annual Treasury Rept.  Adopt Final Budget PH  Adopt Salary Schedule PH  Solid Waste liens PH  Water/Sewer liens PH</p>	<p><b>AUG</b>  <b>MTG</b> – Aug 21<sup>st</sup> at 4:00 pm</p>	<p><b>SEP</b>  <b>MTG</b> – Sep 18<sup>th</sup> at 4:00 pm  Fix employer cont. (if change)</p>
<p><b>OCT</b>  <b>MTG</b> – Oct 16<sup>th</sup> at 4:00 pm</p>	<p><b>NOV</b>  <b>MTG</b> – Nov 20<sup>th</sup> at 4:00 pm  Solid Waste fees set PH?</p>	<p><b>DEC</b>  <b>MTG</b> – Dec 18<sup>th</sup> at 4:00 pm  Audit receive/file  Board Officers  Board Committees even year  Director Oaths even year  Calendar</p>

District Holidays: Jan 1, Jan 20, Feb 17, May 26, Jul 4, Sep 1, Nov 11, Nov 27-28, Dec 24-25

# HERITAGE RANCH COMMUNITY SERVICES DISTRICT

## MEMORANDUM

**TO:** Board of Directors

**FROM:** Scott Duffield, General Manager

**DATE:** December 19, 2024

**SUBJECT:** Receive the 90%-design submittal for the Water Resource Recovery Facility upgrade project.

### **Recommendation**

It is recommended that the Board of Directors receive the 90%-design submittal for the Water Resource Recovery Facility upgrade project and provide any direction to staff.

### **Background**

Since March 2021, your Board has been pursuing the Water Resource Recovery Facility project (Project). At the September 19, 2024 meeting your Board received the 50%-design submittal and directed staff to use the engineers opinion of probable costs to inform the rate study.

### **Discussion**

The 90%-design submittal includes draft 90%-design level plans, specifications, and the engineer's opinion of probable costs, and are being provided by our Project engineer, Hydro Science, to receive and file.

The updated engineer's opinion of probable costs informed the sewer rate study performed by Tuckfield & Associates. The sewer rate study will be presented to your Board for approval under a separate agenda item.

### **Financial Considerations**

The FY 2024/25 Budget includes budget from cash reserves for design phase services only. A successful Proposition 218 process will need to follow to provide funding for the Project.

Funding and financing providers, including Federal and/or State agencies such as USDA and/or Department of Water Resources, require a financial analysis and will need assurance that the Project can be paid for prior to any funding approval, i.e., rates are, or are going to be in place at the time of funding approval.

Staff and the finance team are working closely with the design team and the rate consultant.

## **Results**

Support of staff and consultants, the rate study, and finance team, will provide the community with cost-effective, adaptable wastewater treatment that achieves reliable compliance and sustainably meets the long-term needs of the community and environment.

Attachments: Draft 90%-Plans  
Draft 90%-Specifications  
Draft 90%-Engineer's Opinion of Probable Costs  
(All Clerks File)

File: Projects\_ WRRF

## HERITAGE RANCH COMMUNITY SERVICES DISTRICT

### MEMORANDUM

**TO:** Board of Directors

**FROM:** Scott Duffield, General Manager

**DATE:** December 19, 2024

**SUBJECT:** Request to approve the Report on Wastewater Rate Study prepared by Tuckfield & Associates dated December 2024, and direct staff to proceed with the public notification and hearing process for adoption of new sewer rates.

#### **Recommendation**

It is recommended that the Board of Directors approve the Report on Wastewater Rate Study prepared by Tuckfield & Associates dated December 2024 (Rate Study), and direct staff to proceed with the public notification and hearing process for adoption of new sewer rates.

#### **Background**

At the January 19, 2023 meeting, your Board directed the Rate Study consultant to remove estimated capital costs and financing of the Water Resource Recovery Project (WRRF) from the Rate Study.

Subsequently, at the April 20, 2023 meeting your Board adopted rates that exclude estimated capital costs and financing of the WRRF.

#### **Discussion**

The estimated capital cost of the WRRF is simply that, an estimate, and was needed to develop the financial plan and rates. After the rates are in place and the project has progressed, the Board will have opportunities to review the project cost and determine if the rates can be adjusted downward. This can be done by updating the rate study and approval of the Board. As the project progresses, we will also learn if we are awarded any grant funding.

Following approval of the recommended action, a notice will be published pursuant to Proposition 218. Article XIII D, Section 6 of the California State Constitution specifies procedures for adjusting water, sewer, and refuse fees. These include providing written notice by mail of the proposed fee or increase. The notice shall contain the amount of



the fee increase, the reason for the increased fee, the manner in which the fee was calculated, and the date, time, and location of a public hearing on the proposed fee.

A public hearing not less than 45 days after mailing of the notice must be conducted by the Board. All property owners subject to the rates may submit written protests of the rates. If written protests against the proposed rates are presented by a majority of owners of the identified parcels, the agency shall not impose the fees.

After approval of the recommended action today, the public hearing to adopt the rates would be scheduled for the February 20, 2025, Board regular meeting.

### **Fiscal Implications**

The current sewer rates need to be updated to include estimated capital costs and financing of the WRRF.

### **Alternatives to Consider**

The State of California Central Coast Regional Water Quality Control Board (CCRWQCB) granted the District an extension of our permit and Time Schedule Order (TSO) so we can develop, fund, and construct the WRRF to bring the plant up standards.

If, in the opinion of the CCRWQCB Executive Officer, the District fails to comply with any provisions of the TSO or fails to consistently demonstrate substantive progress towards achieving full compliance with final effluent limitations in the TSO, then the Executive Officer may terminate the TSO. In that case, or if compliance with the final effluent limitations of our permit, as renewed or revised, is not achieved by the full compliance dates in the TSO, the District would not be exempt from the mandatory minimum penalties for violation of those effluent limitations and may also be subject to issuance of a cease and desist order in accordance with CWC section 13301.

Alternatively, the Executive Officer may refer this matter to the Attorney General for judicial enforcement, may issue a complaint for administrative civil liability, or may take other enforcement actions. Failure to comply with this order may result in the assessment of administrative civil liability of up to \$10,000 per violation, per day, depending on the violation, pursuant to the Water Code, including sections 13350 and 13385. The CCRWQCB reserves its right to take any enforcement action authorized by law.

### **Recommendation**

Staff's recommendation is to approve the Report on Wastewater Rate Study prepared by Tuckfield & Associates dated December 2024, and direct staff to proceed with the public notification and hearing process for adoption of new sewer rates that include estimated capital costs and financing of the WRRF.

## **Results**

The recommended action will result in progress of updating the District's sewer rates so that the District can move forward with the WRRF project that is required to meet new State of California regulatory requirements.

Attachments: Report on Wastewater Rate Study prepared by Tuckfield & Associates dated December 2024

File: Rates, Fees, Charges

Report for:

# Heritage Ranch Community Services District

4870 Heritage Road  
Paso Robles, CA 93446  
(805) 227-6230

Report on:

# Wastewater Rate Study

**DRAFT**

Submitted By:

**Tuckfield & Associates**

Contact: Mr. Clayton Tuckfield  
2549 Eastbluff Dr, #450B  
Newport Beach, CA 92660  
(949) 760-9454

[www.tuckfieldassociates.com](http://www.tuckfieldassociates.com)



**December 2024**

FINANCIAL CONSULTING  
**TUCKFIELD &  
ASSOCIATES**  
MANAGEMENT CONSULTING

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**DRAFT**

# Tuckfield & Associates

2549 Eastbluff Drive, Suite 450B, Newport Beach, CA 92660  
Phone (949) 760-9454 Fax (949) 760-2725  
Email [ctuckfield@tuckfieldassociates.com](mailto:ctuckfield@tuckfieldassociates.com)

December 16, 2024

Mr. Scott B. Duffield  
General Manager  
Heritage Ranch Community Services District  
4870 Heritage Road  
Paso Robles, CA 93446

Dear Mr. Duffield:

I am pleased to present this Wastewater Rate Study (Study) report for the Heritage Ranch Community Services District (District). The wastewater rates presented in this report have been developed based on cost of service principles following industry standard methods for wastewater utilities. The rates developed are fair and equitable for the users of the wastewater system and have been established in accordance with Proposition 218.

This study included a review and analysis of the wastewater enterprise revenue and revenue requirements including the Water Resources Recovery Facility project and its associated costs and financing. The number of customers, volumes, and rate structure were also summarized, reviewed, and analyzed. The major objectives of the Study include the following.

- Generate positive levels of income in the study period
- Maintain operating and capital reserves at or greater than target levels
- Maintain debt service coverage ratios at or greater than the minimum required
- Meet annual capital replacement spending from enterprise rate revenue

This report documents the findings and recommendations for the financial plan and rates for the District's wastewater enterprise. Tables and figures are provided throughout the report to demonstrate the calculations.

It has been a pleasure to work with District staff during the performance of this study. If there are any questions, please contact me at (949) 760-9454.

Very Truly Yours,

TUCKFIELD & ASSOCIATES



G. Clayton Tuckfield  
Principal Consultant

**DRAFT**

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# Wastewater Rate Study

## HERITAGE RANCH COMMUNITY SERVICES DISTRICT

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# Wastewater Rate Study

## HERITAGE RANCH COMMUNITY SERVICES DISTRICT

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# Executive Summary

The Heritage Ranch Community Services District (District) engaged Tuckfield & Associates to conduct a comprehensive Wastewater Rate Study (Study) for its wastewater enterprise system. Major objectives of the Study were to develop pro forma statements of revenues and revenue requirements, perform analyses to determine the costs of providing service, and design wastewater rates and charges for implementation.

## Wastewater Financial Plan

The revenue and revenue requirements of the wastewater system were identified and projected to create a forward looking financial plan for the wastewater enterprise. Annual costs include operation and maintenance (O&M) expenses, annual capital replacement, a lease payment on a solar facility, and debt service from financing the future Water Resource Recovery facility (WRRF) project.

Future O&M expenses include using the District's FY 2024-25 budgeted expenses for the first year of projection, and then projecting future expenses through application of inflation factors to the budget year expenses. Annual capital replacement is included in the financial plan to assist in paying for wastewater system capital improvement plan projects.

The District has prepared a five-year capital improvement program (CIP) spending plan for the wastewater system. Major projects of the CIP include the design and construction costs of the proposed WRRF, lift station rehabilitations, SCADA upgrades, and other projects. The CIP expenditures total about \$20.7 million for the period FY 2024-25 to FY 2029-30. The WRRF is planned to be funded through two short term interim loans with a United States Department of Agriculture (USDA) take-out loan after project completion. Other CIP is planned to be funded through annual revenue and capital reserves.

Several analyses were performed that compared the projected revenue using the District's current wastewater rates with the projected revenue requirements (costs) of the wastewater system. The analyses indicated that the revenue being received would need to increase by 19.7 percent annually on July 1, 2025 and on each July 1 of 2026 through 2028, then 3 percent thereafter to meet the revenue requirements. The revenue increases are required to adequately meet O&M expenses, capital spending needs, and debt service coverage requirements and to maintain reserves at District Policy target levels. The wastewater financial plan is presented in Table 9.

## Current Wastewater Rates

The current wastewater rates consist of monthly fixed charges based on an Equivalent Dwelling Unit (EDU) methodology for all customers. All customers are charged as a certain multiple to the Residential charge. For example, RV spaces are charged 0.8 times the Residential charge. Table ES-1 and Table 3 provide the current wastewater charges by customer classification.

## Proposed Wastewater Rate Structure and Rates

The wastewater rates proposed herein update the EDU methodology for current estimates of wastewater flow generation. One EDU is defined as the wastewater flow impact to the wastewater system from a residential dwelling unit. Other customer groups are charged as a multiple of one EDU based on their wastewater flow impact. Table ES-1 presents the proposed wastewater rates for the next five years.

Table ES-1  
Proposed Wastewater Monthly Fixed Charges

Description	EDU Ratio	Current Charge	July 1, FY 25-26	July 1, FY 26-27	July 1, FY 27-28	July 1, FY 28-29	July 1, FY 29-30
Residential/Condo	1.00	\$62.75	\$74.71	\$89.43	\$107.05	\$128.13	\$131.99
RV Space	0.80	\$50.20	\$59.77	\$71.54	\$85.64	\$102.50	\$105.59
Commercial	3.50	\$181.98	\$261.49	\$313.01	\$374.68	\$448.46	\$461.97
Restrooms	2.50	\$144.33	\$186.78	\$223.58	\$267.63	\$320.33	\$329.98
Dump Station	12.50	\$784.38	\$933.88	\$1,117.88	\$1,338.13	\$1,601.63	\$1,649.88
Holiday Condo	30.00	\$1,862.50	\$2,241.30	\$2,682.90	\$3,211.50	\$3,843.90	\$3,959.70

## Wastewater Bill Impacts

The impact on wastewater bills from the proposed rate increases can be determined from inspection of Table ES-1. For a SFR customer, the monthly wastewater bill will increase from \$62.75 to \$74.71, an increase of \$11.96, or 19.1 percent. The 19.1 percent increase is lower than the overall 19.7 percent overall first year revenue increase from Table 9 due to cost of service adjustments that are made resulting from the update to the EDU ratios of the customer classifications.

Chart ES-1 has been prepared to compare the District’s SFR wastewater bill with those of other communities. The chart indicates that the District’s SFR wastewater bill with the proposed July 1, 2025 increase is in the lower mid-range of the communities listed.

Chart ES-1  
 Single-family Residential Monthly Wastewater Bills  
 For Rates in Effect October 2024



Note: Above table uses wastewater rates in effect October 2024. District’s July 2025 bill is based on the rate structure and rates in Table ES-1.

# Introduction

The Heritage Ranch Community Services District (District) engaged Tuckfield & Associates to conduct a comprehensive Wastewater Rate Study (Study) for its wastewater enterprise. Major objectives of the Study are to develop a pro forma statement of revenues and revenue requirements, perform analyses to determine the cost of providing service, and design new wastewater rates and charges for implementation.

## Background

The Heritage Ranch Community Services District is an unincorporated community in San Luis Obispo County, California. The District is located in the north-west portion of San Luis Obispo County approximately 15 miles northwest of the City of Paso Robles. The District was formed in 1990 to provide wastewater service for the Heritage Ranch community. The District's customer base consists mostly of residential customers with some commercial, retail, and public facility customers. Wastewater service is identified in a separate enterprise fund of the District.

The District owns and operates a wastewater collection, treatment, and disposal system. Wastewater is collected through a system of sewer gravity mains and several lift stations. The wastewater treatment plant provides secondary treatment through a lagoon/ponding system with a permitted capacity of 0.4 million gallons per day (MGD). Treated wastewater is discharged into a drainage way that is tributary to the Nacimiento river.

The Central Coast Regional Water Quality Control Board recently evaluated the District's wastewater discharge and determined that new effluent limitations are necessary. Their findings are determined in the Waste Discharge Requirements (WDR) Order No. R3-2017-0026. The District requested and received Time Schedule Order (TSO) No. R3-2018-0011 that allows the District time to comply with the findings while meeting interim discharge levels. The District has requested an extension of the TSO that will allow construction and commissioning of a new WRRF and achieving compliance by October 2027.

## Objectives

The objectives of this Study are to (1) develop a financial plan for the wastewater enterprise, (2) make any adjustments to the revenue being received to meet future financial obligations, provide adequate reserves, and debt service coverage, and (3) design wastewater rates that generate the required revenue while being fair and equitable for its customers. Specifically, the Study also sought to provide the following.

- Revenue sufficiency to fund operating and capital needs
- Appropriate levels of operating and capital reserves
- Cost of service allocations following appropriate standards, regulations, and guidelines
- Rates that are consistent with industry practice
- Ease of understanding and administration

## Scope of the Study

This Study includes the findings and recommendations of analyzing the wastewater enterprise's financial status and related CIP. Historical trends were analyzed from data supplied by the District showing the number of customers, volumes, revenue, and revenue requirements.

Revenue requirements of the wastewater enterprise include operation and maintenance expenses, routine capital outlays, replacement transfers, debt service, and additions to reserves. Changing conditions such as additional facilities, system growth, employee staffing levels, and non-recurring maintenance expenditures are recognized. Inflation for ongoing expenditures is included to reflect cost escalation.

The financial plan and rates developed herein are based on funding of the capital improvement plan and estimates of operation and maintenance expenses developed from information provided by the District. Deviation from the financial plans, construction cost estimates and funding requirements, major operational changes, or other financial policy changes that were not foreseen, may result in the need for lower or higher revenue than anticipated. It is suggested that the District review the adequacy of its revenues to meet obligations annually and consider conducting an update to the rate study at least every three years for prudent rate planning.

# Assumptions

Several assumptions were used to conduct the Study for the period FY 2024-25 to FY 2029-30. The assumptions included growth rates in customer accounts, percent increases in property tax revenues, interest earnings rate, expense inflation factors, and other financial assumptions used for projecting revenue and expense. The financial planning assumptions are provided below in Table 1.

Table 1  
Assumptions and Planning Factors

Description	Value
<b>Annual Account &amp; Demand growth [1]</b>	
Single-family Residential	0.25%
All Other	0.0%
<b>Property Taxes and Interest Income</b>	
Property Tax Revenue Increase	2.0%
Interest earnings on fund reserves (annual)	3.0%
<b>Cost Escalation</b>	
Personnel Services [2]	4.0%
Benefits	8.0%
Electrical Power	6.0%
Chemicals	6.0%
All Other Operations & Maintenance	4.0%
Capital	3.0%

[1] Annualized growth in wastewater accounts is based on historical information provided by District staff.

[2] Personnel Services growth in staffing, promotions and inflation are 4 percent annually.

## District Reserve Policy

The District has a written reserve policy adopted in Resolution 14-01 on March 20, 2014. The reserve policy sets forth goals for maintaining various reserves for wastewater operations and capital spending. The reserve policy provides a basis to deal with unanticipated reductions in revenues, changes in the costs of providing services, fixed asset repair and replacement, natural disasters, and other issues. It also provides guidelines to maintain the financial health and stability of the wastewater enterprise. The reserve types and the amount of reserves used in this Study are discussed below.

**Sewer Operating Reserve** – The purpose of the Operating Reserve is to provide working capital to meet cash flow needs during normal operations and support the operation, maintenance and administration of the utility. This reserve ensures that operations can continue should there be noteworthy events that impact cash flow. The target balance to be maintained is 180 days of annual budgeted expenses.

**Sewer Maintenance/Repair Equipment Reserve** – The Maintenance/Repair Equipment Reserve is used to fund maintenance and repair of sewer facilities and is funded by a percentage of Standby/Availability Charges collected annually. The target balance is equal to annual depreciation.

**Sewer Capital Facility Replacement Reserve** – This reserve is defined in Resolution 14-01 and is funded by Capacity Charges/Fees which are restricted reserves. The Capital Facility Replacement Reserve is used to fund future replacement of assets and capital projects where such funding matches with the purpose for which the fees were collected. The target balance is equal to accumulated depreciation expense.

**Sewer Debt Service Reserve** – The purpose of the debt service reserve is to provide sufficient funds to meet the annual debt service payment should the District need to increase rates due to annual net revenue deficiencies. The target balance is established at \$39,000 for the solar facility lease.

**Renewable Energy Reserve** – The Renewable Energy Reserve is restricted for capital projects that support or create renewable energy. The target reserve is equal to \$250,000 shared equally by the water and sewer systems.

## District Beginning Balances and Reserve Targets

The reserve fund balances discussed above are used in developing the financial plans for the wastewater utility. The District’s beginning fund balances are listed in Table 2 below as of June 30, 2024. Target Reserves are also stated in the table.

Table 2  
June 30, 2024 Estimated Wastewater Beginning Reserve Balances and Reserve Targets

Reserve Type	Reserve Balance	Target Reserves
Operating Reserve	\$492,000	\$492,000
Maint Repair/Equipment Reserve	\$167,000	\$167,000
Capital Facility Replacement Reserve	\$272,640	\$4,842,000
Debt Service Reserve	\$39,000	\$39,000
Renewable Energy Reserve	\$125,000	\$125,000
Total	\$1,095,640	\$5,665,000

# Wastewater Financial Planning

Financial planning for the wastewater enterprise includes identifying and projecting revenues and revenue requirements of the wastewater system for a six-year planning period. A sixth year is included in the financial plan because there is no fiscal year 2024-25 increase, however rates will be increased on July 1 of the remaining five fiscal years of the plan.

Projected revenue is compared with the projected revenue requirements allowing the evaluation of the sufficiency of current revenue to meet annual wastewater expenses and obligations, which provides the basis for revenue adjustments. Proposed wastewater rates and charges are created to recover the District's annual operating and capital costs associated with the wastewater system.

This section discusses the current wastewater rates, user classifications, revenues and revenue requirements, debt service, capital improvement expenditures, and proposed revenue adjustments.

## Current Wastewater Rates

The current wastewater rates consist of fixed charges to residential and non-residential customers. Customers of the wastewater system are charged a multiple of the Residential fixed charge. For example, RV spaces are charged 0.8 times the Residential charge. The current rates for the wastewater system were implemented on January 1, 2024 and it is planned to implement the January 1, 2025 rates from the most recent Proposition 218 public hearing notice. Both the January 1, 2024 and the January 1, 2025 rates are presented in Table 3.

Table 3  
Current Wastewater Rates

Classification	Fixed Charges	
	Jan 1, 2024	Jan 1, 2025
	\$/month	\$/month
Residential	\$51.64	\$62.75
RV Space	41.31	50.20
Commercial	149.76	181.98
Camp Restroom	118.77	144.33
Dump Station	645.50	784.38
Holiday Condo	\$1,549.20	\$1,862.50

## Wastewater User Classifications

### Number of Customers

The District currently classifies wastewater customers as Residential, RV Space, Commercial, Camp Restroom, Dump Station, and Holiday Condo. Residential customers account for about 88 percent of the total customers



served by the wastewater system. Growth is projected to occur only in Residential accounts at a rate of 0.25 percent annually following the assumptions listed in Table 1. Table 4 provides the historical and projected number of customers by classification.

Table 4  
Projected Wastewater Customers by Classification

Customer Class	Actual		Projected			
	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29
<b>Number of Accounts</b>						
Residential/Condo [1] [2]	1,576	1,580	1,584	1,588	1,592	1,596
RV Space	192	192	192	192	192	192
Commercial	15	15	15	15	15	15
Restrooms	3	3	3	3	3	3
Dump Station	1	1	1	1	1	1
<b>Total Accounts</b>	<b>1,787</b>	<b>1,791</b>	<b>1,795</b>	<b>1,799</b>	<b>1,803</b>	<b>1,807</b>

[1] Accounts are forecast to increase based on the assumed growth rate of 0.25 percent annually.

[2] Includes Holiday Condo 30 units.

## Wastewater Financial Plan

The financial plan provides the means of analyzing the revenue and revenue requirements of the wastewater system, the ability to fund on-going operation and maintenance expense and capital expenditures, and the impact on reserves. This section of the Report discusses the projection of revenue, projection of operation and maintenance expenses, capital improvement needs of the wastewater system, debt and debt service requirements, and revenue adjustments needed to maintain a sustainable wastewater enterprise.

### Revenues

The District receives operating and miscellaneous revenue from several sources. Operating revenue is received from rates and charges for wastewater service. Operating revenue is projected by applying the current wastewater rates from Table 3 to the projected number of accounts in Table 4. Table 5 presents the projected operating revenues from the fixed charges stated in Table 3.

Table 5  
Projected Rate-based Wastewater Revenue Using Current Rates

Description	Projected					
	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
<b>Wastewater Service Revenues</b>						
Fixed Charges [1]	\$1,213,049	\$1,355,778	\$1,358,790	\$1,361,802	\$1,364,814	\$1,367,826
<b>Total Revenues From Current Rates</b>	<b>\$1,213,049</b>	<b>\$1,355,778</b>	<b>\$1,358,790</b>	<b>\$1,361,802</b>	<b>\$1,364,814</b>	<b>\$1,367,826</b>

[1] FY 24-25 and forecast years' revenue calculated by multiplying current wastewater service rate by the number of customers.

Miscellaneous revenue received includes hook-up fees, turn on fees, penalties/late fees, plan check and inspection fees, standby charges, property tax revenue, and connection fees. Table 6 presents the projected revenue from miscellaneous sources.

Table 6  
Projected Wastewater Miscellaneous Revenue

Description	Budget		Projected			
	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
Hook-up Fees	\$400	\$400	\$400	\$400	\$400	\$400
Turn-On Fees	1,500	1,500	1,500	1,500	1,500	1,500
Late Fees	7,700	9,600	9,600	9,600	9,600	9,600
Plan Check and Inspection	800	800	800	800	800	800
Standby Charges	39,200	39,200	39,200	39,200	39,200	39,200
Property Tax	142,689	145,500	148,400	151,400	154,400	157,500
Connection Fees	15,534	15,000	15,000	15,000	15,000	15,000
<b>Total Miscellaneous Revenues</b>	<b>\$207,823</b>	<b>\$212,000</b>	<b>\$214,900</b>	<b>\$217,900</b>	<b>\$220,900</b>	<b>\$224,000</b>

## Revenue Requirements

Revenue requirements of the wastewater system include operation and maintenance expenses, annual capital replacement, debt service, and capital improvement costs related to upgrading the wastewater system. Each of these items are discussed below.

## Operation and Maintenance Expense

O&M expenses are an on-going obligation of the wastewater system and such costs are normally met from wastewater service revenue. O&M expenses include the cost to operate and maintain the wastewater collection system, lift stations, and treatment and disposal facilities. Costs also include technical services and other general and administrative expenses.

O&M expenses have been projected recognizing the major expense categories of personnel services, electric power expense, chemicals expense, and other expenses. Personnel costs consist of salaries and benefits expense of those personnel directly involved with providing wastewater service. Future salary costs are projected to increase by 4 percent annually whereas benefits costs are projected to increase at 8 percent annually. Electric power and chemicals expenses are projected to increase annually at 6 percent. All other O&M expenses are projected to increase by 4 percent annually except capital which is projected at 3 percent annually. Additionally, all costs associated with the WRRF are included in FY 2028-29 and reflect changes in operations that have impacts on salary and benefit costs. Table 7 provides a summary of the wastewater O&M expenses for the Study period.

Table 7  
Budget and Projected Wastewater Operation and Maintenance Expense

Description	Budget	Projected				
	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
<b>Salaries &amp; Benefits</b>	\$366,505	\$386,578	\$407,888	\$430,518	\$734,208	\$773,812
<b>Maintenance and Supply</b>						
Electricity	\$36,210	\$38,383	\$40,686	\$43,127	\$295,424	\$313,149
Chemicals	18,387	19,490	20,659	21,899	34,164	36,214
Other O&M	124,687	129,676	134,863	140,257	240,015	249,615
Subtotal	\$179,284	\$187,549	\$196,208	\$205,283	\$569,603	\$598,978
<b>General &amp; Administration</b>						
General Fund Allocation	\$342,584	\$356,287	\$370,538	\$385,360	\$364,731	\$379,320
Insurance	14,316	14,889	15,485	16,104	31,633	32,898
Other O&M	55,230	57,439	59,736	62,126	70,479	73,298
Subtotal	\$412,130	\$428,615	\$445,759	\$463,590	\$466,843	\$485,516
<b>Capital Outlay</b>	\$26,000	\$26,780	\$27,583	\$28,410	\$29,262	\$30,140
Total O&M Expense	\$983,919	\$1,029,522	\$1,077,438	\$1,127,801	\$1,799,916	\$1,888,446

### Capital Replacement

The District plans for replacements in the wastewater system that occur from time to time during the fiscal year. The amount of annual wastewater CIP project spending includes lift station rehabilitation, collection system SCADA project, collection system infiltration/inflow study, corporate yard electric gate, and other replacement CIP, but excluding the WRRF design and construction spending discussed further below.

### Western Alliance Bank 2020 Solar Lease

The District closed on a lease for a solar facility on April 29, 2019 and which is paid from both the District water and wastewater funds. The wastewater allocation of the lease payments totals about \$38,500 annually. The final lease payment occurs on April 1, 2035

## Water Resource Recovery Facility

The Central Coast Regional Water Quality Control Board (CCRWQCB) evaluated the District's wastewater discharge and determined that new effluent limitations are necessary. The findings are determined in the Waste Discharge Requirements (WDR) Order No. R3-2017-0026. The District requested and received Time Schedule Order (TSO) No. R3-2018-0011 that allows the District time to comply while meeting interim discharge levels. The District has requested an extension of the TSO that will allow construction and commissioning of a new WRRF and achieving compliance by October 2027.

The District proposes constructing the WRRF project to meet the discharge requirements of WDR No. R3-2017-0026. The project is estimated to cost about \$22.752 million consisting of design, construction, capitalized interest, and debt issuance costs.

## WRRF Financing Plan and Debt Service

The District proposes to pay for the WRRF project through a series of interim loans during construction, with a final take-out loan from the USDA upon project completion. The purpose of the interim loans is to allow lower annual payments for the first two years than the District would otherwise have to pay if they had a fully amortizing loan at the start of construction, and allows a lower second loan borrowing amount in a grant is received.

A first interim loan, initiated in June 2025 with an estimated interest rate of 4.50 percent, will provide about \$13.913 million of proceeds that capitalizes interest and issuance costs associated with this loan while reimbursing the District for design costs. A second interim loan, initiated in June 2026, will also have an estimated interest rate of 4.50 percent and will provide about \$8.734 million of proceeds that capitalizes interest and issuance costs of this loan. And in June of 2028, the District plans a final take-out loan from the USDA in the amount of \$22.752 million, including \$105,000 of issuance costs, to pay off the two interim loans. The USDA loan has current terms that include an estimated 3.625 percent interest rate and a 40-year term. All interest rates are estimated and subject to change until the loans close.

## Wastewater Capital Improvement Program

Table 8 provides the wastewater capital improvement program (CIP) of the District that lists planned capital expenditures for FY 2024-25 through FY 2029-30. Major projects include design costs of the WRRF, lift station rehabilitation costs, and SCADA upgrades. The CIP expenditures are funded by wastewater system revenues, reserves, and loans to complete the WRRF project.

Table 8  
Wastewater Capital Improvement Program

Description	Projected					
	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
<b>Current Capital Improvement Projects (CIP) [1]</b>						
Water Resource Recovery Facility - Design Design Costs Only	\$775,772	-	-	-	-	-
Water Resource Recovery Facility - Construction	-	10,711,000	8,113,750	-	-	-
Lift Station 1-5 Rehabilitation	200,000	180,000	186,000	27,000	197,000	174,000
Collection System SCADA	200,000	-	-	-	-	-
Wastewater Collection System Model and Infiltration/Inflow Phase II	75,000	-	-	-	-	-
Electric Gate at Corp Yard (40% of Cost)	50,000	-	-	-	-	-
Proposed Asset Replacement Projects [2]	-	-	-	-	-	116,000
<b>Total Wastewater CIP</b>	<b>\$1,300,772</b>	<b>\$10,891,000</b>	<b>\$8,299,750</b>	<b>\$27,000</b>	<b>\$197,000</b>	<b>\$290,000</b>

## Wastewater Financial Plan

A financial plan has been prepared for the wastewater utility that includes the revenues and revenue requirements that were identified for the wastewater system and is presented in Table 9. The plan incorporates specific financial planning criteria to provide guidance to maintain the health of the wastewater utility on an on-going basis. The criteria included the following.

- Generate positive levels of income in each year of the Study period
- Meet annual capital replacement expenditures
- Maintain the operating and capital reserves at or greater than target levels
- Maintain debt service coverage ratios at or greater than the minimum required

### Proposed Revenue Adjustments

Analysis of the revenues and revenue requirements of the wastewater financial plan indicates that revenue increases are necessary. Revenue increases of 19.7 percent annually are proposed for July 1, 2025 and on each July 1 of 2026 through 2028. Annual increases of 3 percent are assumed thereafter. The proposed increases are shown near the top of the wastewater financial plan in Table 9.

The financial plan in Table 9 also shows the financing plan for the WRRF project. Under the heading “Capital Sources of Funds” in the table, the interim loan and USDA loan proceeds are shown as sources of funding along with issuance costs and capitalized interest, resulting in a “Total Capital Sources of Funds” amount for each year shown in Table 9 to meet the CIP spending plan from Table 8.

Debt service of the interim and USDA loans used to finance the WRRF project is shown under the heading “Uses of Funds”, listing the Interim loans and the USDA loan debt service separately. The USDA loan has a requirement to set aside 1/10<sup>th</sup> of the annual debt service amount as a reserve for 10 years. This is shown below the USDA loan debt service payment amount.

Table 9  
Wastewater Financial Plan

Description	Projected					
	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
<b>Proposed Revenue Increase (July 1)</b>		<b>19.7%</b>	<b>19.7%</b>	<b>19.7%</b>	<b>19.7%</b>	<b>3.0%</b>
<b>Sources of Funds</b>						
Rate-based Revenues, Existing Rates [1]	\$1,213,049	\$1,355,778	\$1,358,790	\$1,361,802	\$1,364,814	\$1,367,826
Total Additional Wastewater Service Revenue [2]	-	244,831	561,395	941,755	1,398,642	1,517,463
Miscellaneous Income [3]	207,823	212,000	214,900	217,900	220,900	224,000
Interest Income	19,627	45,071	92,953	108,406	112,745	107,975
<b>Total Sources of Funds</b>	<b>\$1,440,499</b>	<b>\$1,857,680</b>	<b>\$2,228,038</b>	<b>\$2,629,863</b>	<b>\$3,097,101</b>	<b>\$3,217,264</b>
<b>Uses of Funds</b>						
O&M and Capital Outlay	\$983,919	\$1,029,522	\$1,077,438	\$1,127,801	\$1,799,916	\$1,888,446
Capital Replacement [4]	167,000	164,000	193,000	157,000	166,000	747,000
Western Alliance Lease	38,643	38,506	38,595	38,650	38,672	38,661
Interim Loan Net Debt Service	-	-	313,043	1,019,115	-	-
USDA Loan Debt Service	-	-	-	-	1,081,422	1,081,943
USDA Loan Reserve Fund Payment	-	-	-	-	108,142	108,194
<b>Total Uses of Funds</b>	<b>\$1,189,562</b>	<b>\$1,232,028</b>	<b>\$1,622,076</b>	<b>\$2,342,566</b>	<b>\$3,194,152</b>	<b>\$3,864,244</b>
<b>Net Funds Available Before Capital</b>	<b>\$250,937</b>	<b>\$625,652</b>	<b>\$605,962</b>	<b>\$287,297</b>	<b>(\$97,051)</b>	<b>(\$646,980)</b>
<b>Capital Sources of Funds</b>						
Operations Financed Capital	\$167,000	\$164,000	\$193,000	\$157,000	\$166,000	\$747,000
Interim Loan #1	-	13,913,000	-	(13,913,000)	-	-
Interim Loan #2	-	-	8,734,000	(8,734,000)	-	-
New Bond Proceeds	-	-	-	22,752,000	-	-
Issuance Costs	-	(293,391)	(227,220)	(105,000)	-	-
Capitalized Interest	-	(939,128)	(393,030)	-	-	-
<b>Total Capital Sources of Funds</b>	<b>\$167,000</b>	<b>\$12,844,481</b>	<b>\$8,306,750</b>	<b>\$157,000</b>	<b>\$166,000</b>	<b>\$747,000</b>
<b>Capital Uses of Funds</b>						
Capital Improvement Plan [5]	\$1,300,772	\$10,891,000	\$8,299,750	\$27,000	\$197,000	\$290,000
<b>Total Capital Uses of Funds</b>	<b>\$1,300,772</b>	<b>\$10,891,000</b>	<b>\$8,299,750</b>	<b>\$27,000</b>	<b>\$197,000</b>	<b>\$290,000</b>
<b>Net Capital Spending</b>	<b>(\$1,133,772)</b>	<b>\$1,953,481</b>	<b>\$7,000</b>	<b>\$130,000</b>	<b>(\$31,000)</b>	<b>\$457,000</b>
<b>Net Funds After Capital</b>	<b>(\$882,835)</b>	<b>\$2,579,133</b>	<b>\$612,962</b>	<b>\$417,297</b>	<b>(\$128,051)</b>	<b>(\$189,980)</b>
<b>Available Reserves</b>						
Beginning available reserves [6]	\$1,095,640	\$212,805	\$2,791,938	\$3,404,900	\$3,822,197	\$3,694,146
Additions (reductions)	(882,835)	2,579,133	612,962	417,297	(128,051)	(189,980)
<b>Ending available reserves</b>	<b>\$212,805</b>	<b>\$2,791,938</b>	<b>\$3,404,900</b>	<b>\$3,822,197</b>	<b>\$3,694,146</b>	<b>\$3,504,166</b>
Target Reserves [7]	\$823,000	\$843,000	\$896,000	\$885,000	\$1,230,000	\$1,855,000
Above (below) Target	(\$610,195)	\$1,948,938	\$2,508,900	\$2,937,197	\$2,464,146	\$1,649,166
<b>Debt Service Coverage</b>						
Net Revenues [8]	\$456,580	\$828,158	\$1,150,600	\$1,502,062	\$1,297,185	\$1,328,818
Annual Debt Service	-	-	313,043	1,019,115	1,081,422	1,081,943
<b>Coverage</b>	<b>n/a</b>	<b>n/a</b>	<b>368%</b>	<b>147%</b>	<b>120%</b>	<b>123%</b>

[1] Projected using the existing rates.

[2] Additional revenue from proposed rate adjustments.

[3] Miscellaneous income including hookup fees, turn-on fees, late fees, standby charges, property taxes, and other miscellaneous income.

[4] Equal to approximate annual depreciation expense.

[5] From Table 26. Includes Water Resource Recovery Facility (WRRF) design and construction costs.

[6] The available beginning FY 24-25 cash balance provided by the District. Includes operating and capital reserves.

[7] Target reserve includes operating, equipment, debt service, and solar reserves per Resolution 14-10. Excludes Capital Facility Reserve.

[8] Total Revenue less operation and maintenance expense.

[1] Projected using the existing rates.

[2] Additional revenue from proposed rate adjustments.

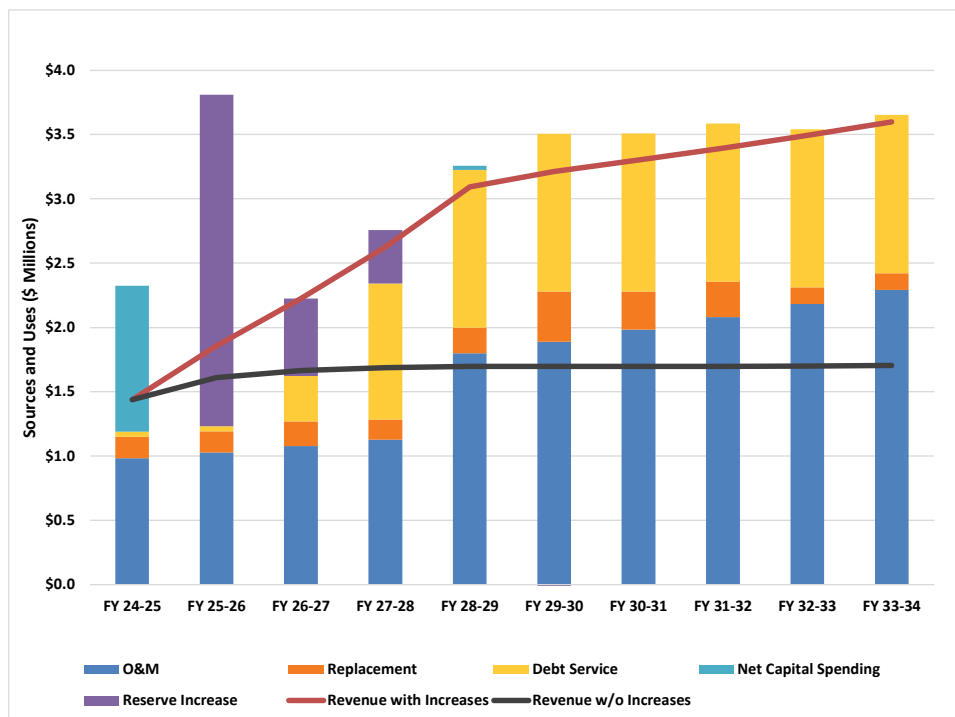
[3] Miscellaneous income including hookup fees, turn-on fees, late fees, standby charges, property taxes, and other miscellaneous income.

[4] Equal to approximate annual depreciation expense.

[5] From Table 8. Includes Water Resource Recovery Facility (WRRF) design and construction costs.

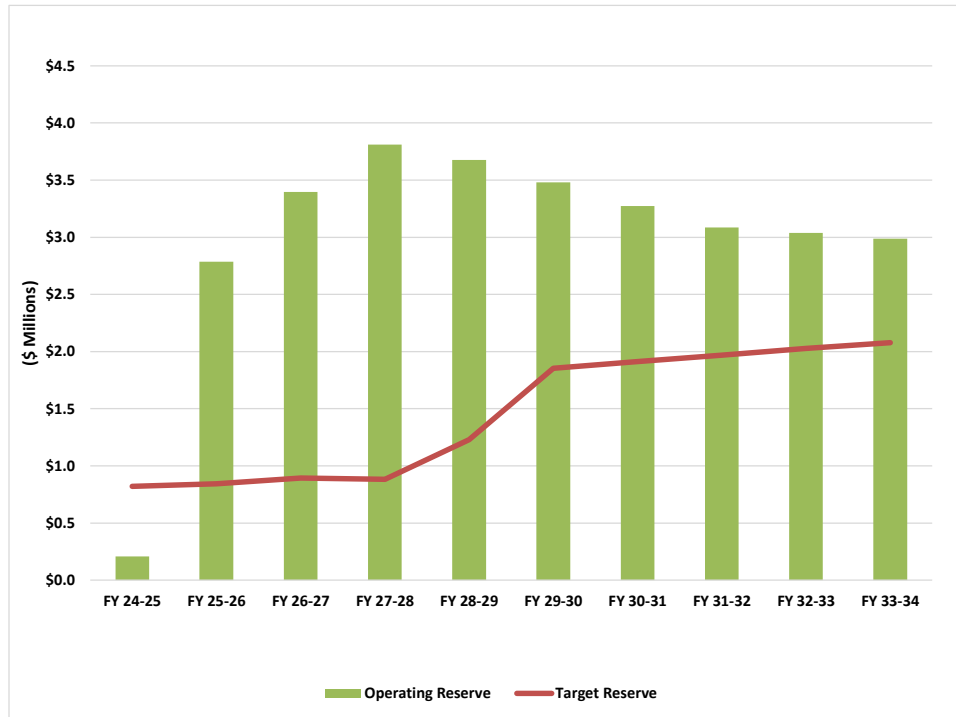
A graphical depiction of the revenue and revenue requirements from Table 9 is presented in Figure 1. Revenue using the current rates is shown as the black line while revenue with revenue adjustments is shown as the red line. Figure 1 shows that the revenue increases from Table 9 are necessary to meet annual O&M expense, fund CIP, and meet debt service payments as well as to increase reserves.

Figure 1  
Wastewater Financial Plan  
Comparison of Revenue with Revenue Requirements



The District’s wastewater reserves position at the end of each fiscal year is provided in Figure 2. The green columns represent the end of year reserve balance including all funds, while the red line indicates the Target level for these reserves. The figure shows the use of District reserves to pay for WRRF design costs in the first year, then increasing from the reimbursement of those design costs in the second year. The reserve balance provides a cushion during the construction phases of the WRRF project.

Figure 2  
End of Year Wastewater System Reserves versus Target Reserves



## Cost of Service

This section of the report discusses how the wastewater system’s operating and capital costs are allocated for use in designing rates. Establishing rates in California requires that the agency responsible for imposing property-related fees create a nexus between the cost of providing service and the rates to be imposed.

### Industry Methodology

Methodology from the Water Environment Federation (WEF) is commonly used to allocate wastewater costs in an appropriate manner. Similar to AWWA, WEF is an industry trade organization that provides guidance on operations, technical training, education, and management of wastewater utilities. General principles are provided to assist agencies with the design of wastewater rates and charges that are consistent with local requirements while also recognizing state laws and legal framework.

Due to the District’s current wastewater system operations, and that the District is pursuing a loan with the USDA, the method used in this Study to allocate costs and to design wastewater rates is an Equivalent Dwelling Unit (EDU) methodology. For this Study, one EDU is defined as the wastewater flow impact on the wastewater system by a Residential customer.



## Costs of Service to be Allocated

The annual cost of service consists of O&M expenses and capital costs of the wastewater system. O&M expenses include costs related to wastewater collection, treatment, disposal maintenance of the facilities, and general and administrative costs. Capital costs include the annual capital replacement, lease expense, and debt service on loans associated with the WRRF project discussed in the financial plan. The annual costs to be recovered from wastewater rates are provided in Table 10.

Table 10  
Costs to be Recovered From Wastewater Rates

Description	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
<b>Operating Expense</b>					
O&M and Capital Outlay	\$1,029,522	\$1,077,438	\$1,127,801	\$1,799,916	\$1,888,446
Subtotal	\$1,029,522	\$1,077,438	\$1,127,801	\$1,799,916	\$1,888,446
<b>Capital</b>					
Capital Replacement [4]	\$164,000	\$193,000	\$157,000	\$166,000	\$747,000
Western Alliance Lease	38,506	38,595	38,650	38,672	38,661
Interim Loan Debt Service	-	313,043	1,019,115	-	-
USDA Loan Debt Service	-	-	-	1,081,422	1,081,943
USDA Loan Reserve Fund Payment	-	-	-	108,142	108,194
Subtotal	\$202,506	\$544,638	\$1,214,765	\$1,394,236	\$1,975,798
<b>Net Capital Spending</b>					
Capital Replacement [4]	(\$164,000)	(\$193,000)	(\$157,000)	(\$166,000)	(\$747,000)
Interim Loan and Bond Proceeds	(12,680,481)	(8,113,750)	-	-	-
Capital Improvement Plan	10,891,000	8,299,750	27,000	197,000	290,000
Subtotal	(\$1,953,481)	(\$7,000)	(\$130,000)	\$31,000	(\$457,000)
<b>Met From Other Sources</b>					
Revenue Offsets	(\$257,071)	(\$307,853)	(\$326,306)	(\$333,645)	(\$331,975)
Subtotal	(\$257,071)	(\$307,853)	(\$326,306)	(\$333,645)	(\$331,975)
<b>Adjustments</b>					
Adjustments for Annual Cash Balance	\$2,579,133	\$612,962	\$417,297	(\$128,051)	(\$189,980)
Adjustments to Annualize Rate Increase [1]	22,257	26,702	32,032	38,427	7,020
Subtotal	\$2,601,390	\$639,664	\$449,329	(\$89,624)	(\$182,960)
<b>Total Costs to be Recovered</b>	\$1,622,866	\$1,946,887	\$2,335,589	\$2,801,883	\$2,892,309

[1] Includes one month billing lag from when customer is charged and the bill is paid.

## Wastewater Rate Design

The goal of the design of rates is to achieve fairness while ensuring that each customer class pays its fair share of costs. Rates should be simple to administer, easy to understand, and comply with regulatory requirements. This section describes how wastewater rates and charges are designed and includes the proposed schedule of wastewater rates for implementation.

## Proposed Wastewater Rates

The wastewater charges proposed in this Study reflect an EDU methodology and charges are based on an EDU ratio to a Residential customer. Wastewater charges are calculated by first developing the number of EDU's served by the District and then calculating an EDU ratio for each customer classification that reflects its historical 5-year average wastewater flow impact in relation to a Residential customer. This calculation is provided in Table 11. The calculation uses average monthly winter water consumption of the last five years of each customer classification to calculate an EDU ratio.

Table 11  
Calculation of the EDU Ratio

Description	5-Year Avg Winter Water Consumption <sup>[1]</sup>	Average Monthly Winter Water Consumption <sup>[2]</sup>	Number of Users	Adjusted Number of Users	Average Monthly Flow per User	Number of EDUs <sup>[3]</sup>	Calculated EDU Ratio
	HCF/ 3 mos	HCF/mo			col [2] + col [4]	col [2] + col [5] Res	col [5] + col [5] Res
Residential/Condo [4]	19,718.0	6,572.7	1,576	1,576.0	4.2	1,576.0	1.00
RV Space [5]	308.0	102.7	192	32.0	3.2	24.6	0.80
Commercial	661.0	220.3	15	15.0	14.7	52.8	3.50
Restrooms [6]	31.0	10.3	3	1.0	10.3	2.5	2.50
Dump Station	156.4	52.1	1	1.0	52.1	12.5	12.50
<b>Total</b>	<b>20,874.4</b>	<b>6,958.1</b>	<b>1,787</b>	<b>1,625.0</b>		<b>1,668.4</b>	

[1] Water consumption for the lowest 3 months of January, February, and March.

[2] Estimate for total monthly wastewater flow.

[3] For EDU ratio calculations only.

[4] Includes Holiday Condo 30 units.

[5] Adjusted number of users for RV Spaces reflects average occupied spaces during January, February, and March.

[6] Adjusted number of users reflects seasonal use.

The calculated EDU ratio from Table 11 is applied to the number of customers/units of each customer classification to determine the number of billing units served by the wastewater system. The annual revenue requirements from Table 10 are divided by the number of annual billing units in Table 11 to calculate the monthly wastewater charge per billing unit, shown in Table 12.

Table 12  
Calculation of the Monthly Charge per Billing Unit

Description	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
<b>Number of Customers/Units [1]</b>					
Residential/Condo [2]	1,584	1,588	1,592	1,596	1,600
RV Space	192	192	192	192	192
Commercial	15	15	15	15	15
Restrooms	3	3	3	3	3
Dump Station	1	1	1	1	1
<b>Total Number of Customers</b>	<b>1,795</b>	<b>1,799</b>	<b>1,803</b>	<b>1,807</b>	<b>1,811</b>
<b>Number of Billing Units [3]</b>					
Residential/Condo [2]	1,584.00	1,588.00	1,592.00	1,596.00	1,600.00
RV Space	153.60	153.60	153.60	153.60	153.60
Commercial	52.50	52.50	52.50	52.50	52.50
Restrooms	7.50	7.50	7.50	7.50	7.50
Dump Station	12.50	12.50	12.50	12.50	12.50
<b>Total Number of Billing Units</b>	<b>1,810.10</b>	<b>1,814.10</b>	<b>1,818.10</b>	<b>1,822.10</b>	<b>1,826.10</b>
<b>Revenue Requirement [4]</b>	<b>\$1,622,866</b>	<b>\$1,946,887</b>	<b>\$2,335,589</b>	<b>\$2,801,883</b>	<b>\$2,892,309</b>
<b>Monthly Charge per Billing Unit [5]</b>	<b>\$74.71</b>	<b>\$89.43</b>	<b>\$107.05</b>	<b>\$128.13</b>	<b>\$131.99</b>

[1] From Table 4.

[2] Includes Holiday Condo 30 units.

[3] Number of customers/units multiplied by EDU ratio.

[4] Revenue requirements from Table 10.

[5] Revenue Requirement divided by billing units.

Applying the EDU ratio from Table 10 to the proposed wastewater fixed charge per billing unit from Table 12 determines the wastewater charge for the District’s customer classifications. The proposed wastewater monthly fixed charges are shown in Table 13 for the Study period.

Table 13  
Proposed Wastewater Monthly Fixed Charges

Description	EDU Ratio	Current Charge	July 1, FY 25-26	July 1, FY 26-27	July 1, FY 27-28	July 1, FY 28-29	July 1, FY 29-30
Residential/Condo	1.00	\$62.75	\$74.71	\$89.43	\$107.05	\$128.13	\$131.99
RV Space	0.80	\$50.20	\$59.77	\$71.54	\$85.64	\$102.50	\$105.59
Commercial	3.50	\$181.98	\$261.49	\$313.01	\$374.68	\$448.46	\$461.97
Restrooms	2.50	\$144.33	\$186.78	\$223.58	\$267.63	\$320.33	\$329.98
Dump Station	12.50	\$784.38	\$933.88	\$1,117.88	\$1,338.13	\$1,601.63	\$1,649.88
Holiday Condo	30.00	\$1,862.50	\$2,241.30	\$2,682.90	\$3,211.50	\$3,843.90	\$3,959.70

# Wastewater Bill Impacts

Since the Residential wastewater charge is a fixed charge per month, the impact on wastewater bills can be determined from inspection of Table 13. For a SFR customer, the current monthly wastewater bill will increase from \$62.75 to \$74.71 on July 1, 2025, an increase of \$11.96 or 19.1 percent. The increase of 19.1 percent is lower than the overall increase of 19.7 percent from Table 9 due to cost of service adjustments that were made to update the EDU ratios. For years after the first year, the SFR bill increases by 19.7 percent on July 1, 2026 through 2028, and then 3 percent on July 1, 2029.

# Wastewater Rate Survey

A wastewater rate survey was conducted for neighboring communities to the District. Chart 1 compares the District’s current and proposed SFR monthly wastewater bill with those of neighboring communities. The chart indicates that for the proposed charges on July 1, 2025, a SFR customer will experience a bill that is in the mid-range of the communities surveyed.

Chart 1  
Single-family Residential Monthly Wastewater Bills  
For Rates in Effect October 2024



Note: Above table uses wastewater rates in effect October 2024. District’s July 2025 bill is based on the rate structure and rates in Table 13.

## HERITAGE RANCH COMMUNITY SERVICES DISTRICT

### MEMORANDUM

**TO:** Board of Directors

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

**DATE:** December 19, 2024

**SUBJECT:** Request to receive a summary of the granular activated carbon pilot study and authorize staff to begin the design of the DBP/Compliance-related project included in the current 5-Year Capital Improvements Program.

#### **Recommendation**

It is recommended that the Board of Directors authorize staff to begin the design of the DBP/Compliance-related project included in the current 5-Year Capital Improvements Program (CIP).

#### **Background**

The District water system was exceeding the maximum contaminant level for haloacetic acids, a disinfection byproduct (DBP). In September 2022, the Board approved Staff's request to begin a pilot study to determine the expected efficacy of granular activated carbon (GAC) on reducing DBPs.

Staff worked with vendors and contractors to procure materials and equipment to implement the required modifications to implement the pilot study. Equipment was procured, system modifications were completed, and the pilot study was operational in June 2023.

The first batch of GAC was coconut-based and began with 100% organics removal but dropped quickly to below 50% after just one week. The initial startup of the pilot study had some operational challenges and troubleshooting required. Staff worked with the GAC vendor to remedy the issues (via backwashing and other operational changes) and saw some improvement, but these challenges led to issues with potential organic growth within the GAC. This led to reduced efficacy and after discussions with other GAC users and vendors the GAC was replaced in November 2023.

The second batch of GAC was also coconut-based, as we wanted to see what, if any, effect the organic growth had on its efficacy. The reduction of organics began at 100% but dropped below 50% after three weeks of usage. In discussions with the GAC vendor, we continued with the study to determine how long the GAC would remain effective and

at what level. After 5 months of usage the organics removal had dropped to 9% and the GAC was replaced.

Based on the performance of coconut-based GAC in the first two batches, the vendor recommended coal-based for the next round of GAC. Along with placing the new GAC online, Staff also procured and installed an analyzer to measure total organic carbon (TOC), which allows us to monitor TOC in real time, rather than with monthly samples. The new GAC also began with 100% removal of TOC, but unlike the first batch, it remained above 50% removal for two months (as opposed to three weeks). We kept this batch of GAC online for a full six months. At the end of this period, TOC reduction had dropped to 21%.

While we determine the path forward and await the installation of the new vertical intake, Staff continues to use coal-based GAC. New GAC adsorbers arrived onsite on November 14, 2024. As of December 13, 2024, they are still removing 98% of the organics.

## **Discussion**

### **Sample data**

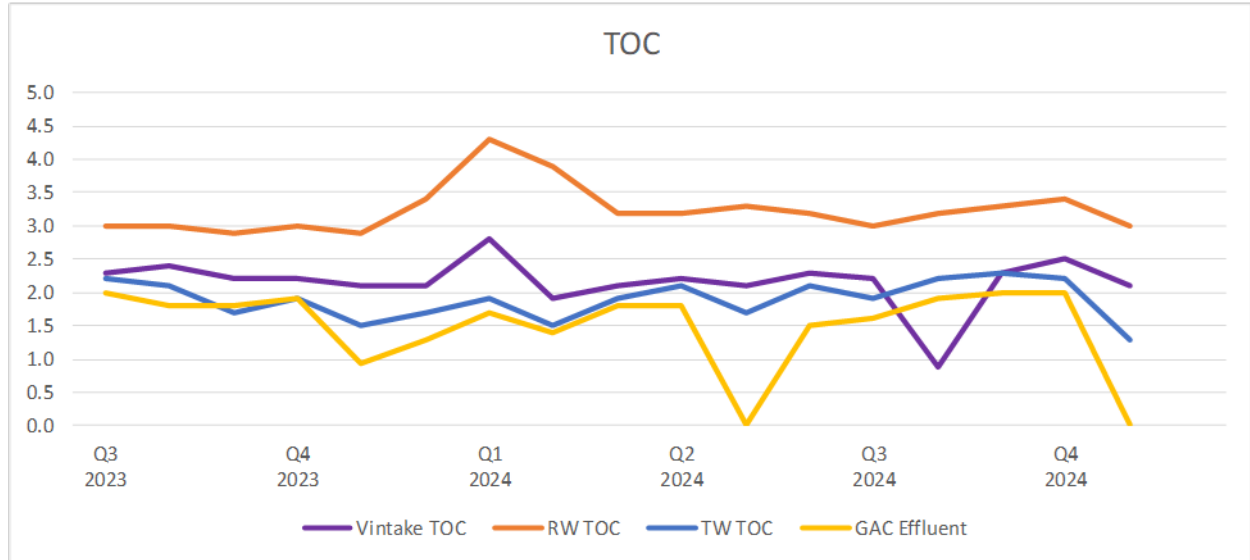
The sample data for haloacetic acids (HAA5) over the last several quarters is shown below. This data is for individual samples. The maximum contaminant level for HAA5 is 60 parts per billion (ppb). In the table below, "Vintake TOC" is the TOC level of the water from the vertical intake; "RW TOC" is the TOC reading for Raw Water; "TW TOC" is the TOC reading for Treated Water; and "GAC Effluent" shows the TOC reading after the GAC vessels and before chlorination.

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

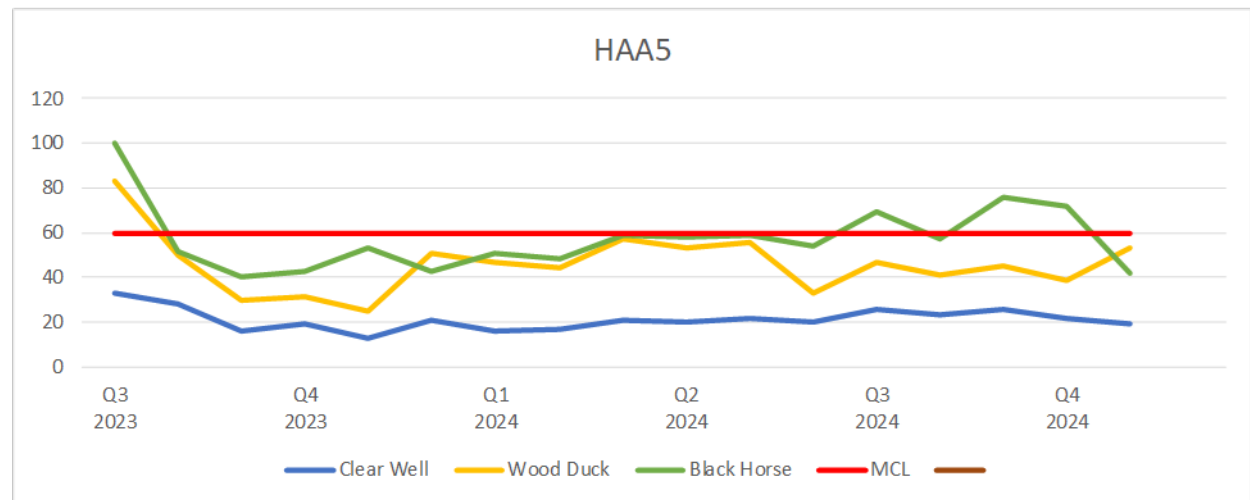
The most recent LRAA for HAA5 is 56 ppb at the Black Horse Lane location and 44 ppb at the Wood Duck Lane location: both under the MCL.

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

TOC	Q3 2023			Q4 2023			Q1 2024			Q2 2024			Q3 2024			Q4 2024		
Vintake TOC	2.3	2.4	2.2	2.2	2.1	2.1	2.8	1.9	2.1	2.2	2.1	2.3	2.2	0.9	2.3	2.5	2.1	
RW TOC	3.0	3.0	2.9	3.0	2.9	3.4	4.3	3.9	3.2	3.2	3.3	3.2	3.0	3.2	3.3	3.4	3.0	
TW TOC	2.2	2.1	1.7	1.9	1.5	1.7	1.9	1.5	1.9	2.1	1.7	2.1	1.9	2.2	2.3	2.2	1.3	
GAC Effluent	2.0	1.8	1.8	1.9	0.9	1.3	1.7	1.4	1.8	1.8	ND	1.5	1.6	1.9	2.0	2.0	ND	



HAA5	Q3 2023			Q4 2023			Q1 2024			Q2 2024			Q3 2024			Q4 2024		
Clear Well	33	28	16	19	13	21	16	17	21	20	22	20	26	23	26	22	19	
Wood Duck	83	50	30	31	25	51	47	44	57	53	56	33	47	41	45	39	53	
Black Horse	100	52	40	43	53	43	51	48	59	58	59	54	69	57	76	72	42	
MCL	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	



## GAC Pilot Study

The pilot study was successful in that we were able to determine that GAC is effective on removing organics beyond the level that the rest of our treatment process can currently remove them. We were also able to determine which type of GAC works best for our water (coal-based remains effective longer than coconut-based). Lastly, we have determined an effective life for this GAC which allows us to prepare an estimated cost for the implementation of GAC treatment on a permanent basis.

We have worked with our current vendor (Evoqua) to determine a conservative estimate for the costs to design, procure and install a GAC system capable of treating full flow at the WTP (800 gpm). This would include a single vessel, capable of holding 20,000 pounds of GAC and treating up to 1100 gpm. Note that this is for beyond full flow, but that does not mean we will be using it for full flow necessarily. It will allow us the flexibility to treat anywhere from 200 gpm to full flow and any flow rate in between. Additionally, the piping modifications necessary would be the same regardless of flow rate or could be used for other treatment methods if they prove to be more effective and cost-effective. The table below shows the estimated installed costs for the required infrastructure.

<b>Scope Item</b>	<b>Budgetary Cost</b>
Project Design	\$50,000
Piping, Pumps, Controls, Instrumentation	\$300,000
Vessel	\$500,000
Foundation (if necessary)	\$100,000
<b>Estimated Project Total</b>	<b>\$950,000</b>

This estimate is within the budget for the DBP-related project in our current Capital Improvement Program (CIP). This conservative estimate shows that a project that meets the treatment requirements for full flow of the WTP is feasible. If approved to begin the design of this project, Staff will work (along with outside consultants) to provide a final design that not only meets the treatment requirements, but is also efficient from an energy, operation and maintenance standpoint. Through the design process, other treatment approaches may arise that are more effective from both a treatment and a cost standpoint. Every effort will be made to ensure that the final project and the associated ongoing costs of operation are optimized.

The ongoing operational costs of the project would mainly consist of the replacement costs of the GAC. A very conservative estimate would call for replacing the GAC every four months at a cost of \$80,000 each time, or \$240,000 per year (\$20,000 per month). This estimate is based on our current rate of \$4/pound for GAC at 20,000 pounds per changeout. Based on discussions with other WTP operators, we could see this cost drop as low as \$40,000 per changeout (\$10,000 per month). Staff will work to acquire additional estimates from vendors who will perform the replacement and update at the meeting. Cost savings related to GAC replacement may also be realized via in-house replacement of the GAC, but initial findings show that the minimal cost savings would be outweighed



by the costs associated with additional equipment procurement (slurry truck), transport costs for spent GAC, staff training and safety concerns.

Through the design process, cost savings may be realized via alternative methods of treatment (e.g. UV disinfection), equipment selection (e.g. smaller vessels as opposed to one large vessel) or operational methods. We will continue to keep both up-front and ongoing operational costs in mind during the design process.

In summary, based on the current data, we know that additional treatment beyond the existing treatment process is required in order to ensure compliance with DBP limits. We now also know, based on the findings of the GAC Pilot Study, that GAC is a feasible treatment option that fits within our current CIP budget. Staff recommends that the Board authorizes the design of the DBP-related project included in the current CIP. An estimated fast-track schedule is shown below.

<b>Schedule Item</b>	<b>Date(s)</b>
Authorization to Proceed with Design	12/19/24
Consultant Selection	1/16/25
Design	1/20/25 – 3/31/25
Bid Process / Contract	4/1/25 – 6/1/25
Construction (assume 90 days)	6/2/25 – 9/1/25

### **Fiscal Considerations**

The estimated cost of the Project is \$950,000, including design and construction. The design portion of the project is estimated at \$50,000. Staff will return to your Board if additional funding is needed.

The FY 2024/2025 Budget includes \$400,000 for this project, with an additional \$600,000 slated for FY 2025/2026.

### **Results**

Approval of the recommended action will allow staff to contact vendors and consultants to begin the design process. This project will further the District's goal of improving water system resiliency, water quality, and water productivity.

File: Projects\DBP