



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

*February 15, 2024*

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

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

**2. DIRECTOR REQUEST FOR REMOTE ATTENDANCE**

Director Capps made a motion to approve request by Director Burgess to attend this meeting remotely pursuant to AB 2449. Director Camou seconded the motion. The motion passed by the following roll call vote:

Ayes: Barker, Camou, Capps, Yaffee

**3. ROLL CALL**

Secretary Gelos called the roll.

Directors present: Bill Barker, Dan Burgess, Michael Camou, Devin Capps and Masen Yaffee.

Staff present: General Manager, Scott Duffield and District Engineer, Doug Groshart.

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

Heritage Ranch residents Leslie McCloud and Sam Poppen spoke.

**5. CONSENT ITEMS**

**a. Meeting Minutes:** Receive/approve minutes of regular meeting of December 21, 2023.

**b. Warrant Register:** Receive/approve December 2023 warrants.

**c. Treasurer's Report:** Receive/file December 2023 Report.

**d. Treasurer's Report:** Receive/file 2<sup>nd</sup> Quarter 2023 Report.

**e. Fiscal Report:** Receive/file December 2023 status report.

**f. Office Report:** Receive/file December 2023 report.

**g. District Engineer Report:** Receive/file January 2024 report.

**h. Operations Manager Report:** Receive/file January 2024 report.

There were no public comments.

Director Barker made a motion to approve all items as presented. Director Camou seconded the motion. The motion passed by the following roll call vote:

Ayes: Barker, Burgess, Camou, Capps, Yaffee

## 6. BUSINESS ITEMS

### a. Request to approve an agreement with The JAM Law Group to provide general legal counsel services.

This item was moved to be presented after Item E.

There were no public comments.

Director Capps made a motion to table this item at the next meeting. Director Burgess seconded the motion. The motion passed by the following roll call vote:

Ayes: Barker, Burgess, Camou, Capps, Yaffee

### b. Request to approve filling the vacancy on the Board by appointment and direct staff to post a notice of vacancy pursuant to the appointment process.

This item was moved to be presented after Item E.

There were no public comments.

Director Yaffee made a motion to table this item at the next meeting. Director Camou seconded the motion. The motion passed by the following roll call vote:

Ayes: Burgess, Camou, Capps, Yaffee

Noes: Barker

### c. Request to approve the purchase of a network server in an amount not to exceed \$15,500 and authorize a corresponding budget adjustment from reserves.

There were no public comments.

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

The board would like to investigate prices and alternatives to Rival Technologies' quote. Directors Burgess and Yaffee to bring back some options at the next meeting.

Director Capps made a motion to table this item at the next meeting. Director Burgess seconded the motion. The motion passed by the following roll call vote:

Ayes: Barker, Burgess, Camou, Capps, Yaffee

### d. Discussion and direction regarding disinfection byproducts.

There were no public comments.

The report was received and filed.

**e. Discussion and direction regarding the Water Resource Recovery Project.**

Director Capps asked Troy Ellison of Cloacina to speak to the board.

Director Capps made a motion to direct WSC to stop work on the design, to direct Tuckfield & Associates to stop work on the rate study. Director Yaffee seconded the motion. The motion passed by the following roll call vote:

Ayes: Burgess, Capps, Yaffee

Noes: Barker, Camou

Director Capps made a motion to have District Counsel review and advise on WSC's contract and procedures on termination. Director Camou seconded the motion. The motion passed by the following roll call vote:

Ayes: Barker, Burgess, Camou, Capps, Yaffee

**7. GENERAL MANAGER REPORT**

There were no public comments.

Report was received and filed.

**8. FUTURE AGENDA ITEMS**

There were no public comments.

The Board determined to add the following to a future agenda: none

**9. PRESENTATIONS**

Director Yaffee made a motion to present this item before item 4. Director Camou seconded the motion. The motion passed by the following roll call vote:

Ayes: Barker, Burgess, Camou, Yaffee

Public comment: Director Camou, Director Burgess and Sam Poppen spoke.

Vice President Yaffee presented a plaque to Devin Capps for his service as a member of the Board of Directors from June 15, 2017 – February 15, 2024.

**10. ADJOURNMENT**

On a motion by Director Capps and seconded by Director Burgess the meeting adjourned at 5:59 pm to the next scheduled meeting on Thursday, March 21, 2024.

**APPROVED:**

**ATTEST:**

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

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

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

<b>DATE</b>	<b>NAME OF PAYEE</b>	<b>ITEM AMOUNT</b>	<b>WARRANT AMOUNT</b>
2/3/2024	CALPERS HEALTH BENEFITS CALPERS HEALTH BENEFITS EMPLOYEE PAID HEALTH BENEFIT EMPLOYEE PAID HEALTH BENEFIT	19,556.00 905.74 905.74	\$ 21,367.48
2/5/2024	PITNEY BOWES GLOBAL FINANCIAL POSTAGE METER RENTAL	161.79	\$ 161.79
2/8/2024	PG&E ELECTRICITY	9,793.18	\$ 9,793.18
2/9/2024	R. ARNOLD NET PAYROLL	2,682.09	\$ 2,682.09
2/9/2024	M. HUMPHREY NET PAYROLL	2,671.15	\$ 2,671.15
2/9/2024	B. VOGEL NET PAYROLL	2,798.03	\$ 2,798.03
2/9/2024	T. SHOGREN NET PAYROLL	2,263.23	\$ 2,263.23
2/9/2024	J. MARTY NET PAYROLL	1,935.37	\$ 1,935.37
2/9/2024	K. GELOS NET PAYROLL	2,755.41	\$ 2,755.41
2/9/2024	D. BURGESS NET PAYROLL	92.35	\$ 92.35
2/9/2024	B. BARKER NET PAYROLL	92.35	\$ 92.35
2/9/2024	S. DUFFIELD NET PAYROLL	4,442.56	\$ 4,442.56
2/9/2024	D. CAPPS NET PAYROLL	92.35	\$ 92.35
2/9/2024	M. WILCOX NET PAYROLL	3,198.29	\$ 3,198.29
2/9/2024	D. GROSHART		

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

<b>DATE</b>	<b>NAME OF PAYEE</b>	<b>ITEM AMOUNT</b>	<b>WARRANT AMOUNT</b>
	NET PAYROLL	4,317.58	\$ 4,317.58
2/9/2024	M. CAMOU NET PAYROLL	92.35	\$ 92.35
2/9/2024	M. YAFFEE NET PAYROLL	92.35	\$ 92.35
2/9/2024	INTERNAL REVENUE SERVICE FEDERAL WITHHOLDING TAXES FICA WITHIHOLDING MEDICARE	3,142.08 62.00 1,101.72	\$ 4,305.80
2/9/2024	EMPLOYMENT DEVELOPMENT DEPARTM ETT SDI SUI STATE WITHHOLDING	3.81 412.40 57.05 1,253.16	\$ 1,726.42
2/9/2024	CALPERS RETIREMENT SYSTEM CALPERS UNIFORM ALLOWANCE PERS-IRC 457 CONTRIBUTIONS PERS RETIREMENT PERS RETIREMENT TIER 2 PERS RETIREMENT PEPRA SURVIVOR BENEFIT	10.47 1,443.08 1,628.91 1,886.11 2,841.58 8.37	\$ 7,818.52
2/13/2024	J.B. DEWAR. INC. FUEL & OIL	1,027.98	\$ 1,027.98
2/13/2024	ADAMSKI, MOROSKI, MADDEN, CUMB LEGAL & ATTORNEY	3,443.82	\$ 3,443.82
2/13/2024	PG&E ELECTRICITY	9,456.26	\$ 9,456.26
2/13/2024	USA BLUEBOOK LAB TESTING/SM TOOLS & EQUIP	862.46	\$ 862.46
2/13/2024	FGL ENVIRONMENTAL LAB TESTING LAB TESTING	57.00 31.00	\$ 88.00
2/13/2024	COUNTY OF SAN LUIS OBISPO LICENSES & PERMITS	490.00	\$ 490.00

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

<b>DATE</b>	<b>NAME OF PAYEE</b>	<b>ITEM AMOUNT</b>	<b>WARRANT AMOUNT</b>
2/13/2024	ROY ARNOLD UNIFORM ALLOWANCE	101.78	\$ 101.78
2/13/2024	RENTAL DEPOT EQUIPMENT RENT/LEASE	1,436.40	\$ 1,436.40
2/13/2024	PASO ROBLES FORD VEHICLES	4,166.04	\$ 4,166.04
2/13/2024	ABALONE COAST ANALYTICAL, INC. LAB TESTING	3,247.00	\$ 3,247.00
2/13/2024	TRACTOR SUPPLY CO. SMALL TOOLS & EQUIPMENT	413.24	\$ 413.24
2/13/2024	BURT INDUSTRIAL SUPPLY SUPPLIES	188.31	\$ 188.31
2/13/2024	DATA PROSE LLC JANUARY BILLING	1,393.79	\$ 1,393.79
2/13/2024	RIVAL TECHNOLOGY INC. PROFESSIONAL SERVICES COMPUTER/SOFTWARE	909.36 130.00	\$ 1,039.36
2/13/2024	MARK HUMPHREY TRAINING & TRAVEL	470.50	\$ 470.50
2/13/2024	MID-STATE REPAIR SERVICE VEHICLES	497.50	\$ 497.50
2/13/2024	BRIAN VOGEL MEDICAL REIMBURSEMENT	216.00	\$ 216.00
2/13/2024	SPEEDY COASTAL MESSENGER, INC. LAB TESTING	535.00	\$ 535.00
2/13/2024	SPICE INTEGRATION MAINTENANCE FIXED EQUIPMENT	9,216.91	\$ 9,216.91
2/13/2024	AMAZON CHEMICALS	289.55	\$ 289.55

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

<b>DATE</b>	<b>NAME OF PAYEE</b>	<b>ITEM AMOUNT</b>	<b>WARRANT AMOUNT</b>
2/13/2024	EVOQUA WATER TECHNOLOGIES LLC GAC PROJECT	1,501.50	\$ 1,501.50
2/13/2024	GLENN'S REPAIR & RENTAL, INC. SMALL TOOLS & EQUIPMENT SMALL TOOLS & EQUIPMENT	50.00 504.03	\$ 554.03
2/22/2024	CALPERS RETIREMENT SYSTEM CALPERS UNFUNDED LIABILITY	8,760.67	\$ 8,760.67
2/22/2024	STAPLES CREDIT PLAN SUPPLIES OFFICE SUPPLIES OFFICE SUPPLIES	157.98 10.49 31.08	\$ 199.55
2/22/2024	CHARTER COMMUNICATIONS INTERNET	89.99	\$ 89.99
2/22/2024	MADONNA INN SLO CHAPTER CSDA	1,010.51	\$ 1,010.51
2/22/2024	MADONNA INN SLO CHAPTER CSDA	251.74	\$ 251.74
2/22/2024	WALMART STRUCTURES & GROUNDS	321.73	\$ 321.73
2/22/2024	RAMADA TRAINING & TRAVEL	224.94	\$ 224.94
2/22/2024	RING STRUCTURS & GROUNDS	199.95	\$ 199.95
2/22/2024	CSDA-SLO COUNTY CHAPTER TRAINING & TRAVEL	140.00	\$ 140.00
2/22/2024	RING CENTRAL TELEPHONE	300.55	\$ 300.55
2/22/2024	BURT PROCESS EQUIPMENT SUPPLIES	216.83	\$ 216.83
2/22/2024	STARLINK		

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

<b>DATE</b>	<b>NAME OF PAYEE</b>	<b>ITEM AMOUNT</b>	<b>WARRANT AMOUNT</b>
	INTERNET	250.00	\$ 250.00
2/23/2024	R. ARNOLD NET PAYROLL	3,140.43	\$ 3,140.43
2/23/2024	M. HUMPHREY NET PAYROLL	2,303.23	\$ 2,303.23
2/23/2024	B. VOGEL NET PAYROLL	2,480.83	\$ 2,480.83
2/23/2024	T. SHOGRN NET PAYROLL	2,298.81	\$ 2,298.81
2/23/2024	J. MARTY NET PAYROLL	1,790.40	\$ 1,790.40
2/23/2024	K. GELOS NET PAYROLL	2,767.33	\$ 2,767.33
2/23/2024	S. DUFFIELD NET PAYROLL	4,320.49	\$ 4,320.49
2/23/2024	M. WILCOX NET PAYROLL	3,210.05	\$ 3,210.05
2/23/2024	D. GROSHART NET PAYROLL	4,332.22	\$ 4,332.22
2/23/2024	INTERNAL REVENUE SERVICE FEDERAL WITHHOLDING TAXES MEDICARE	2,842.48 1,062.94	\$ 3,905.42
2/23/2024	EMPLOYMENT DEVELOPMENT DEPARTM ETT SDI SUI STATE WITHHOLDING	0.12 403.19 1.76 1,156.73	\$ 1,561.80
2/23/2024	CALPERS RETIREMENT SYSTEM PERS-IRC 457 CONTRIBUTIONS PERS RETIREMENT PERS RETIREMENT TIER 2 PERS RETIREMENT PEPRA	1,443.08 1,628.91 1,886.11 2,841.58	



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

<b>DATE</b>	<b>NAME OF PAYEE</b>	<b>ITEM AMOUNT</b>	<b>WARRANT AMOUNT</b>
	SURVIVOR BENEFIT	8.37	\$ 7,808.05
2/27/2024	ADAMSKI, MOROSKI, MADDEN, CUMB LEGAL & ATTORNEY	1,800.00	\$ 1,800.00
2/27/2024	AT&T TELEPHONE	84.29	\$ 84.29
2/27/2024	MOSS, LEVY & HARTZHEIM LLP AUDIT FY 2022/23	9,225.00	\$ 9,225.00
2/27/2024	USA BLUEBOOK LAB TESTING	638.41	\$ 638.41
2/27/2024	BRENNTAG PACIFIC, INC CHEMICALS CHEMICALS	3,584.55 2,658.65	\$ 6,243.20
2/27/2024	TYLER TECHNOLOGIES COMPUTER / SOFTWARE	907.00	\$ 907.00
2/27/2024	FGL ENVIRONMENTAL LAB TESTING	891.00	\$ 891.00
2/27/2024	ROY ARNOLD CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00
2/27/2024	DELTA LIQUID ENERGY PROPANE	299.95	\$ 299.95
2/27/2024	FLUID RESOURCE MANAGEMENT PROFESSIONAL SERVICES	520.00	\$ 520.00
2/27/2024	KRISTEN GELOS CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00
2/27/2024	BURT INDUSTRIAL SUPPLY VEHICLES	82.65	\$ 82.65

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

<b>DATE</b>	<b>NAME OF PAYEE</b>	<b>ITEM AMOUNT</b>	<b>WARRANT AMOUNT</b>
2/27/2024	SCOTT DUFFIELD MEDICAL REIMBURSEMENT CELL PHONE/INTERNET ALLOWANCE	535.96 80.00	\$ 615.96
2/27/2024	WESTERN EXTERMINATOR STRUCTURES & GROUNDS	110.90	\$ 110.90
2/27/2024	MARK HUMPHREY CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00
2/27/2024	MID-STATE REPAIR SERVICE VEHICLES	359.18	\$ 359.18
2/27/2024	BRIAN VOGEL CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00
2/27/2024	MIKE WILCOX CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00
2/27/2024	TROY SHOGREN MEDICAL REIMBURSEMENT UNIFORM ALLOWANCE MEIDICAL REIMBURSEMENT CELL PHONE/INTERNET ALLOWANCE	270.40 227.29 309.50 80.00	\$ 887.19
2/27/2024	DOUGLAS GROSHART CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00
2/27/2024	JORANDA MARKETING, INC. / JAN- STRUCTURES & GROUNDS	274.60	\$ 274.60
2/27/2024	JERED MARTY CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00
2/27/2024	LOOMIS TANK & TROUGH MAINTENANCE FIXED EQUIPMENT	4,821.24	\$ 4,821.24
2/27/2024	ACTUARIAL RETIREMENT CONSULTIN PROFESSIONAL SERVICES GASB75	3,760.00	\$ 3,760.00
2/29/2024	WATER SYSTEMS CONSULTING, INC. WRRF PROJECT	103,231.55	\$ 103,231.55
<b>TOTAL ALL WARRANTS</b>			<b>\$ 300,531.72</b>

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

**SUMMARY REPORT OF ALL ACCOUNTS**

Beginning Balance:	\$ 4,256,921
Ending Balance:	\$ 4,340,411
Variance:	\$ 83,490
Interest Earnings for the Month Reported:	\$ 1,249
Interest Earnings Fiscal Year-to-Date:	\$ 117,194

**ANALYSIS OF REVENUES**

Total operating income for water and sewer was:	\$ 205,416
Non-operating income was:	\$ 25,769
Franchise fees paid to the District by San Miguel Garbage was:	\$ 9,067
Interest earnings for the LAIF account was:	\$ -
Interest earnings for the Five Star Bank checking account was:	\$ 7
Interest earnings for the Five Star Bank DWR Loan Services account was:	\$ 163
Interest earnings for the Five Star Bank DWR Reserve account was:	\$ 376
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:	\$ 70,000
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**STATEMENT OF COMPLIANCE**

This report was prepared in accordance with the Heritage Ranch Community Services District Statement of Investment Policy. All investment activity was within policy limits. There are sufficient funds to meet the next 30 days obligations. Attached is a status report of all accounts and related bank statements.

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT  
STATUS REPORT FOR ALL ACCOUNTS  
FEBRUARY 2024**

**BEGINNING BALANCE ALL ACCOUNTS** **\$ 4,256,921.29**

**OPERATING CASH IN DRAWER** **\$ 300.00**

**FIVE STAR BANK DWR LOAN REPAYMENT (1994-2029):**

<b>BEGINNING BALANCE 1/31/2024</b>	27,082.80	
QUARTERLY DEPOSIT	25,907.00	
INTEREST EARNED	162.87	
SEMI-ANNUAL PAYMENT	(51,814.22)	
<b>ENDING BALANCE 2/29/2024</b>		<b>\$ 1,338.45</b>

**FIVE STAR BANK DWR RESERVE ACCOUNT**

<b>BEGINNING BALANCE 1/31/2024</b>	118,337.96	
INTEREST EARNED	376.45	
<b>ENDING BALANCE 2/29/2024</b>		<b>\$ 118,714.41</b>

**FIVE STAR BANK SDWSRF LOAN SERVICES ACCOUNT**

<b>BEGINNING BALANCE 1/31/2024</b>	864.35	
QUARTERLY DEPOSIT	14,685.00	
INTEREST EARNED	49.47	
SEMI-ANNUAL PAYMENT		
<b>ENDING BALANCE 2/29/2024</b>		<b>\$ 15,598.82</b>

**FIVE STAR BANK SDWSRF RESERVE ACCOUNT**

<b>BEGINNING BALANCE 1/31/2024</b>	61,238.56	
INTEREST EARNED	194.80	
<b>ENDING BALANCE 2/29/2024</b>		<b>\$ 61,433.36</b>

**MECHANICS BANK MONEY MARKET ACCOUNT**

<b>BEGINNING BALANCE 1/31/2024</b>	10,425.65	
DEPOSIT REVENUE - CASH	1,064.46	
INTEREST EARNED	0.17	
<b>ENDING BALANCE 2/29/2024</b>		<b>\$ 11,490.28</b>

**FIVE STAR BANK - MONEY MARKET**

<b>BEGINNING BALANCE 1/31/2024</b>	201,349.07	
INTEREST EARNED	457.49	
REVENUE TRANSFER <i>To Five Star Checking</i>	(70,000.00)	
REVENUE TRANSFER <i>To DWR Loan Account</i>	(25,907.00)	
REVENUE TRANSFER <i>To SRF Loan Account</i>	(14,685.00)	
<b>ENDING BALANCE 2/29/2024</b>		<b>\$ 91,214.56</b>

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT  
STATUS REPORT FOR ALL ACCOUNTS  
FEBRUARY 2024**

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**FIVE STAR BANK - CHECKING**

<b>BEGINNING BALANCE 1/31/2024</b>	48,195.06	
DEPOSIT REVENUE & MISCELLANEOUS INCOME	234,943.69	
INTEREST EARNED	7.43	
TOTAL CHECKS, FEES AND EFT'S	(301,596.18)	
REVENUE TRANSFER <i>From Five Star Checking</i>	70,000.00	
<b>ENDING BALANCE 2/29/2024</b>		<b>\$ 51,550.00</b>

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**LOCAL AGENCY INVESTMENT FUND (LAIF)**

<b>BEGINNING BALANCE 1/31/2024</b>	3,988,771.12	
INTEREST EARNED	-	
<b>ENDING BALANCE 2/29/2024</b>		<b>\$ 3,988,771.12</b>

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<b>ENDING BALANCE ALL ACCOUNTS</b>		<b>\$ 4,340,411.00</b>
<b>DIFFERENCE FROM LAST MONTH</b>	<b>Increase</b>	<b>\$ 83,489.71</b>

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT - CONSOLIDATED BUDGET  
2023/24 Budget**

<b>OPERATING REVENUE</b>	<b>Budget FY 23/24</b>	<b>Actual February</b>	<b>Actual Year to Date</b>	<b>Percentage Year to Date</b>	<b>Variance Explanation</b>
Water Fees	1,364,806	110,334	990,209	73%	
Sewer Fees	1,018,537	92,361	624,419	61%	
Hook-Up Fees	2,400	0	0	0%	
Turn on Fees	3,500	75	1,550	44%	
Late Fees	18,830	2,647	22,096	117%	Fluctuates based on activity
Plan Check & Inspection	1,600	0	0	0%	
Miscellaneous Income	500	0	2,984	597%	
<b>TOTAL OPERATING</b>	<b>\$2,410,173</b>	<b>\$205,416</b>	<b>\$1,641,258</b>	<b>68%</b>	

<b>FRANCHISE REVENUE</b>					
Solid Waste Franchise Fees	88,698	9,067	65,729	74%	
<b>TOTAL FRANCHISE</b>	<b>\$88,698</b>	<b>\$9,067</b>	<b>\$65,729</b>	<b>74%</b>	

**TOTAL OPERATING**    \$2,498,871    \$214,483    \$1,706,986    68%

<b>NON-OPERATING REVENUE</b>					
Standby Charges	242,200	7,689	148,227	61%	
Property Tax	454,384	16,831	294,905	65%	
Interest	30,000	1,249	117,194	391%	Fluctuates based on activity
Connection Fees	70,580	0	0	0%	
<b>TOTAL NON-OPERATING</b>	<b>\$797,164</b>	<b>\$25,769</b>	<b>\$560,325</b>	<b>70%</b>	

<b>RESERVE REVENUE</b>					
Capital Reserves	539,887	36,131	169,293	31%	
Operating Reserves	1,767,061	68,602	351,773	20%	
<b>TOTAL RESERVE</b>	<b>\$2,306,948</b>	<b>\$104,733</b>	<b>\$521,067</b>	<b>23%</b>	

**TOTAL NON-OPERATING**    \$3,104,112    \$130,502    \$1,081,392    35%

<b>TOTAL ALL INCOME</b>	<b>\$5,602,983</b>	<b>\$344,985</b>	<b>\$2,788,378</b>	<b>50%</b>	
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**HERITAGE RANCH COMMUNITY SERVICES DISTRICT - CONSOLIDATED BUDGET  
2023/24 Budget**

**OPERATING EXPENSES**

<b>SALARIES AND BENEFITS</b>	<b>Budget FY 23/24</b>	<b>Actual February</b>	<b>Actual Year to Date</b>	<b>Percentage Year to Date</b>	<b>Variance Explanation</b>
Salaries	993,973	72,188	596,498	60%	
Health Insurance	183,739	16,358	109,570	60%	
Health Insurance - Retirees	51,408	4,530	33,021	64%	
Pers Retirement	176,138	16,047	130,578	74%	
OPEB Funding/Transfer	10,181	0	0	0%	
Standby	13,200	1,073	8,055	61%	
Overtime	7,930	697	4,749	60%	
Workers Comp. Ins.	24,000	0	23,025	96%	
Directors' Fees	36,000	500	4,100	11%	
Medicare/FICA	14,616	1,113	9,168	63%	
Car Allowance	3,000	250	2,000	67%	
SUI/ETT	1,000	0	448	45%	
Uniforms	5,000	329	3,880	78%	
<b>TOTAL SALARIES &amp; BENEFITS</b>	<b>\$1,520,185</b>	<b>\$113,084</b>	<b>\$925,091</b>	<b>61%</b>	

**UTILITIES**

Electricity	129,263	19,249	108,432	84%	
Propane	1,525	300	531	35%	
Water Purchase	28,600	0	30,148	105%	Paid Semiannually
Telephone/Internet	12,801	1,445	10,578	83%	
<b>TOTAL UTILITIES</b>	<b>\$172,189</b>	<b>\$20,994</b>	<b>\$149,688</b>	<b>87%</b>	

**MAINTENANCE & SUPPLIES**

Chemicals	82,160	6,533	57,976	71%	
Computer/Software	35,256	1,037	8,574	24%	
Equip. Rental/Lease	2,600	1,436	15,519	597%	
Fixed Equip.	194,480	14,038	142,126	73%	
Fuel & Oil	15,600	1,028	10,999	71%	
Lab Testing	61,360	6,190	33,689	55%	
Office Supplies	1,560	42	690	44%	
Parks & Recreation	1,000	0	0	0%	
Struct./Grnds.	15,537	907	8,802	57%	
Small Tools/Equip.	3,120	1,039	5,392	173%	
Supplies	4,680	563	9,059	194%	
Meters/Equip.	12,480	0	13,008	104%	
Vehicles	6,240	5,105	15,317	245%	
<b>TOTAL MAINT. &amp; SUP.</b>	<b>\$436,073</b>	<b>\$37,919</b>	<b>\$321,151</b>	<b>74%</b>	

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT - CONSOLIDATED BUDGET  
2023/24 Budget**

<b>GENERAL &amp; ADMINISTRATION</b>	<b>Budget FY 23/24</b>	<b>Actual February</b>	<b>Actual Year to Date</b>	<b>Percentage Year to Date</b>	<b>Variance Explanation</b>
Ads./Advertising	1,500	0	1,798	120%	Fluctuates based on activity
Alarm/Answering Service	4,160	0	2,657	64%	
Audit	10,000	9,225	9,225	92%	
Bank Charges/Fees	1,000	0	0	0%	
Consulting/Engineering	10,000	0	23	0%	
Dues/Subscription	10,400	0	9,387	90%	
Elections	0	0	0	0%	
Insurance	44,000	0	46,459	106%	Paid Annually
LAFCO	7,700	0	7,281	95%	Paid Annually
Legal/Attorney	25,000	5,244	20,667	83%	
Licenses/Permits	30,160	0	30,898	102%	
Plan Check & Inspection	1,600	0	15	1%	
Postage/Billing	15,600	1,556	10,512	67%	
Professional Service	92,872	5,679	24,862	27%	
Tax Collection	7,300	0	0	0%	
Staff Training & Travel	12,480	835	6,393	51%	
Board Training & Travel	1,000	0	1,930	193%	
<b>TOTAL G &amp; A</b>	<b>\$274,772</b>	<b>\$22,539</b>	<b>\$172,106</b>	<b>63%</b>	

**CAPITAL PROJECTS & EQUIPMENT**

Structures/Improvements	2,271,948	104,733	521,067	23%	
Equipment	35,000	0	0	0%	
<b>TOTAL CAPITAL EXPENSE</b>	<b>\$2,306,948</b>	<b>104,733</b>	<b>521,067</b>	<b>23%</b>	

**DEBT**

State Loan Payment	103,629	51,814	103,628	100%	paid semiannually
State Loan Payment Phase II	58,740	0	29,369	50%	paid semiannually
Western Alliance Lease-PVS	153,314	0	76,580	50%	paid semiannually
<b>TOTAL DEBT</b>	<b>\$315,683</b>	<b>\$51,814</b>	<b>\$209,578</b>		

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

<b>TOTAL EXPENSE</b>	<b>\$5,313,850</b>	<b>\$375,084</b>	<b>\$2,490,682</b>	<b>47%</b>	
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CAPACITY CHARGES TRANSFER      \$70,580                      \$0                      \$0                      0%

SOLID WASTE FEES TRANSFER      \$26,109                      \$2,370                      \$19,666                      75%

<b>FUND TOTAL</b>	<b>\$192,444</b>	<b>(\$32,469)</b>	<b>\$278,031</b>		
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**HERITAGE RANCH COMMUNITY SERVICES DISTRICT  
OFFICE REPORT**

**FEBRUARY 2024**

Utility Billing

- On March 1<sup>st</sup>, 1,937 bills were processed for a total dollar amount of \$203,925 for water and sewer user fees for the month of February.
- 241 penalties were posted for bills that were due by February 25<sup>th</sup>.
- 46 Intent To Disconnect letters were mailed to customers that were more than 60 days delinquent.
- 15 48-hour notices were issued and 4 meters were locked for non-payment.

Customer Service Orders

- Staff completed a total of 47 service orders for the month of February. The breakdown by job code is as follows:

OCCUPANT CHANGE	4	LOCK METER	4
UNLOCK	6	SWAP METER	26
DIRTY WATER COMP	1	MISC.	1
CALL OUT	4	LEAK	1

Administration

- Nothing to report.

San Miguel Garbage Franchise Fees Received

- The total Franchise Fees received for the Month of February was \$ 7,845.09. The breakdown is as follows:

Residential Garbage Collection - \$ 6,144.80  
Commercial Garbage Collection - \$ 1,028.45  
Roll-Off Collection - \$ 671.84

# HERITAGE RANCH COMMUNITY SERVICES DISTRICT

## District Engineer Report For the Month of March 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, troubleshooting for pilot study, data analysis
  - PRV project for order and scope of work
  - TOC Analyzer procurement for real time analysis of TOC/DOC for use in process adjustments and data collection for GAC study

### Capital Improvement Projects

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

- DBP/Compliance: See separate agenda item and report regarding this issue.
- SCADA water system: Ongoing discussions with operations re: additional instrumentation/automation that can be added in the future to assist with operations.
- SCADA Telemetry survey: SPICE has completed the telemetry survey and has provided recommendations for new equipment to provide interconnectivity between all District facilities. We will bring these recommendations to the Board as a separate agenda item for the April meeting.
- SCADA wastewater collection system: As we begin the lift station refurbishment project, wastewater SCADA will be an important portion of the project. Continuing work with operations and SPICE to determine the best path forward and what to include in SCADA project vs. refurbishment project.
- PRV Project – PRVs have been received. Coordinating final equipment order and mobilization with Raminha.
- Lift Station 1-5 rehabilitation design phase: Still working on project scoping to determine the most cost-effective solution. LS #3 is the top priority, followed by #2 and then #1. All SCADA will be updated at all 5 lift stations as well.
- Vertical Intake #2 – See separate agenda item regarding Phase 1 design.

- Wastewater collection system model and infiltration / inflow: Still in contact with vendors to determine the best way to move forward. We have discussed GIS, smoke testing and video inspection with vendors. The next step is determining the scope/phasing of the assessment and obtaining pricing from vendors for the work. This is a lower priority than the LS refurbishment and DBP projects, so it has not been as actively pursued lately.
- WRRF Project – Continuing to work with the General Manager and the Board to determine a path forward on the project.

# HERITAGE RANCH COMMUNITY SERVICES DISTRICT

## Operations Report For the Month of March 2024

### Operations

- The Manager plans to attend the SDRMA “Spring Education Day” in March to attend the General Safety Specialist Certification Program. This certification will allow the district to move into a more favorable insurance category.

### Operators

- The district currently has six operators in various stages of the operator advancement certification process.

### Water treatment

- An ultrasonic level sensor has been installed on filter #1 to monitor and control the water level on the polishing side of the filter. This is part of a trial to test the performance of this device for future installation at locations throughout the distribution and collection system.
- The single wall Chlorine storage tank at the WTP has a leak due to UV degradation and age.
- A RealTech Inc. TOC monitoring system has been ordered to better facilitate the DBP reduction/monitoring project.

### Water distribution

- Staff have inspected approximately 75% of the service lines per the Lead and Copper Rule Revision (LCRR) Lead Service Lines (LSL) inventory requirements. 179 service lines containing galvanized fittings or pipes have been identified thus far.

### Wastewater collection

- Renewed APCD for the operation of generators have been issued for 2024 year. Repairs have been made to the road at Brown Gate.

# HERITAGE RANCH COMMUNITY SERVICES DISTRICT

## MEMORANDUM

**TO:** Board of Directors

**FROM:** Scott Duffield, General Manager

**DATE:** March 21, 2024

**SUBJECT:** Discussion and direction regarding disinfection byproducts.

### Background

The District water system is exceeding the maximum contaminant level for haloacetic acids, a disinfection byproduct. This is not an immediate health risk and you do not need to use an alternative water supply. Your Board has been updated regularly on this issue.

### Discussion

#### Sample data

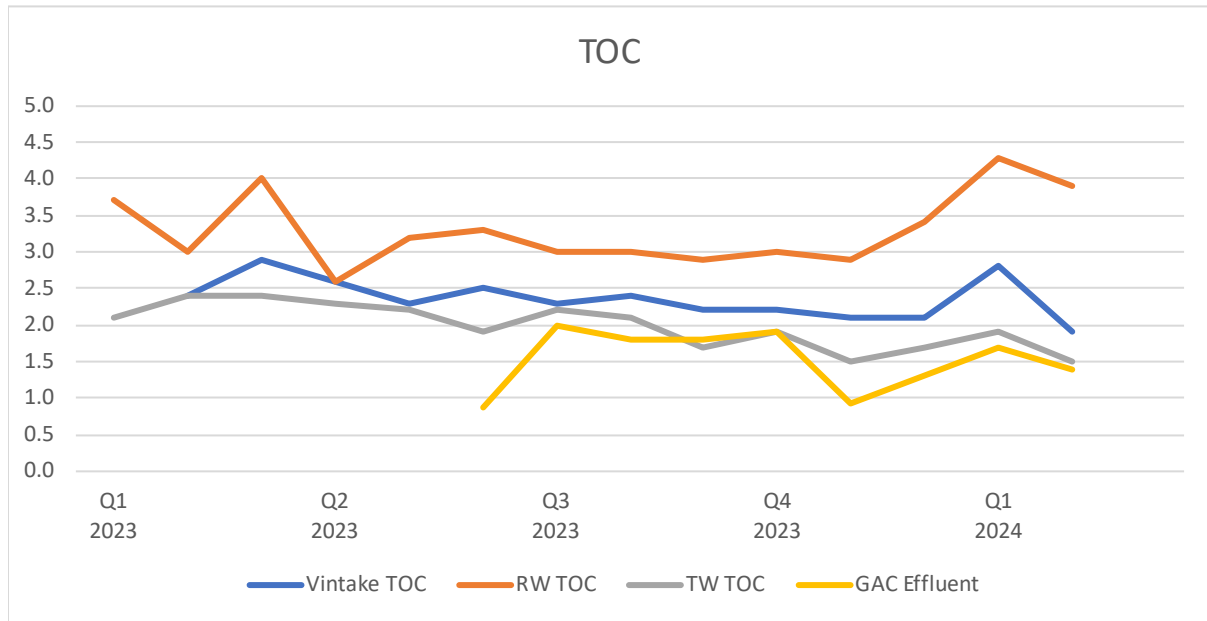
The sample data for haloacetic acids (HAA5) over the last several quarters is shown below. This data is for individual samples. The maximum contaminant level for HAA5 is 60 parts per billion (ppb). In the table below, "Vintake TOC" is the TOC level of the water from the vertical intake; "RW TOC" is the 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.

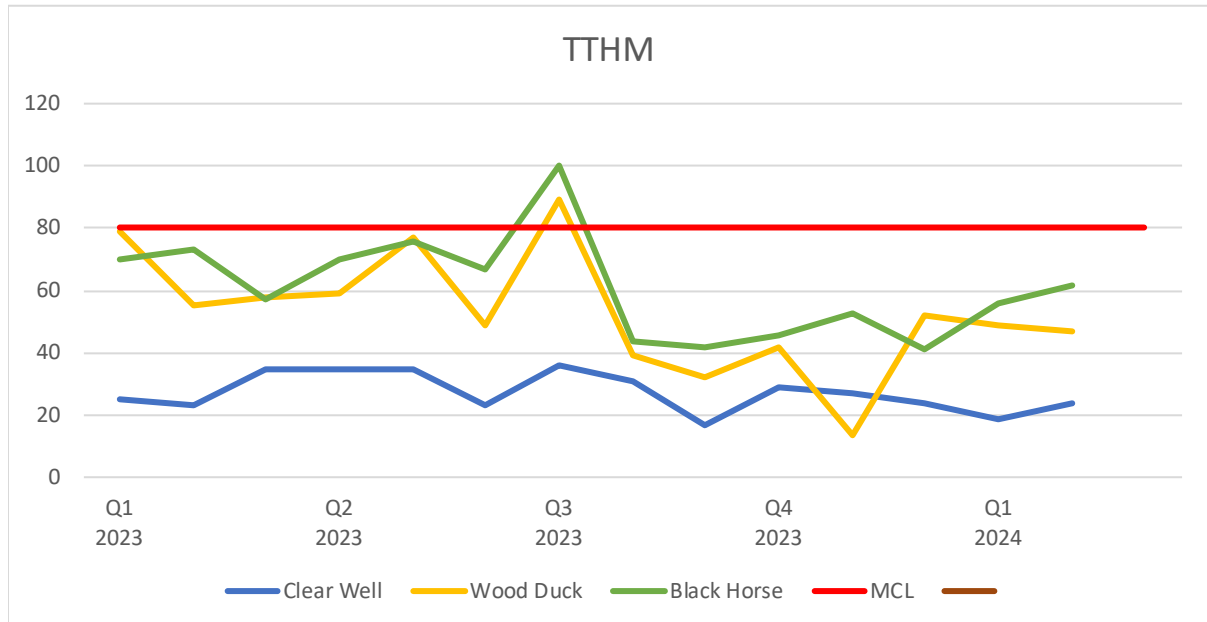
The most recent LRAA for HAA5 is 67 ppb at the Black Horse Lane location and 55 ppb at the Wood Duck Lane location. The Wood Duck Lane LRAA is now under the MCL. We continue to send quarterly notices to customers until such a time we are under the maximum contaminant level at both locations and as required by the DDW.

Additionally, HAA5 results for the last seven consecutive months at both locations have been within the MCL as can also be seen in the following table and graph.

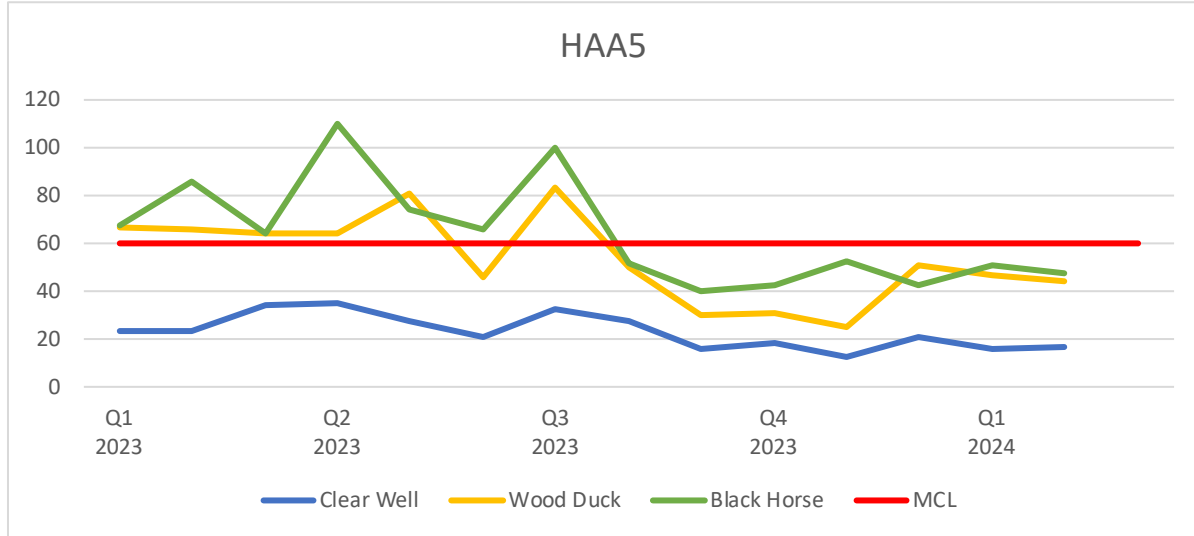
TOC	Q1 2023			Q2 2023			Q3 2023			Q4 2023			Q1 2024	
Vintake TOC		2.4	2.9	2.6	2.3	2.5	2.3	2.4	2.2	2.2	2.1	2.1	2.8	1.9
RW TOC	3.7	3.0	4.0	2.6	3.2	3.3	3.0	3.0	2.9	3.0	2.9	3.4	4.3	3.9
TW TOC	2.1	2.4	2.4	2.3	2.2	1.9	2.2	2.1	1.7	1.9	1.5	1.7	1.9	1.5
GAC Effluent						0.9	2.0	1.8	1.8	1.9	0.9	1.3	1.7	1.4



TTHM	Q1 2023			Q2 2023			Q3 2023			Q4 2023			Q1 2024	
Clear Well	25	23	35	35	35	23	36	31	17	29	27	24	19	24
Wood Duck	79	55	58	59	77	49	89	39	32	42	14	52	49	47
Black Horse	70	73	57	70	76	67	100	44	42	46	53	41	56	62
MCL	80	80	80	80	80	80	80	80	80	80	80	80	80	80



HAA5	Q1 2023			Q2 2023			Q3 2023			Q4 2023			Q1 2024		
Clear Well	24	24	34	35	28	21	33	28	16	19	13	21	16	17	
Wood Duck	67	66	64	64	81	46	83	50	30	31	25	51	47	44	
Black Horse	68	86	64	110	74	66	100	52	40	43	53	43	51	48	
MCL	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60



### Operations and project updates

The Operations staff has made no operational changes to the water treatment process since last month's report. The GAC adsorbers installed on November 9, 2023 are still in operation. Additional improvements in the planning phases include but are not limited to chemical injection refinement and safety entailing continuing upgrades to all chemical injection stations and fully integrating them into the PLC programming. This will enhance the Operator's ability to adjust chemical feed rates and obtain immediate feedback from those adjustments.

For the ongoing GAC study, Operations Staff continues to take UVA/UVT readings weekly (at a minimum, with daily readings as availability allows) and TOC samples monthly (with DBP sampling). This information allows us to track the efficacy of the GAC and gather more data for determining the expected life cycle of the GAC. Future operational costs for the use of GAC will be determined largely by the life expectancy of the GAC. As of Thursday, 3/14/24, the new GAC vessels have been in operation for 126 days. Operations Staff and Engineer have been compiling and analyzing this data as it is received. Engineer has discussed data trends with Evoqua (GAC vendor) regularly. In recent discussions, as the current GAC is reaching the end of its effectiveness (as determined by monitoring UVA/UVT), Evoqua recommends a coal-based GAC (as opposed to the current coconut-based) because it has a wider variety of pore sizes. The coconut-based GAC (while slightly less expensive) has a more uniform (and smaller) pore size. Evoqua believes that, given the drop in effectiveness after a few weeks (followed by months of steady, albeit lower, performance) for the coconut-based GAC, the coal-based GAC should operate at a higher level of removal for a longer period of time. This is another step in the GAC pilot

study. We now have a solid understanding of the efficacy and duration of the current GAC, so we will try a different GAC for the next batch.

Per last month's report, staff is working on procurement of a TOC/DOC analyzer from Real Tech. The analyzer will autosample at two different locations in the process, allowing staff to track the effects (if any) that system modifications have on the level of organics in the water. It will also allow us to track TOC/DOC throughout the day to better assess the current efficacy of the GAC. We have issued a purchase order and are awaiting an update from the manufacturer re: expected delivery.

Also per last month's report, staff is continuing to research if MIEX (Magnetic Ion Exchange) will be a feasible option for the removal of TOC/DOC and the lowering of DBPs. IXOM (the manufacturer of MIEX) completed their initial analysis and the technology was effective in lowering TOC/DOC by 50%. IXOM is analyzing the expected effect on DBPs based on the MIEX treated water. If the results are promising, the next step would be to begin a small scale (2-3 gpm) onsite pilot study to determine the actual efficacy in our system, compared to the lab analysis.

Additionally, per a separate agenda item, we have received a proposal from Cleath-Harris Geologists for the location and design of Phase 1 of a second vertical intake. CHG's scope will be the same scope as the original vertical intake and includes permitting, well siting, well design and bid/construction assistance. A second vertical intake will increase our capacity for drawing water from the vertical intakes that is typically considerably lower in TOC than the water from the gallery wells. This allows us to lessen the organics in our raw water, leading to lower DBPs.

### **Fiscal Implications**

The 5-year Capital Improvement Plan approved by your Board includes spending a total of \$1,000,000 for a DBP project(s) through Fiscal Year End 2027. The current year budget includes \$325,000 for a DBP project(s), as well as \$50,000 for the design phase of Vertical Intake No. 2.

File: OPERATIONS\_DBP



## HERITAGE RANCH COMMUNITY SERVICES DISTRICT

### MEMORANDUM

**TO:** Board of Directors

**FROM:** Scott Duffield, General Manager

**DATE:** March 21, 2024

**SUBJECT:** Call for nominations for the CSDA Board of Directors and request to nominate the General Manager.

#### **Recommendation**

It is recommended that the Board of Directors nominate the General Manager for the CSDA Board of Directors.

#### **Background**

The California Special District Association (CSDA) is one of the most important organizations / associations that we belong to.

The CSDA is a 501c(6), not-for-profit association that was formed in 1969 to promote good governance and improve core local services through professional development, advocacy, and other services for all types of independent special districts.

For 50 years, CSDA has been offering its members cost-efficient programs and representation at the State Capitol and boasts a membership of over 1,000 organizations throughout California. It is the only statewide association representing all types of independent special districts including irrigation, water, park and recreation, cemetery, fire, police protection, library, utility, harbor, healthcare, and community services districts just to name a few.

CSDA provides education and training, insurance programs, legal advice, industry-wide litigation and public relations support, legislative advocacy, capital improvement and equipment funding, collateral design services, and, most importantly, current information that is crucial to a special districts management, and operational effectiveness.

#### **Discussion**

The California Special Districts Association Elections and Bylaws Committee is looking for independent special district board members or their general managers who are interested in leading the direction of CSDA for the 2025 - 2027 term.

The leadership of CSDA is elected from its [six geographical networks](#). Each of the six networks has three seats (A, B, C) on the board with staggered 3-year terms. Candidates must be affiliated with an independent special district that is a CSDA Regular Member in good standing and located within the geographic network they seek to represent.

The CSDA Board of Directors is the governing body responsible for all policy decisions related to CSDA's member services, legislative advocacy, education, and resources. The CSDA Board of Directors is crucial to the operation of the association and to the representation of the common interests of all California's special districts before the Legislature and the State Administration. Serving on the board requires one's interest in the issues confronting special districts statewide.

#### Commitment and Expectations:

- Attend all board meetings, usually 4-5 meetings annually, at the CSDA office in Sacramento.
- Participate on at least one committee, meets 3-5 times a year at the CSDA office in Sacramento. (CSDA reimburses directors for their related expenses for board and committee meetings as outlined in board policy.)
- Attend, at minimum, the following CSDA annual events: Special Districts Legislative Days - held in the spring, and the CSDA Annual Conference - held in the summer/fall. (CSDA does not reimburse travel-related expenses for the two conferences even if a board or committee meeting is held in conjunction with the event; however, does comp registration for the two events.)
- Complete all four modules of CSDA's Special District Leadership Academy within 2 years of being elected. (CSDA does not reimburse expenses for the academy classes even if a board or committee meeting is held in conjunction with the event.)
- Complete Annual Chief Executive Officer Evaluation.

For additional information you may review the [CSDA Board Policy 2.16 Board Commitments & Responsibilities](#).

#### Nomination Procedures:

Any Regular Member in good standing is eligible to nominate one person, a board member or managerial employee (as defined by that district's Board of Directors) for election to the CSDA Board of Directors. A copy of the member district's resolution or minute action along with the Candidate Information Sheet must accompany the Nomination Form. In the Coastal Network, aside from the term expiring for Seat A, there is also a vacant position for Seat B. Therefore, the call for nominations deadline has been extended to April 20, 2024.

#### Voting Procedures:

CSDA will be using a web-based online voting system allowing a district to cast their vote easily and securely. Electronic Ballots will be emailed to the main contact in each district

June 10, 2024. All votes must be received through the system no later than 5:00 p.m. July 26, 2024. The successful candidates will be notified no later than July 30, 2024. All selected CSDA Board Members will be introduced at the Annual Conference in Indian Wells, CA in September 2024.

### **Fiscal Considerations**

CSDA reimburses directors for their related expenses for board and committee meetings. The District Budget provides for attendance at the other two events described above.

### **Results**

The General Manager is interested in this opportunity to be deeply involved in California Special District management, building relationships, and sharing knowledge and experiences with colleagues, which if elected, would also be a benefit to the District.

Attachments: Nomination Form

File: CSDA



**California Special  
Districts Association**  
*Districts Stronger Together*

## 2024 BOARD OF DIRECTORS NOMINATION FORM

Name of Candidate: \_\_\_\_\_

District: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

\_\_\_\_\_

Network: \_\_\_\_\_ (see map)

Telephone: \_\_\_\_\_

(PLEASE BE SURE THE PHONE NUMBER IS ONE WHERE WE CAN REACH THE CANDIDATE)

Fax: \_\_\_\_\_

E-mail: \_\_\_\_\_

Nominated by (optional): \_\_\_\_\_

Return this form, a Board resolution/minute action supporting the candidate, and Candidate Information Sheet by mail or email to:

CSDA  
Attn: Amber Phelen  
1112 I Street, Suite 200  
Sacramento, CA 95814  
(877) 924-2732

[amberp@csda.net](mailto:amberp@csda.net)

***DEADLINE FOR RECEIVING NOMINATIONS:***

**April 10, 2024 at 5:00 p.m.**

# HERITAGE RANCH COMMUNITY SERVICES DISTRICT

## MEMORANDUM

**TO:** Board of Directors

**FROM:** Scott Duffield, General Manager  
Kristen Gelos, Office Supervisor  
Doug Groshart, District Engineer

**DATE:** March 21, 2024

**SUBJECT:** Submittal for approval Resolution 24-02 Initiating Proceedings and Establishing of Water and Sewer Standby Charges for Property within the District for Fiscal Year 2024/25.

### **Recommendation**

It is recommended that the Board of Directors:

1. Approve Resolution 24-02 Initiating Proceedings and Establishing of Water and Sewer Standby Charges for Property within the District for Fiscal Year 2024/25; and
2. Schedule a public hearing for May 16, 2024 at 4:00 PM to confirm the Standby Charges.

### **Background**

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

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

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

### **Discussion**

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

## Debt Service

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

## Maintenance & Operations

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

## Fiscal Considerations

The total number of parcels subject to the water standby charge is 2,071. The total number of parcels subject to the sewer standby charge is 1,866. The total standby revenue for Fiscal Year 2024/25 is anticipated to be \$242,144. Table 1 and 2 illustrate how the charges are allocated and how they are used.

*Table 1 Charge by Parcel*

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

*Table 2 Use by Charge*

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

## Results

Resolution 24-02 will serve to initiate and establish the Standby Charges for Fiscal Year 2024/25. The Standby Charges will be confirmed at a public hearing on May 16, 2024. If adopted, the Standby Charges will be collected through the County of San Luis Obispo property tax roll as a means of effective, efficient collection.

Attachments: Resolution 24-02 Initiating Proceedings and Establishing of Water and Sewer Standby Charges for Property within the District for Fiscal Year 2024/25  
Engineering Report for Standby Charges

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 24-02**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE HERITAGE RANCH  
COMMUNITY SERVICES DISTRICT INITIATING PROCEEDINGS AND  
ESTABLISHING OF WATER AND SEWER STANDBY CHARGES FOR PROPERTY  
WITHIN THE DISTRICT FOR FISCAL YEAR 2024/25**

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

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

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

1. The foregoing recitals are true and correct and are incorporated by this reference.
2. The parcels subject to the proposed standby charges are within Tracts 424, 446, 447, 452, 466, 474, 475, 693, 720, 721, 1063, 1094, 1910, 1990, and Parcel Map 71-217. All such parcels are contained within a list of Assessor Parcel Numbers on file with the District and made a part herein.
3. The amount of the proposed charge is \$119 per parcel with available water and sewer service, and \$98 per parcel with available water service only.
4. The Board of directors will hold a public hearing regarding imposition of a standby charge on each parcel and in the amount set forth within this resolution. The hearing will be held on May 21, 2024 at 4:00 PM or as soon thereafter as the matter may be heard, at the District Office, located at 4870 Heritage Road, in Heritage Ranch, California. At that time and place, the District will hear and consider all objections or protests, if any, to the proposed standby charges.

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

**PASSED, APPROVED AND ADOPTED** by the Board of Directors of the Heritage Ranch Community Services District on the 21<sup>st</sup> day of March 2024, by the following roll call vote:

**AYES:**  
**NOES:**  
**ABSTAIN:**  
**ABSENT:**

**APPROVED:**

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

**ATTEST:**

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**Kristen Gelos**  
**Board Secretary**



## MEMORANDUM

### Heritage Ranch Community Services District Engineering Report - Standby Charges

**Date:** March 21, 2024  
**To:** Scott Duffield, PE, General Manager  
**From:** Doug Groshart, PE, District Engineer  
**Subject:** Engineering Report for Standby Charges Pursuant to the Uniform Standby Charge Procedures Act, Section 54984 et. seq. of the California Government Code

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

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

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

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

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

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

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

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

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

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

**Table 1. Summary of Standby Charges by Parcel**

For the water system, \$162,367 will be used for the retirement of debt service for the District's Safe Drinking Water loan for construction of the District's Water Treatment Plant and

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

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

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

**Table 2. Summary of Use by Standby Charge**

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

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

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

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

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

Therefore, it is recommended that the District initiate and confirm the Water and Sewer Standby Charges for FY 2024/25 in the amount of \$98 for water and \$21 for sewer for each and every parcel in the District eligible for these services. These charges should be confirmed prior to July 1, 2024 (beginning of the Fiscal Year) by a Public Hearing and Resolution.

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

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

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

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

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

The Board will hold a public hearing on May 16, 2024, at 4:00 pm at the District Office, located at 4870 Heritage Road, in Heritage Ranch, California. At that time and place, the District will hear and consider all objections or protests, if any, to the proposed standby or availability charges or assessments.

DHG:

A handwritten signature in blue ink, appearing to be "DHG", written over a horizontal line.

## HERITAGE RANCH COMMUNITY SERVICES DISTRICT

### MEMORANDUM

**TO:** Board of Directors

**FROM:** Scott Duffield, General Manager

**DATE:** March 21, 2024

**SUBJECT:** Submittal for approval Resolution 24-03 adopting an updated Statement of Investment Policy.

#### **Recommendation**

It is recommended that the Board of Directors approve Resolution 24-03 adopting an updated Statement of Investment Policy.

#### **Background**

The current Statement of Investment Policy was adopted in 1996 and has been confirmed by your Board regularly with the submittal of the annual treasurer's report.

#### **Discussion**

The General Manager is providing a proposed update to the District Investment Policy. The update is mainly being driven by the desire to invest in a new pooled money option that has a higher interest rate than our current investment options. The existing policy is also dated, and unnecessary extraneous parts are proposed to be deleted. The Resolution and updated Investment Policy are attached.

The new pooled money option is called California Cooperative Liquid Assets Securities System, or California CLASS for short. California CLASS is a joint exercise of powers entity authorized under Section 6509.7, California Government Code. California CLASS is a pooled investment option that was created via a joint exercise of powers agreement by and among California public agencies. California CLASS offers public agencies a convenient method for investing in highly liquid, investment-grade securities carefully selected with the goal of optimizing yields while prioritizing safety and liquidity. The California CLASS Prime and Enhanced Cash funds help assist public agencies in strengthening and diversifying their cash management programs in accordance with the safety, liquidity, and yield hierarchy that provides the framework for the investment of public funds.

#### **Fiscal Considerations**

Increased interest revenue will be realized by investing in higher earning pooled money options such as California CLASS.

## **Results**

Approval of the recommended action will allow the District the option to invest in California CLASS pooled money, updates the District Investment Policy to current industry standards, and provides for continued management of the District in a fiscally responsible manner.

Attachments: Resolution 24-03 (clean)  
Statement of Investment Policy (clean)  
Resolution 24-03 (redline)  
Statement of Investment Policy (redline)  
California CLASS Features and Benefits  
California CLASS Pool Fact Sheet  
California CLASS Holdings October 2023



**HERITAGE RANCH COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 24-03**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE HERITAGE RANCH  
COMMUNITY SERVICES DISTRICT APPROVING ADOPTING AN UPDATED  
STATEMENT OF INVESTMENT POLICY**

**WHEREAS**, the Board of Directors of the Heritage Ranch Community Services District ("District") believes that public funds should, so far as is reasonably possible, be invested in financial institutions to produce revenue for the District rather than to remain idle; and

**WHEREAS**, from time to time there are District funds which for varying periods of time will not be required for immediate use by the District, and which will, therefore, be available for the purpose of investing in financial institutions with the objectives of safety, liquidity, yield, and compliance with state and federal laws and policies; and

**WHEREAS**, it is impractical for the Board of Directors to take individual actions authorizing the investment of such funds when funds are available and not needed for varying periods of time, and the Board of Directors does find and determine that the Treasurer of this District should be authorized to invest such funds in accordance with the provisions of the California Government Code; and

**WHEREAS**, the District's investments are governed by an investment policy, originally adopted in 1990, subsequently amended in 1996 by Resolution No. 96-1, that is reviewed annually and requires updating from time to time.

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

1. The Treasurer of the District be is hereby authorized to deposit or invest for safekeeping, as far as possible, all money belonging to, or in the custody of the District, pursuant to the Government Code.
2. The District hereby adopts a Statement of Investment Policy, attached hereto as Exhibit "A" which supersedes the previous policy set forth in Resolution 96-1, effective immediately.

**PASSED, APPROVED AND ADOPTED** by the Board of Directors of the Heritage Ranch Community Services District on the 21<sup>st</sup> day of March 2024, by the following roll call vote.

**AYES:**

**NOES:**

**ABSTAIN:**

**ABSENT:**

(signatures follow)

**APPROVED:** \_\_\_\_\_  
**Dan Burgess, President**  
**Board of Directors**

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

**APPROVED AS TO FORM AND LEGAL EFFECT:** \_\_\_\_\_  
**Jeffrey A. Minnery**  
**District Counsel**



## EXHIBIT "A"

### STATEMENT OF INVESTMENT POLICY

#### 1. INTRODUCTION

It shall be the policy of the District to invest its cash assets in such a manner as to comply with the requirements of the California Government Code, to maintain the integrity of the principal of all investments, and to provide for necessary liquidity. Within those restrictions, the District shall attempt to obtain the highest return possible.

#### 2. SCOPE

This Policy shall include monies from all funds of the District.

#### 3. OBJECTIVES

- a. SAFETY. It is the primary duty and responsibility of the Treasurer to protect, preserve and maintain cash and investments placed in his/her trust on behalf of the property owners within the District.
- b. LIQUIDITY. A minimum of 50% of the investment portfolio should be maintained in liquid short-term, 90-day maximum securities to be converted to cash if necessary to meet disbursement requirement. Since all cash requirements cannot be anticipated, investments in securities with active secondary or resale markets may be used. Emphasis is placed on marketable securities to minimize risk due to price fluctuation from a rise or drop in market interest rates.
- c. YIELD. Yield shall be a consideration only after requirements of safety and liquidity have been met.

#### 4. POLICY

- a. LEGAL INVESTMENT AUTHORITY. Investments shall be in accordance with provisions of the Government Code of the State of California and/or local statutes and regulations (California Government Code Section 53600 et. seq.).
- b. STATEMENT OF INVESTMENT POLICY. The Treasurer shall submit a "Statement of Investment Policy" annually and any

proposed mid-year changes to the Board of Directors for approval. Approval may be by minute order except where changes are made in which case, it shall be done by Resolution.

- c. **SELLING SECURITIES PRIOR TO MATURITY.** Losses shall be acceptable only if the proposed swap/trade can clearly enhance yield (value) over the life of the new security on a total return basis.
5. **REPORTS.** The Treasurer shall file a monthly report with the Board of Directors at each regular monthly meeting. Minimum required elements of the monthly report are as follows:
- a. Type of investment and rate of interest.
  - b. Issuer/Institution and statements from same.
  - c. Date of maturity, par value and dollar value, if applicable.
  - d. Statement regarding the report's compliance or non-compliance with the Statement of Investment Policy.
  - e. Statement that there are sufficient funds to meet the next 30 days' obligations or an explanation as to why sufficient money shall or may not be available.

The Treasurer shall file a quarterly report with the Board of Directors within 30 days after the end of each quarter (i.e., by May 1, August 1, November 1, and February 1). Minimum required elements of the quarterly report are as follows for all securities, investments, and monies:

- a. Type of investment, rate of interest, and accrued interest earnings and trends for same.
- b. Issuer/Institution and statements from same.
- c. Date of maturity, par value and dollar value, if applicable.
- d. A description of funds, investments, or programs held under the management of contracted parties including lending programs.
- e. Current market value to all securities held by the District and under the management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund (LAIF).
- f. Statement regarding the report's compliance or non-compliance with the Statement of Investment Policy.
- g. Statement that there are sufficient funds to meet investment pool's expenditure requirements for the next six months, or an explanation as to why sufficient money shall or may not be available.

The Treasurer shall file an annual report with the Board of Directors within

30 days after the end of the District's fiscal year. Minimum required elements of the Annual Report are as follows:

- a. The same information required in monthly reports.
- b. A copy of the Statement of Investment Policy or Policies in effect during the reporting period.
- c. Charts and/or graphs showing (1) trends for account balances and accrued interest earnings and (2) flow or money between said accounts.
- d. Explanation for allocation of interest earnings to internal funds.
- e. Statement from the District Finance Committee re any comments on the report.
- f. Recommendations, if any, on proposed changes to current investment strategies or to the Statement of Investment Policy itself.

## 6. GUIDELINES

- a. INVESTMENT TRANSACTIONS. Every investment transaction must be reviewed, authorized, and documented by the Treasurer.
  - b. POOLED CASH. Whenever practical, District cash should be consolidated into one bank account and invested on a pooled concept basis. Interest earnings may be allocated according to fund cash and investment balances at predetermined intervals, i.e., monthly, quarterly, etc.
  - c. COMPETITIVE BIDS. Purchase and sale of securities should be made on the basis of competitive offers and bids when practical.
7. INVESTMENT LIMITATIONS. Security purchases and holdings will be maintained within limits imposed by the Government Code as shown in Figure 1 from the CDIAAC Local Agency Investment Guidelines attached.
8. LIQUIDITY. The marketability (salability) of a security should be considered at the time of purchase, as the security may have to be sold at a later date to meet unanticipated cash demands. The portfolio should therefore consist largely of securities with active secondary or resale markets. This would include short-term maturities to limit the effect of market risk on the market price of the securities.
9. LONG-TERM MATURITIES. As a general rule, long-term maturities

should not represent a significant percentage of the total portfolio, as the principal risk involved can outweigh the potential for higher earnings. Maximum terms should be as specified in the Government Code (currently five years as per Sections 53601/53635 unless previously authorized by the Board of Directors).

10. DEALERS / BROKERS. Dealers / Brokers and investment advisors shall be provided a copy of this Policy to assure that they are aware of what are designated as permitted investments.
11. DIVERSIFICATION. The purpose of diversifying is to reduce the overall portfolio risks while attaining an average market rate of return; therefore, it needs to be conceptualized in terms of maturity, instrument types, and issuer. The portfolio should consist of a mix of various types of securities, issuers, and maturities.
12. SAFEKEEPING. All trades of marketable securities should be on a Delivery Versus Payment (DVP) basis to ensure that securities are deposited prior to the release of funds. Securities will be held in accordance with provisions of Section 53601 of the Government Code.

Attachment: Figure 1 from the CDIAC Local Agency Investment Guidelines

\* \* \*

**FIGURE 1**

**ALLOWABLE INVESTMENT INSTRUMENTS PER STATE GOVERNMENT CODE (AS OF JANUARY 1, 2024)<sup>A</sup> APPLICABLE TO ALL LOCAL AGENCIES<sup>B</sup>**

See "Table of Notes for Figure 1" on the next page for footnotes related to this figure.

INVESTMENT TYPE	MAXIMUM MATURITY <sup>C</sup>	MAXIMUM SPECIFIED % OF PORTFOLIO <sup>D</sup>	MINIMUM QUALITY REQUIREMENTS	GOV'T CODE SECTIONS
Local Agency Bonds	5 years	None	None	53601(a)
U.S. Treasury Obligations	5 years	None	None	53601(b)
State Obligations— CA And Others	5 years	None	None	53601(c) 53601(d)
CA Local Agency Obligations	5 years	None	None	53601(e)
U.S Agency Obligations	5 years	None	None	53601(f)
Bankers' Acceptances	180 days	40% <sup>E</sup>	None	53601(g)
Commercial Paper—Non-Pooled Funds <sup>F</sup> (under \$100,000,000 of investments)	270 days or less	25% of the agency's money <sup>G</sup>	Highest letter and number rating by an NRSRO <sup>H</sup>	53601(h)(2)(c)
Commercial Paper—Non-Pooled Funds <sup>I</sup> (min. \$100,000,000 of investments)	270 days or less	40% of the agency's money <sup>G</sup>	Highest letter and number rating by an NRSRO <sup>H</sup>	53601(h)(2)(c)
Commercial Paper— Pooled Funds <sup>J</sup>	270 days or less	40% of the agency's money <sup>G</sup>	Highest letter and number rating by an NRSRO <sup>H</sup>	53635(a)(1)
Negotiable Certificates of Deposit	5 years	30% <sup>K</sup>	None	53601(i)
Non-negotiable Certificates of Deposit	5 years	None	None	53630 et seq.
Placement Service Deposits	5 years	50% <sup>L</sup>	None	53601.8 and 53635.8
Placement Service Certificates of Deposit	5 years	50% <sup>L</sup>	None	53601.8 and 53635.8
Repurchase Agreements	1 year	None	None	53601(j)
Reverse Repurchase Agreements and Securities Lending Agreements	92 days <sup>M</sup>	20% of the base value of the portfolio	None <sup>N</sup>	53601(j)
Medium-Term Notes <sup>O</sup>	5 years or less	30%	"A" rating category or its equivalent or better	53601(k)
Mutual Funds And Money Market Mutual Funds	N/A	20% <sup>P</sup>	Multiple <sup>Q, R</sup>	53601(l) and 53601.6(b)
Collateralized Bank Deposits <sup>S</sup>	5 years	None	None	53630 et seq. and 53601(n)
Mortgage Pass-Through and Asset-Backed Securities <sup>T</sup>	5 years or less <sup>T</sup>	20%	"AA" rating category or its equivalent or better <sup>T</sup>	53601(o)
County Pooled Investment Funds	N/A	None	None	27133
Joint Powers Authority Pool	N/A	None	Multiple <sup>U</sup>	53601(p)
Local Agency Investment Fund (LAIF)	N/A	None	None	16429.1
Voluntary Investment Program Fund <sup>V</sup>	N/A	None	None	16340
Supranational Obligations <sup>W</sup>	5 years or less	30%	"AA" rating category or its equivalent or better	53601(q)
Public Bank Obligations	5 years	None	None	53601(r), 53635(c) and 57603

TABLE OF NOTES FOR FIGURE 1

- <sup>A</sup> Sources: Sections 16340, 16429.1, 27133, 53601, 53601.6, 53601.8, 53630 et seq., 53635, 53635.8, and 57603.
- <sup>B</sup> Municipal Utilities Districts have the authority under the Public Utilities Code Section 12871 to invest in certain securities not addressed here.
- <sup>C</sup> Section 53601 provides that the maximum term of any investment authorized under this section, unless otherwise stated, is five years from the settlement date. However, the legislative body may grant express authority to make investments either specifically or as a part of an investment program approved by the legislative body that exceeds this five year remaining maturity limit. Such approval must be issued no less than three months prior to the purchase of any security exceeding the five-year maturity limit.
- <sup>D</sup> Percentages apply to all portfolio investments regardless of source of funds. For instance, cash from a reverse repurchase agreement would be subject to the restrictions.
- <sup>E</sup> No more than 30% of the agency's money may be in bankers' acceptances of any one commercial bank.
- <sup>F</sup> Applies to local agencies, other than counties or a city and county, with less than \$100 million of investment assets under management. Includes agencies defined as a city, a district, or other local agency that do not pool money in deposits or investment with other local agencies, other than local agencies that have the same governing body.
- <sup>G</sup> Local agencies, other than counties or a city and county, may purchase no more than 10% of the outstanding commercial paper and medium-term notes of any single issuer.
- <sup>H</sup> Issuing corporation must be organized and operating within the U.S., have assets in excess of \$500 million, and debt other than commercial paper must be in a rating category of "A" or its equivalent or higher by a nationally recognized statistical rating organization, or the issuing corporation must be organized within the U.S. as a special purpose corporation, trust, or LLC, have program wide credit enhancements, and have commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally recognized statistical rating organization.
- <sup>I</sup> Applies to counties or a city and county, and the City of Los Angeles that have \$100 million or more of investment assets under management.
- <sup>J</sup> Includes agencies defined as a county, a city and county, or other local agency that pools money in deposits or investments with other local agencies, including local agencies that have the same governing body. Local agencies that pool exclusively with other local agencies that have the same governing body must adhere to the limits set forth in Section 53601(h)(2)(C).
- <sup>K</sup> No more than 30% of the agency's money may be in negotiable certificates of deposit that are authorized under Section 53601(i).
- <sup>L</sup> Effective January 1, 2020, no more than 50% of the agency's money may be invested in deposits, including certificates of deposit, through a placement service as authorized under 53601.8 (excludes negotiable certificates of deposit authorized under Section 53601(i)). On January 1, 2026, the maximum percentage of the portfolio reverts back to 30%. Investments made pursuant to 53635.8 remain subject to a maximum of 30% of the portfolio.
- <sup>M</sup> Reverse repurchase agreements or securities lending agreements may exceed the 92-day term if the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity dates of the same security.
- <sup>N</sup> Reverse repurchase agreements must be made with primary dealers of the Federal Reserve Bank of New York or with a nationally or state chartered bank that has a significant relationship with the local agency. The local agency must have held the securities used for the agreements for at least 30 days.
- <sup>O</sup> "Medium-term notes" are defined in Section 53601 as "all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States."
- <sup>P</sup> No more than 10% invested in any one mutual fund. This limitation does not apply to money market mutual funds.
- <sup>Q</sup> A mutual fund must receive the highest ranking by not less than two nationally recognized rating agencies or the fund must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million, and has at least five years' experience investing in instruments authorized by Sections 53601 and 53635.
- <sup>R</sup> A money market mutual fund must receive the highest ranking by not less than two nationally recognized statistical rating organizations or retain an investment advisor registered with the SEC or exempt from registration and who has not less than five years' experience investing in money market instruments with assets under management in excess of \$500 million.
- <sup>S</sup> Investments in notes, bonds, or other obligations under Section 53601(n) require that collateral be placed into the custody of a trust company or the trust department of a bank that is not affiliated with the issuer of the secured obligation, among other specific collateral requirements.
- <sup>T</sup> Security types authorized under Section 53601(o) that are issued or guaranteed by an issuer identified in subdivisions (b) or (f), are not subject to the limitations placed on privately issued securities authorized in Section 53601(o)(2)(A)(B).
- <sup>U</sup> A joint powers authority pool must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million, and has at least five years' experience investing in instruments authorized by Section 53601, subdivisions (a) to (o).
- <sup>V</sup> Local entities can deposit between \$200 million and \$10 billion into the Voluntary Investment Program Fund, upon approval by their governing bodies. Deposits in the fund will be invested in the Pooled Money Investment Account.
- <sup>W</sup> Only those obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), and Inter-American Development Bank (IADB), with a maximum remaining maturity of five years or less.

HERITAGE RANCH COMMUNITY SERVICES DISTRICT RESOLUTION NO.  
96-1

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 24-03**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE HERITAGE RANCH  
COMMUNITY SERVICES DISTRICT APPROVING ADOPTING AN UPDATED  
STATEMENT OF INVESTMENT POLICY**

~~A RESOLUTION OF THE BOARD OF DIRECTORS OF HERITAGE RANCH  
COMMUNITY SERVICES DISTRICT PROVIDING FOR AUTHORITY OF  
DISTRICT TREASURER TO DEPOSIT AND  
INVEST FUNDS OF SAID DISTRICT AND APPROVAL OF STATEMENT OF  
INVESTMENT POLICY~~

WHEREAS, the Board of Directors of the Heritage Ranch Community Services District ("District") believes that public funds should, so far as is reasonably possible, be invested in ~~bonds or other securities, or deposited in savings accounts in banks or savings~~financial institutions; to produce revenue for the District rather than to remain idle ~~(hereinafter all reference to "banks" shall mean "state or national banks or state or federal savings and loan associations")~~; and

WHEREAS, from time to time there are District funds which for varying periods of time will not be required for immediate use by the District, and which will, therefore, be available for the purpose of ~~purchasing or investing in bonds or other securities, or for depositing in interest-bearing accounts in banks having offices within this state~~financial institutions with the objectives of safety, liquidity, yield, and compliance with state and federal laws and policies; and

WHEREAS, it is impractical for the Board of Directors to take individual actions authorizing the investment of such funds when funds are available and not needed for varying periods of time, and the Board of Directors does find and determine that the Treasurer of this District should be authorized to invest such funds in accordance with the provisions of the California Government Code; and

WHEREAS, the District's investments are governed by an investment policy, originally adopted in 1990, subsequently amended in 1996 by Resolution No. 96-1, that is reviewed annually and requires updating from time to time.~~it is impractical for the Board of Directors of this District to take individual action authorizing the investment of such funds, bonds or other securities which are permissible investments under Section 53601 of the Government Code when funds are available and not needed for varying periods of time, and the Board of Directors of this District does find and determine that the Treasurer of this District should be authorized to invest such funds in accordance with the provisions of Section 53607 of the California Government Code; and~~

~~WHEREAS, it will be more convenient in the handling of said bonds or other securities so purchased that they be kept in safekeeping by said banks while they are the~~

~~property of this District.~~

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

1. ~~T~~he Treasurer of the District be is hereby authorized to deposit or invest for safekeeping, as far as possible, all money belonging to, or in the custody of the District, pursuant to ~~Section 53635 et. seq. of~~ the Government Code.
2. The District hereby adopts a Statement of Investment Policy, attached hereto as Exhibit "A" which supersedes the previous policy set forth in Resolution 96-1, effective immediately.

**PASSED, APPROVED AND ADOPTED by the Board of Directors of the Heritage Ranch Community Services District on the 21<sup>st</sup> day of March 2024, by the following roll call vote.**

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

(signatures follow)

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

**ATTEST:**  
Kristen Gelos, Secretary  
Board of Directors

**APPROVED AS TO FORM AND LEGAL EFFECT:**  
Jeffrey A. Minnery  
District Counsel



~~BE IT FURTHER RESOLVED, that the Treasurer of this District, pursuant to Section 53607 of said Code, be authorized to purchase bonds and other securities which are permissible investments under Section 53601 of said Code, or deposit in interest bearing accounts with banks, having offices within this state, funds of this District from any of the various accounts of this District when such funds will not be needed for varying periods of time, and to purchase such bonds or other securities when they can be purchased at a price that will be beneficial to this District, provided that such accounts shall be supported by sufficient securities as provided by law to secure the amount of such deposits with interest thereon as it may accrue.~~

~~BE IT FURTHER RESOLVED, that the Treasurer of this District, pursuant to Section 53608 of said Code, is authorized to enter into safekeeping, bonds or other securities in which the money of this District is invested, pursuant to the terms and conditions of this Resolution, with any such bank in this state within which he/she has entered into a safekeeping agreement, as herein provided and in which this District maintains an active secure deposit supported by sufficient security as required by law to secure the amount of any collections which may be made by the bank from time to time, pursuant to said safekeeping agreement, and shall be only released from safekeeping for purpose of sale or for collection on maturity with all proceeds credited to the funds of this District.~~

~~BE IT FURTHER RESOLVED, that the District hereby adopts a Statement of Investment Policy, attached hereto as Exhibit "A" which supersedes the Policy set forth as Exhibit "A" in Resolution 90-25 effective immediately.~~

~~PASSED, APPROVED AND ADOPTED BY THE BOARD OF  
DIRECTORS OF THE HERITAGE RANCH COMMUNITY SERVICES  
DISTRICT on February 15,  
1996 by the following roll call vote:~~

~~AYES: Directors Lemm, Clarke, Forgash, McWilliams & Beser NOES: \_\_\_\_\_~~

~~None.~~

~~ABSTAIN: \_\_\_\_\_ None. ABSENT: \_\_\_\_\_ None.~~

~~Rollin G. Lemm, President Board of Directors~~



~~Kit Carter, Secretary Board of Directors~~

## EXHIBIT "A"

### ~~TO RESOLUTION NO. 96-1~~ STATEMENT OF INVESTMENT POLICY

#### 1. INTRODUCTION

It shall be the policy of the District to invest its cash assets in such a manner as to comply with the requirements of the California Government Code, to maintain the integrity of the principal of all investments, and to provide for necessary liquidity. Within those restrictions, the District shall attempt to obtain the highest return possible.

#### 2. SCOPE:

This Policy shall include monies from all funds of the District.

#### ~~SCOPE:~~

~~This Policy shall include monies from all funds of the District.~~

#### ~~4.3. OBJECTIVES~~OBJECTIVES:

a. SAFETY—~~1.~~ It is the primary duty and responsibility of the Treasurer to protect, preserve and maintain cash and investments placed in his/her trust on behalf of the property owners within the District.

b. LIQUIDITY. —A minimum of 50% of the investment portfolio should be maintained in liquid short-term, 90-day maximum securities to be converted to cash if necessary to meet disbursement requirement. Since all cash requirements cannot be anticipated, investments in securities with action secondary or resale markets may be used. Emphasis is placed OP marketable securities to minimize risk due to price fluctuation from a rise or drop in market interest rates.

~~b-c.~~ YIELD- Yield shall be a consideration only after requirements of safety and liquidity have been met.

~~3. YIELD- Yield shall be a consideration only after requirements of safety and liquidity have been met.~~

#### 4. POLICY

- a. ~~LEGAL INVESTMENT AUTHORITY~~. Investments shall be in accordance with provisions of the Government Code of the State of California and/or local statutes and regulations (California Government Code Section 53600 et. seq.). ~~LEGAL INVESTMENT AUTHORITY~~ Investments shall be in accordance with provisions of the Government Code of the State of California and/or local statutes and regulations (California Government Code Section 53600 et. seq.)
- b. STATEMENT OF INVESTMENT POLICY. The Treasurer shall submit a "Statement of Investment Policy" annually and any proposed mid-year changes to the Board of Directors for approval. Approval may be by minute order except where changes are made in which case, it shall be done by Resolution.
- c. SELLING SECURITIES PRIOR TO MATURITY. Losses shall be acceptable only if the proposed swap/trade can clearly enhance yield (value) over the life of the new security on a total return basis.

~~I. STATEMENT OF INVESTMENT POLICY~~ The Treasurer shall submit a "Statement of Investment Policy" annually and any proposed mid year changes to the Board of Directors for approval. Approval may be by minute order except where changes are made in which case, it shall be done by Resolution.

~~II. REVERSE REPURCHASE AGREEMENT~~ Securities shall not be pledged as collateral for temporary borrowing except as authorized by the Board of Directors.

~~III. SELLING SECURITIES PRIOR TO MATURITY~~ Losses shall be acceptable only if the proposed swap/trade can clearly enhance yield (value) over the life of the new security on a total return basis.

~~Sufficient written documentation to facilitate audit of the transaction shall be maintained. Losses shall be recognized and recorded based on transaction date(s).~~

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~~MONTHLY REPORTS~~—T The Treasurer shall file a monthly report with the Board of Directors ~~and its President~~ at each regular monthly meeting.   

2.5. Minimum required elements of the monthly report are as follows ~~for all securities and rate of interest~~:

- a. Type of investment and rate of interest.
- b. Issuer/Institution and statements from same.
- c. Date of maturity, par value and dollar value, if applicable.
- d. Statement regarding the report's compliance or non-compliance with the Statement of Investment Policy.
- e. Statement that there are sufficient funds to meet the next 30 days' obligations or an explanation as to why sufficient money shall or may not be available.

~~QUARTERLY REPORTS~~—The Treasurer shall file a quarterly report with the Board of Directors ~~and its President~~ within 30 days after the end of each quarter (i.e., by May 1, August 1, November 1, and February 1).   

Minimum required elements of the quarterly report are as follows for all securities, investments, and monies:

- a. Type of investment, rate of interest, and accrued interest earnings and trends for same.
- b. Issuer/Institution and statements from same.
- c. Date of maturity, par value and dollar value, if applicable.
- d. A description of funds, investments, or programs held under the management of contracted parties including lending programs.
- e. ~~4-e.~~ Current market value to all securities held by the District and under the management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund (LAIF).
- f. ~~f~~—~~SS~~ Statement regarding the report's compliance or non-compliance with the Statement of Investment Policy.
- g. ~~g~~—Statement that there are sufficient funds to meet investment pool's expenditure requirements for the next six months, or an explanation as to why sufficient money shall or may not be available.

~~ANNUAL REPORT~~—The Treasurer shall file an annual report with the Board of Directors ~~and its President~~ within 30 days after the end of the District's fiscal year.   

Minimum required elements of the Annual Report are as follows:

- a. The same information required in ~~monthly reports~~ ~~item (a) above~~.
- b. A copy of the Statement of ~~Investment~~ ~~investment~~ Policy or Policies in effect during the reporting period.
- c. Charts and/or graphs showing (1) trends for account balances and accrued interest earnings and (2) flow or money between said accounts.
- d. Explanation for allocation of interest earnings to internal funds.
- e. Statement from the District Finance Committee re any comments on the report.
- f. Recommendations, if any, on proposed changes to current investment strategies or to the Statement of Investment Policy itself.

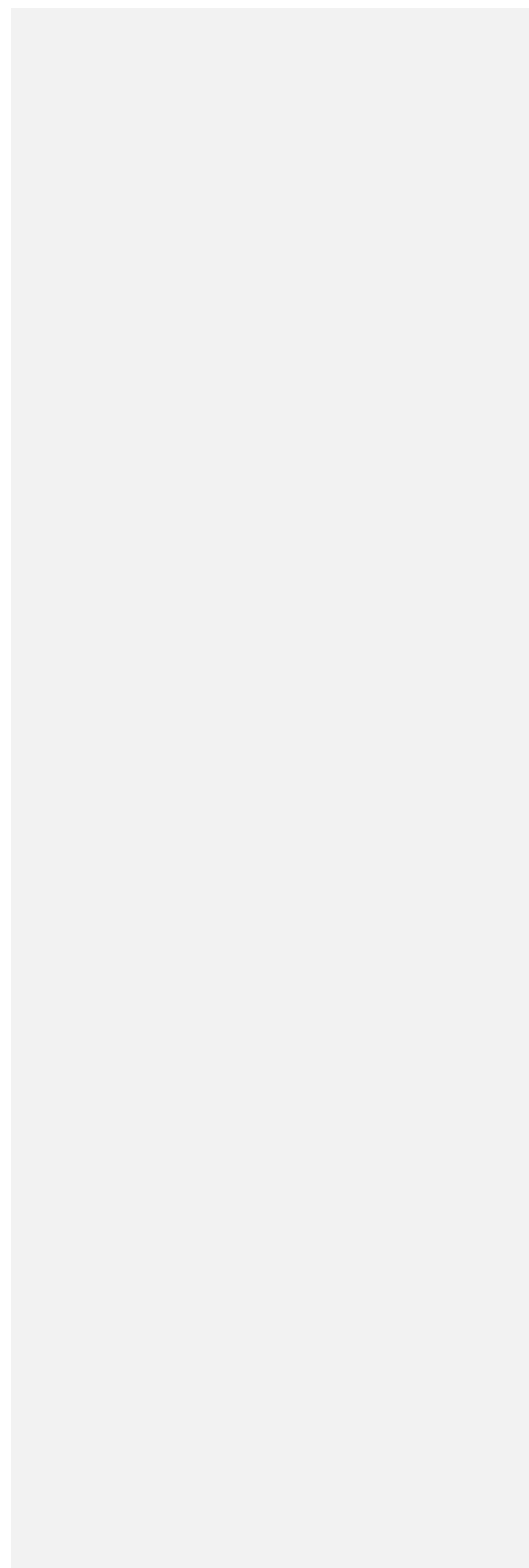
~~3-6. GUIDELINES-~~

- a. INVESTMENT   -TRANSACTIONS.   : ~~EE~~ Every   -investment transaction must be reviewed, authorized, and documented by the Treasurer.
  
- b. POOLED CASH:    Whenever practical, District cash should be consolidated into one bank account and invested on a pooled concept basis. Interest earnings may be allocated according to fund cash and investment balances at predetermined intervals, i.e., monthly, quarterly, etc.
  
- ~~b.c.~~    COMPETITIVE BIDS ~~-P.~~    Purchase and sale of securities should be made on the basis of competitive offers and bids when practical.

~~4. CASH FORECAST—Once investment policies are adopted and internal controls are in place, the cash flow for the District should be analyzed and compared to the receipt of revenues and maturity of investments scheduled so that adequate~~

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cash will be available to meet disbursement requirements, as well as developing a basis for the investment strategy.



4.7. INVESTMENT LIMITATIONS—S. Security purchases and holdings should will be maintained within limits imposed by the Government Code as shown in Figure 1 from the CDIAC Local Agency Investment Guidelines attached. Current Limits are:

PERMITTED INVESTMENTS/DEPOSITS	PERCENTAGES	MAXIMUM MATURITY
Securities of the U.S. Government	Unlimited	5 years*
Certificates of Deposits	Unlimited	5 years*
Negotiable Certificates of Deposits	30%	5 years*
Bankers Acceptances	40%	270 days
Commercial Paper	30%	180 days
LAIF	100MM***	N/A
Passbook Deposits		N/A
Repurchase Agreement	20%	1 year**
Reverse Repurchase Agreements	20%	1 year**
Mutual Funds	15%	N/A
Medium term Notes	30%	5 years*
County Pooled Funds	Unlimited	N/A

\*Maximum term unless expressly authorized by the Board of Directors and within the prescribed time frame for said approval.

\*\*Board approval is required, and must comply with Government Codes 53604 (i) and 53635 (i).

\*\*\*Limit set by LAIF Governing Board, not the Government Code.

5.8. LIQUIDITY—T. The marketability (salability) of a security should be considered at the time of purchase, as the security may have to be sold at a later date to meet unanticipated cash demands. The portfolio should therefore consist largely of securities with active secondary or resale markets. This would include short termshort-term maturities to limit the effect of market risk on the market price of the securities.

6.9. LONG-TERM MATURITIES—A. As a general rule, long term maturities, long-term maturities should not should not represent a significant percentage of the total portfolio, as the principal risk involved can on outweigh the potential for higher earnings. Maximum terms should be as specified in the Government Code (currently five years as per Sections

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53601/453635 unless previously authorized by the Board of Directors).

~~7.10. SELECTION OF DEALERS / BROKERS. Dealers / Brokers and investment advisors shall be provided a copy of this Policy to assure that they are aware of what are designated as permitted investments. It is highly recommended that investment transactions be with previously approved financial institutions. A regular review of the financial statements of the institution should be done to ascertain capital adequacy. Unaudited quarterly reports are generally available within forty (40) days of the end of each quarter.~~

~~S-~~  
in addition, it is highly recommended that the Treasurer provide a current edition of the "Statement of Investment Policy" to all dealers/brokers which have been previously approved to handle investment transactions. This will assure that the dealers/brokers are aware of the suitability of the investment instruments they are trying to sell to the District. Receipt of the policy, including confirmation that it has been reviewed by persons handling the District's account should be acknowledged in writing prior to commencing to trade.

~~8.11. DIVERSIFICATION-T. T~~ The purpose of diversifying is to reduce the overall portfolio risks while attaining an average market rate of return; therefore, it needs to be conceptualized in terms of maturity, instrument types, and issuer. The portfolio should consist of a mix of various types of securities, issuers, and maturities.

## ~~2. EVALUATION OF CERTIFICATE OF DEPOSIT-~~

~~a.) Time Certificate of Deposit (TCD) should be evaluated in terms of FDIC or FSLIC coverage. For deposits in excess of the insured maximum of \$100,000, approved collateral, at the required percentage of market value, should be obtained. (California Government Code Section 53651 and 53652).~~

~~b.) Negotiable Certificate of Deposit (NCD) should be evaluated in terms of the credit worthiness of the issuer, as these deposits are uninsured and uncollateralized promissory notes.~~

~~e.) Suggested minimum eligibility criteria for banks and savings and loan institutions:~~

~~1.) Federally insured (FSLIC, FDIC, NCUA)~~

~~2.) Approved by the Treasurer based on:~~



~~a) Financial soundness - some suggested methodologies:~~

~~1. In-house rating analysis~~

~~2. Use of external rating services, i.e. Keefe, Bruyette & Woods, Inc. (KB), Moody's S&P, Finley Report~~

~~b) Experience~~

~~c) Personnel~~

~~12. PAYMENT-SAFEKEEPING. All trades of marketable ayment for securities should be on a Delivery Versus Payment (DVP) basis to ensure that securities are deposited prior to the release of funds. Securities will be held in accordance with provisions of Section 53601 of the Government Code. This is ideally done via the District's third party safekeeping agent. NOTE: Book entry is considered delivery.~~

Attachment: Figure 1 from the CDIA Local Agency Investment Guidelines

\*\*\*

~~**WIRE TRANSFER:** All transfers should be made by authorized personnel in a position commensurate with the significance of the transaction. The District's bank should verify each transaction with predetermined District personnel other than the individual sending the wire transfer.~~

~~Whenever possible, use pre formatted wire transfers to restrict the transfer of funds with pre authorized accounts only.~~

~~**COLLATERAL:** Amount of securities placed with agent of depository shall at all times be maintained as specified in California Government Code Section 53652 and pursuant to Sections 53656 and 53658.~~

~~The purchase of Certificates of Deposit requires the depository to secure public funds. If the collateral is government securities, 110% of market value to the face amount of the deposit is required. Promissory notes secured by first mortgages and first trust deeds used as collateral require 150% of market value to the face amount of the deposit. An irrevocable Letter of Credit issued by the Federal Home Loan Bank of San Francisco requires 105% of market value to the face amount of the public deposit.~~

~~Collateral is also identified as the underlying marketable securities provided by a broker/dealer under a repurchase agreement transaction or the marketable securities provided by the District under a reverse repurchase agreement.~~

~~Marketable securities which are provided as collateral under a repurchase agreement with a broker/dealer should be held by the District's safekeeping agent at a market value greater than 100%. Request for collateral substitutions and releases should always be subject to the Treasurer's approval.~~

~~**SAFEKEEPING:** Securities purchased from brokers/dealers should be held in a third party custodian/safekeeping account. Said securities should be held in a manner that establishes the District's right of ownership.~~

~~All securities owned by the District should be held by a third party except the collateral for time deposits in banks and savings and loans. Collateral for time deposits in savings and loans is held by the Federal Home Loan Bank or an approved Agent of Depository. The collateral for time deposits in banks should be held in the District's name in the bank's Trust Department, or alternately, in the Federal Reserve Bank.~~

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~~**CONFIRMATION** Receipts for confirmation of purchase of authorized securities should include the following information. Trade date, par value, maturity, rate, price, yield, settlement date, description of securities purchased, agency's name, net amount due, third party custodial information insist that confirmation of all investment transactions are to be received by the Treasurer within three (3) business days. These are minimum information requirements.~~

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~~**GASB 3** The Governmental Accounting Standards Board issued GASB 3 in April, 1986. Current methods of purchasing and holding securities requires some discretion to classify investments under GASB 3.~~

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~~The intent of the rating categories is to quantify risk associated with the ownership of various types of investments. The focal point is establishing investment and the entity holding the investment.~~

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~~The carrying amount and market value of all types of the local entity's investment should be disclosed in total and for each type of investment. The disclosure of the carrying amounts by type of investment should be classified into these three categories of risk:~~

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~~Insured or registered, or securities held by the District or its agent in the District's name.~~

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~~Uninsured and unregistered with the securities held by the counterparty's trust department or agent in the District's name.~~

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~~Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not the District's name; (This included the portion of the carrying amount of any repurchase agreement that exceeds the market value of the underlying securities).~~

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~~Interpretation of GASB 3 indicates that the securities do not literally have to be held in the name of the District, but the District must be able to show evidence of ownership. This "chain of custody" can be evidenced through safekeeping or custodial receipts and/or statements.~~

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~~The rating categories are determined by where the securities are held, how they were transferred, and who the counterparty to each transaction was.~~

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~~GASB 3 exempts mutual funds, LAIF investments, and County pooled funds from the mandatory risk categorization. Moreover, deposits that are insured or collateralized may be exempt from mandatory risk categorization, if collateral is held by the District or a third party custodian in the District's name.~~

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~~STRATEGY: The following may help to develop an effective investment strategy. Strategy refers to the ability to manage financial resources in the most advantageous manner.~~

~~Economic Forecasts: Gather economic forecasts periodically from economist and financial experts through bankers and brokers to assist in the formulation of an investment strategy for the local agency.~~

~~Implementing Investment Strategy: Executed investment transactions which conform with anticipated interest rate trends and the current investment plan.~~

~~Rapport: Maintain a close working relationship with District staff. The objective is to pinpoint when large disbursements will hit the District's bank account. It is essential for good cash control that such large expenditures be anticipated, estimated as to dollar amount, and communicated to the Treasurer to insure that the portfolio has sufficient liquidity to meet current obligations with little disruption to the scheduled maturities.~~

~~Yield Enhancements: The Treasurer may wish to utilize the following investment techniques to increase yield and to maintain a fully invested position:~~

~~a) — Daily and Week-end Repurchase Agreements:~~

~~Reverse Repurchase Agreements using only owned and matched maturity securities as collateral. Swaps and Trades:~~

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## What is California CLASS?

California Cooperative Liquid Assets Securities System (California CLASS) is a joint exercise of powers entity authorized under Section 6509.7, California Government Code. California CLASS is a pooled investment option that was created via a joint exercise of powers agreement by and among California public agencies. California CLASS offers public agencies a convenient method for investing in highly liquid, investment-grade securities carefully selected with the goal of optimizing yields while prioritizing safety and liquidity. The California CLASS Prime and Enhanced Cash funds help assist public agencies in strengthening and diversifying their cash management programs in accordance with the safety, liquidity, and yield hierarchy that provides the framework for the investment of public funds.

## How is it governed and managed?

California CLASS is overseen and governed by a Board of Trustees. The Board is made up of public agency finance professionals who participate in California CLASS and are members of the Joint Powers Authority (JPA). The Board of Trustees has entered into an Investment Advisor and Administrator Agreement with Public Trust Advisors, LLC. Public Trust is responsible to the Board for all program investment and administrative activities as well as many of the services provided on behalf of the Participants.

## How can we participate?

Enrolling in California CLASS is simple. Public agencies may become Participants simply by filling out the Participant Registration Form that can be found in the document center on the California CLASS website. Public agencies may submit the completed registration packet to California CLASS Client Services for processing at [clientservices@californiaclass.com](mailto:clientservices@californiaclass.com). To obtain account forms and fund documents, visit [www.californiaclass.com/document-center/](http://www.californiaclass.com/document-center/).

## Sponsored By:



[www.calcities.org](http://www.calcities.org)



**California Special  
Districts Association**  
*Districts Stronger Together*

[www.csda.net](http://www.csda.net)

## CALIFORNIA CLASS FEATURES

As a California CLASS Participant, you have access to many convenient features:

- Same-day availability of funds in Prime Fund (11:00 a.m. PT cut-off)
- Contributions by wire or ACH
- Ratings of 'AAAm' & 'AAAf/S1'
- Portfolio securities marked-to-market daily
- Secure online access for transactions and account statements
- No redemption notices for Prime Fund
- Participant-to-Participant transactions
- Dividends accrue daily and pay monthly
- No maximum or minimum transaction limits
- No maximum or minimum investment requirements
- No transaction fees\*
- Annual audit conducted by independent auditing firm\*\*
- Dedicated client service representatives available via phone or email on any business day

\*You may incur fees associated with wires and/or ACH transactions by your bank, but there will be no transaction fees charged from California CLASS for such transactions.  
\*\*External audits may not catch all instances of accounting errors and do not provide an absolute guarantee of accuracy.



## What are the objectives of California CLASS?

### Safety

The primary investment objective of the California CLASS Prime Fund is preservation of principal. Both California CLASS portfolios are managed by a team of investment professionals who are solely focused on the management of public funds nationwide. The custodian for California CLASS is U.S. Bank, N.A.

### Liquidity

When you invest in the California CLASS Prime Fund, you have access to your funds on any business day. You must notify California CLASS of your funds transaction requests by 11:00 a.m. PT via the online transaction portal. There are no redemption notices for the daily-liquid California CLASS Prime Fund. The California CLASS Enhanced Cash Fund is a variable NAV fund that provides next-day liquidity and requires a one-day notification of redemption.

### Competitive Returns

California CLASS strives to provide competitive yields while adhering to the objectives of safety and liquidity. Participants can benefit from the investment expertise and institutional knowledge provided by the team of Public Trust professionals. The portfolio performance objective is strengthened by the knowledge of

California public agency cash flows that the Public Trust team possesses.

### Ease of Use

To make cash management streamlined and efficient, California CLASS includes many features that make it easy to access account information and simplify record keeping. Participants can transact on any business day via the California CLASS Online Transaction Portal at [www.californiaclass.com](http://www.californiaclass.com).

### Flexibility

You may establish multiple California CLASS subaccounts. You will receive comprehensive monthly statements that show all of your transaction activity, dividend accruals, and yield summaries. These statements have been specifically designed to facilitate public sector fund accounting and to establish a clear accounting and audit trail for your records.

### Legality

California CLASS only invests in securities permitted by California State Code Section 53601; permitted investments are further restricted to those approved by the Board of Trustees as set forth in the California CLASS Investment Policies.

**Have Questions?** Contact us or visit [www.californiaclass.com](http://www.californiaclass.com) for more information.



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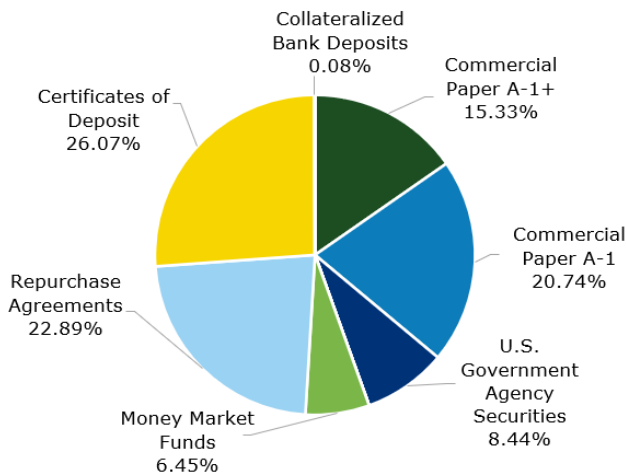
Any financial and/or investment decision should be made only after considerable research, consideration, and involvement with an experienced professional engaged for the specific purpose. The information presented should not be used in making any investment decisions. This material is not a recommendation to buy, sell, implement, or change any securities or investment strategy, function, or process. Please review the California CLASS Information Statement(s) before investing. California CLASS is not a bank. An investment in California CLASS is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the California CLASS Prime Fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. Please review the California CLASS Information Statement(s) before investing. Past performance is not an indication of future performance. No assurance can be given that the performance objectives of a given strategy will be achieved. Any financial and/or investment decision may incur losses. The California CLASS Prime Fund is rated 'AAAm' by S&P Global Ratings. A 'AAAm' rating by S&P Global Ratings is obtained after S&P evaluates a number of factors including credit quality, market price exposure, and management. For a full description on rating methodology, please visit [www.spglobal.com](http://www.spglobal.com). The California CLASS Enhanced Cash Fund is rated by 'AAAF/S1' by FitchRatings. The 'AAAF' rating is Fitch's opinion on the overall credit profile within a fixed-income fund/portfolio and indicates the highest underlying credit quality of the pool's investments. The 'S1' volatility rating is Fitch's opinion on the relative sensitivity of a portfolio's total return and/or net asset value to assumed changes in credit spreads and interest rates. The 'S1' volatility rating indicates that the fund possesses a low sensitivity to market risks. For a full description on rating methodology, please visit [www.fitchratings.com](http://www.fitchratings.com). Ratings are subject to change and do not remove credit risk.

## Get to Know California CLASS

Holistic cash management  
designed with you in mind

California CLASS is a local government investment pool that was created under the Joint Powers Act. It allows eligible public agencies to invest their funds in a professionally managed Joint Powers Authority.

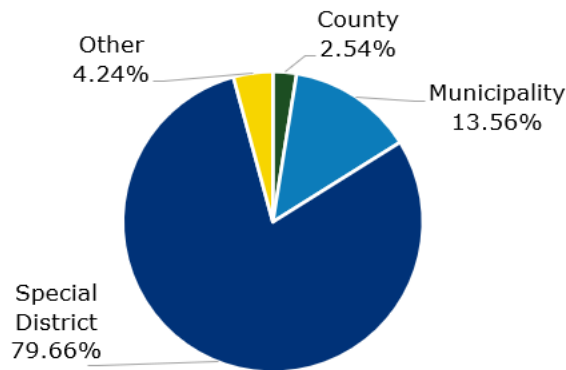
### Portfolio Allocation\*



Participation is available to any California public agency under California Government Code 6500 and 6509.7. Investments are made in accordance with California Government Code Section 53601 and the California CLASS Investment Policies.

The California CLASS portfolio investment strategy prioritizes minimizing market risk and enhancing safety via diversified investments. Funds of the Participants are invested in prime or high grade, short-term fixed income instruments as illustrated to the left. We aim to provide competitive yields while adhering to all objectives of safety and liquidity. The California CLASS Prime Fund carries a 'AAAm' rating from S&P Global Ratings.

### Participant Breakdown by Entity Type\*



### California CLASS Board of Trustees

**Christina Turner**, Chair  
City Manager  
City of Morgan Hill

**Ryan Clausnitzer**, Vice Chair  
General Manager  
Alameda County Mosquito Abatement District

**George Harris**  
Director of Finance  
City of Lancaster

**Parker R. Hunt**  
Treasurer/Tax Collector  
Tehama County

**Margaret Moggia**  
Finance Manager  
Town of Discovery Bay  
Community Services District

California CLASS welcomes all public agencies without favor to one type. The Board membership represents the diversity of such agencies and works to maintain a product that services the needs of all California public agencies.

**Contact us to get started!**  
Visit us at [www.californiaclass.com](http://www.californiaclass.com)

Source: Public Trust Advisors® \*Data as of September 30, 2023. Data unaudited. Charts may not equal 100% due to rounding. Many factors affect performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments. Investment involves risk including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved. California CLASS is not a bank. An investment in California CLASS is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the California CLASS Prime Fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. The California CLASS Prime Fund is rated 'AAAm' by S&P Global Ratings. A 'AAAm' rating by S&P Global Ratings is obtained after S&P evaluates a number of factors including credit quality, market price exposure, and management. For a full description on rating methodology, please visit [www.spglobal.com](http://www.spglobal.com). Ratings are subject to change and do not remove credit risk. Please review the California CLASS Prime Fund Information Statement before investing. **Past performance is no guarantee of future results. Any financial and/or investment decision may incur losses.**



**CALIFORNIA CLASS**  
Schedule of Investments  
10/31/23

Cusip	Security Description	Coupon	Maturity Date	Days to Reset		Share/Par	Original Cost	Amortized Cost	Price	Market Value	Unrealized Gain / (Loss)	% of MV	Ratings		YTM	Current Yield
				Maturity									S&P	Moody's		
<b>Bank Deposits</b>																
<b>BANKS SAVINGS-DEPOSIT ACCOUNT</b>																
USB DDA	USBank Overnight Sweep	1.00%	V		1	611,173.42	611,173.42	611,173.42	100.00	611,173.42	-	0.08%	A-1	NR	1.00%	1.00%
<b>TOTAL : BANKS SAVINGS-DEPOSIT ACCOUNT</b>																
						<b>611,173.42</b>	<b>611,173.42</b>	<b>611,173.42</b>		<b>611,173.42</b>	<b>-</b>	<b>0.08%</b>				
						<b>611,173.42</b>	<b>611,173.42</b>	<b>611,173.42</b>		<b>611,173.42</b>	<b>-</b>	<b>0.08%</b>				
<b>TOTAL : Bank Deposits</b>																
<b>Certificates of Deposit</b>																
<b>BANKING</b>																
05586FD53	BNP Paribas New York Branch	5.82%	F	02/01/24	93	3,000,000.00	3,000,000.00	3,000,000.00	100.00	3,000,102.00	102.00	0.38%	A-1	P-1	5.71%	5.82%
06050FHE5	Bank of America, N.A.	5.68%	V	04/11/24	1	5,000,000.00	5,000,000.00	5,000,000.00	100.00	4,999,980.00	(20.00)	0.63%	A-1	P-1	5.68%	5.68%
06051WAB0	Bank of America, N.A.	5.74%	F	02/09/24	101	2,000,000.00	2,000,000.00	2,000,000.00	99.98	1,999,672.00	(328.00)	0.25%	A-1	P-1	5.72%	5.74%
06051WDQ4	Bank of America, N.A.	5.82%	F	03/21/24	142	7,000,000.00	7,000,000.00	7,000,000.00	100.00	6,999,930.00	(70.00)	0.89%	A-1	P-1	5.79%	5.82%
06051WEP5	Bank of America, N.A.	5.84%	F	04/02/24	154	5,000,000.00	5,000,000.00	5,000,000.00	100.00	5,000,180.00	180.00	0.63%	A-1	P-1	5.80%	5.84%
13606KWJ1	Canadian Imperial Bank of Commerce of f	5.66%	V	11/10/23	1	5,000,000.00	5,000,000.00	5,000,000.00	100.00	5,000,235.00	235.00	0.63%	A-1	P-1	5.66%	5.66%
22536CSC0	Credit Agricole CIB New York	5.80%	F	03/20/24	141	5,000,000.00	5,000,000.00	5,000,000.00	99.99	4,999,593.85	(406.15)	0.63%	A-1	P-1	5.77%	5.80%
22536CGU9	Credit Agricole CIB New York	5.80%	F	03/28/24	149	7,000,000.00	7,000,000.00	7,000,000.00	99.99	6,999,062.00	(938.00)	0.89%	A-1	P-1	5.80%	5.80%
22536CC99	Credit Agricole CIB New York	5.69%	F	12/13/23	43	5,000,000.00	5,000,491.47	5,000,113.42	100.02	5,000,870.00	756.58	0.63%	A-1	P-1	5.42%	5.69%
22536CWN6	Credit Agricole CIB New York	5.40%	F	11/10/23	10	3,000,000.00	3,000,000.00	3,000,000.00	100.00	2,999,964.00	(36.00)	0.38%	A-1	P-1	5.30%	5.40%
22536DDE5	Credit Agricole CIB New York	5.74%	F	02/02/24	94	5,000,000.00	5,000,000.00	5,000,000.00	100.01	5,000,250.00	250.00	0.63%	A-1	P-1	5.71%	5.74%
22536DEL8	Credit Agricole CIB New York	5.85%	F	05/08/24	190	3,000,000.00	3,000,000.00	3,000,000.00	100.00	3,000,000.00	-	0.38%	A-1	P-1	5.85%	5.85%
23344J6R1	DZ Bank AG New York	5.37%	F	11/17/23	17	5,000,000.00	5,000,000.00	5,000,000.00	100.00	4,999,927.15	(72.85)	0.63%	A-1	P-1	5.27%	5.37%
23344J6T7	DZ Bank AG New York	5.65%	F	12/08/23	38	5,000,000.00	5,000,000.00	5,000,000.00	100.01	5,000,434.45	434.45	0.63%	A-1	P-1	5.44%	5.65%
55380UP43	MUFG Bank Ltd. New York	5.75%	F	02/15/24	107	5,000,000.00	5,000,000.00	5,000,000.00	100.00	5,000,000.00	-	0.63%	A-1	P-1	0.00%	5.75%
60683DKH1	MUFG Bank Ltd. New York	5.65%	V	11/07/23	1	5,000,000.00	5,000,000.00	5,000,000.00	100.00	5,000,148.20	148.20	0.63%	A-1	P-1	5.65%	5.65%
60683DMJ5	MUFG Bank Ltd. New York	5.70%	V	03/04/24	1	5,000,000.00	5,000,000.00	5,000,000.00	100.01	5,000,355.00	355.00	0.63%	A-1	P-1	5.70%	5.70%
60710TDX6	Mizuho Bank Ltd. New York	5.76%	V	12/07/23	1	5,000,000.00	5,000,000.00	5,000,000.00	100.03	5,001,270.00	1,270.00	0.63%	A-1	P-1	5.76%	5.76%
60710THP9	Mizuho Bank Ltd. New York	5.71%	V	03/12/24	1	2,500,000.00	2,500,000.00	2,500,000.00	100.03	2,500,720.00	720.00	0.32%	A-1	P-1	5.71%	5.71%
60710TJD4	Mizuho Bank Ltd. New York	5.71%	V	04/12/24	1	5,000,000.00	5,000,000.00	5,000,000.00	100.04	5,002,210.00	2,210.00	0.63%	A-1	P-1	5.71%	5.71%
60710TJE2	Mizuho Bank Ltd. New York	5.71%	V	04/16/24	1	5,000,000.00	5,000,000.00	5,000,000.00	100.01	5,000,440.00	440.00	0.63%	A-1	P-1	5.71%	5.71%
60710TJL6	Mizuho Bank Ltd. New York	5.71%	V	04/19/24	1	5,000,000.00	5,000,000.00	5,000,000.00	100.01	5,000,450.00	450.00	0.63%	A-1	P-1	5.71%	5.71%
63253T4L9	National Australia Bank Ltd. New York	5.71%	V	01/12/24	1	5,000,000.00	5,000,000.00	5,000,000.00	100.03	5,001,595.00	1,595.00	0.63%	A-1+	P-1	5.71%	5.71%
65558U2Q4	Nordea Bank Abp New York	5.64%	V	02/23/24	1	5,000,000.00	5,000,000.00	5,000,000.00	100.02	5,001,090.00	1,090.00	0.63%	A-1+	P-1	5.64%	5.64%
69033M255	Oversea-Chinese Banking Corp. Ltd. New	5.81%	V	11/03/23	1	5,000,000.00	5,000,000.00	5,000,000.00	100.00	5,000,120.00	120.00	0.63%	A-1+	P-1	5.81%	5.81%
69033M3R6	Oversea-Chinese Banking Corp. Ltd. New	5.69%	V	12/15/23	1	5,000,000.00	5,000,000.00	5,000,000.00	100.02	5,000,925.00	925.00	0.63%	A-1+	P-1	5.69%	5.69%
69033M4E4	Oversea-Chinese Banking Corp. Ltd. New	5.71%	V	01/19/24	1	2,500,000.00	2,500,000.00	2,500,000.00	100.03	2,500,842.50	842.50	0.32%	A-1+	P-1	5.71%	5.71%
69033M4M6	Oversea-Chinese Banking Corp. Ltd. New	5.69%	V	03/18/24	1	2,500,000.00	2,500,000.00	2,500,000.00	100.01	2,500,315.00	315.00	0.32%	A-1+	P-1	5.69%	5.69%
69033M4U8	Oversea-Chinese Banking Corp. Ltd. New	5.66%	V	03/06/24	1	2,500,000.00	2,500,000.00	2,500,000.00	100.01	2,500,270.00	270.00	0.32%	A-1+	P-1	5.66%	5.66%
69033M5G8	Oversea-Chinese Banking Corp. Ltd. New	5.71%	V	05/10/24	1	5,000,000.00	5,000,000.00	5,000,000.00	99.99	4,999,650.00	(350.00)	0.63%	A-1+	P-1	5.71%	5.71%
69033M5Q6	Oversea-Chinese Banking Corp. Ltd. New	5.68%	V	04/26/24	1	5,000,000.00	5,000,000.00	5,000,000.00	100.01	5,000,250.00	250.00	0.63%	A-1+	P-1	5.68%	5.68%
78015JB71	Royal Bank of Canada New York	5.85%	F	06/21/24	234	7,000,000.00	7,000,000.00	7,000,000.00	100.00	7,000,178.85	178.85	0.89%	A-1+	P-1	5.81%	5.85%
83050P3M9	Skandinaviska Enskilda Banken AB New Yc	5.53%	F	12/20/23	50	7,000,000.00	7,000,000.00	7,000,000.00	100.00	7,000,224.00	224.00	0.89%	A-1	P-1	5.47%	5.53%
83050P3P2	Skandinaviska Enskilda Banken AB New Yc	5.53%	F	12/28/23	58	7,000,000.00	7,000,000.00	7,000,000.00	100.00	6,999,699.00	(301.00)	0.89%	A-1	P-1	5.53%	5.53%
86564PBW0	Sumitomo Mitsui Trust Bank, Ltd. New Yo	5.58%	F	11/14/23	14	2,500,000.00	2,500,000.00	2,500,000.00	100.01	2,500,197.50	197.50	0.32%	A-1	P-1	5.31%	5.58%
86564PDW8	Sumitomo Mitsui Trust Bank, Ltd. New Yo	5.61%	F	12/21/23	51	5,000,000.00	5,000,000.00	5,000,000.00	100.01	5,000,590.00	590.00	0.63%	A-1	P-1	5.48%	5.61%
86565F2A9	Sumitomo Mitsui Trust Bank, Ltd. New Yo	5.85%	F	04/18/24	170	7,500,000.00	7,500,000.00	7,500,000.00	100.01	7,500,900.00	900.00	0.95%	A-1	P-1	5.81%	5.85%
86565FN57	Sumitomo Mitsui Banking Corp. New York	5.78%	V	01/09/24	1	5,000,000.00	5,000,000.00	5,000,000.00	100.06	5,003,065.00	3,065.00	0.63%	A-1	P-1	5.78%	5.78%
86565FP22	Sumitomo Mitsui Banking Corp. New York	5.64%	V	11/10/23	1	5,000,000.00	5,000,000.00	5,000,000.00	100.00	5,000,210.00	210.00	0.63%	A-1	P-1	5.64%	5.64%
86565FZ21	Sumitomo Mitsui Banking Corp. New York	5.82%	F	04/12/24	164	5,000,000.00	5,000,000.00	5,000,000.00	100.00	4,999,875.00	(125.00)	0.63%	A-1	P-1	5.81%	5.82%
86959R2K5	Svenska Handelsbanken New York	5.67%	V	11/20/23	1	5,000,000.00	5,000,000.00	5,000,000.00	100.01	5,000,485.00	485.00	0.63%	A-1+	P-1	5.67%	5.67%
87019WNC5	Swedbank AB of New York	5.58%	F	11/13/23	13	5,000,000.00	5,000,000.00	5,000,000.00	100.01	5,000,325.00	325.00	0.63%	A-1	P-1	5.31%	5.58%
95001KJ72	Wells Fargo Bank, N.A.	5.78%	V	11/06/23	1	5,000,000.00	5,000,000.00	5,000,000.00	100.01	5,000,291.45	291.45	0.63%	A-1	P-1	5.78%	5.78%
95001KPD0	Wells Fargo Bank, N.A.	5.69%	V	03/28/24	1	5,000,000.00	5,000,000.00	5,000,000.00	100.01	5,000,610.00	610.00	0.63%	A-1	P-1	5.69%	5.69%
<b>TOTAL : BANKING</b>						<b>211,000,000.00</b>	<b>211,000,491.47</b>	<b>211,000,113.42</b>		<b>211,017,501.95</b>	<b>17,388.53</b>	<b>26.73%</b>				
<b>TOTAL : Certificates of Deposit</b>						<b>211,000,000.00</b>	<b>211,000,491.47</b>	<b>211,000,113.42</b>		<b>211,017,501.95</b>	<b>17,388.53</b>	<b>26.73%</b>				
<b>Commercial Paper</b>																
<b>BANKING</b>																
06054CDA0	BofA Securities Inc.	5.81%	V	11/20/23	1	5,000,000.00	5,000,000.00	5,000,000.00	100.02	5,000,870.00	870.00	0.63%	A-1	N.A.	5.81%	5.81%
06054CDF9	BofA Securities Inc.	5.75%	V	12/07/23	1	5,000,000.00	5,000,000.00	5,000,000.00	100.02	5,001,220.00	1,220.00	0.63%	A-1	N.A.	5.75%	5.75%
06054NBF7	BofA Securities Inc.			02/15/24	107	2,500,000.00	2,428,590.28	2,458,409.72	98.35	2,458,682.65	272.93	0.31%	A-1	N.A.	5.73%	5.73%
06054NCS8	BofA Securities Inc.			03/05/24	126	2,500,000.00	2,427,020.83	2,450,954.86	98.04	2,451,054.25	99.39	0.31%	A-1	N.A.	5.78%	5.78%
06054NC74	BofA Securities Inc.			03/07/24	128	3,000,000.00	2,913,366.67	2,940,294.17	98.01	2,940,294.39	90.22	0.37%	A-1	N.A.	5.79%	5.79%
06054PYF7	BofA Securities Inc.			11/15/23	15	5,000,000.00	4,840,008.33	4,989,772.22	99.77	4,988,635.00	(1,137.22)	0.63%	A-1	N.A.	5.54%	5.54%
17327AA98	Citigroup Global Markets			01/09/24	70	2,000,000.00	1,934,135.56	1,978,763.33	98.93	1,978,611.12	(152.21)	0.25%	A-1	P-1	5.64%	5.64%
17327ADP9	Citigroup Global Markets			04/23/24	175	7,000,000.00	6,763,798.61	6,808,841.67	97.25	6,807,589.						



**CALIFORNIA CLASS**  
Schedule of Investments  
10/31/23

Cusip	Security Description	Coupon	Maturity Date	Days to Reset		Share/Par	Original Cost	Amortized Cost	Price	Market Value	Unrealized Gain / (Loss)	% of MV	Ratings		YTM	Current Yield
				Maturity									S&P	Moody's		
17327ADR5	Citigroup Global Markets		04/25/24	177		5,000,000.00	4,833,050.00	4,861,400.00	97.18	4,859,115.00	(2,285.00)	0.62%	A-1	P-1	5.98%	5.98%
17327AE29	Citigroup Global Markets		05/02/24	184		5,000,000.00	4,827,416.67	4,855,125.00	97.11	4,855,355.55	230.55	0.62%	A-1	P-1	5.91%	5.91%
17327BZ57	Citigroup Global Markets		12/05/23	35		5,000,000.00	4,861,750.00	4,973,886.11	99.47	4,973,604.15	(281.96)	0.63%	A-1	P-1	5.53%	5.53%
44988GDP0	ING (U.S.) Funding LLC	5.68%	12/22/23	1		5,000,000.00	5,000,000.00	5,000,000.00	100.03	5,001,355.00	1,355.00	0.63%	A-1	P-1	5.68%	5.68%
45685QDN6	ING (U.S.) Funding LLC		04/22/24	174		3,000,000.00	2,915,550.00	2,918,834.17	97.28	2,918,373.69	(460.48)	0.37%	A-1	P-1	5.87%	5.87%
591577CF8	MetLife Short Term Funding LLC		03/15/24	136		2,500,000.00	2,424,322.22	2,447,875.00	97.95	2,448,653.70	778.70	0.31%	A-1+	P-1	5.63%	5.63%
591577D42	MetLife Short Term Funding LLC		04/04/24	156		2,500,000.00	2,427,541.67	2,440,260.42	97.62	2,440,346.68	286.26	0.31%	A-1+	P-1	5.70%	5.70%
59157VBA5	MetLife Short Term Funding LLC	5.64%	05/06/24	1		5,000,000.00	5,000,000.00	5,000,000.00	100.01	5,000,255.00	255.00	0.63%	A-1+	P-1	5.64%	5.64%
59157VBB3	MetLife Short Term Funding LLC	5.64%	05/13/24	1		5,000,000.00	5,000,000.00	5,000,000.00	100.00	5,000,005.00	5.00	0.63%	A-1+	P-1	5.64%	5.64%
74154ECD8	Pricoa Short Term Funding LLC		03/13/24	134		5,000,000.00	4,862,825.00	4,896,925.00	97.92	4,896,174.80	(750.20)	0.62%	A-1+	P-1	5.78%	5.78%
74154ED39	Pricoa Short Term Funding LLC		04/03/24	155		3,000,000.00	2,912,272.50	2,928,518.33	97.59	2,927,580.57	(937.76)	0.37%	A-1+	P-1	5.83%	5.83%
89233GC80	Toyota Motor Credit Corp.		03/11/24	132		5,000,000.00	4,862,544.44	4,898,838.89	97.93	4,896,610.00	(2,228.89)	0.62%	A-1+	P-1	5.84%	5.84%
<b>TOTAL : BANKING</b>						<b>83,000,000.00</b>	<b>81,234,192.78</b>	<b>81,848,608.89</b>		<b>81,844,586.50</b>	<b>(4,022.39)</b>	<b>10.37%</b>				
<b>TOTAL : Commercial Paper</b>						<b>83,000,000.00</b>	<b>81,234,192.78</b>	<b>81,848,608.89</b>		<b>81,844,586.50</b>	<b>(4,022.39)</b>	<b>10.37%</b>				
<b>Asset Backed Commercial Paper</b>																
<b>BANKING</b>																
04821PDM2	Atlantic Asset Securitization LLC	5.73%	01/10/24	1		3,000,000.00	3,000,000.00	3,000,000.00	100.03	3,001,047.00	1,047.00	0.38%	A-1	P-1	5.73%	5.73%
07644ABD5	Bedford Row Funding Corp.		02/13/24	105		2,500,000.00	2,429,601.39	2,459,772.22	98.38	2,459,604.18	(168.04)	0.31%	A-1+	P-1	5.71%	5.71%
07644AD92	Bedford Row Funding Corp.		04/09/24	161		2,500,000.00	2,426,111.11	2,437,777.78	97.50	2,437,470.88	(306.90)	0.31%	A-1+	P-1	5.82%	5.82%
07644CK66	Bedford Row Funding Corp.	5.74%	01/22/24	1		5,000,000.00	5,000,000.00	5,000,000.00	100.04	5,002,045.00	2,045.00	0.63%	A-1+	P-1	5.74%	5.74%
07644CK82	Bedford Row Funding Corp.	5.69%	01/17/24	1		2,500,000.00	2,500,000.00	2,500,000.00	100.03	2,500,742.50	742.50	0.32%	A-1+	P-1	5.69%	5.69%
07644CKD1	Bedford Row Funding Corp.	5.70%	05/23/24	1		5,000,000.00	5,000,000.00	5,000,000.00	100.03	5,001,550.00	1,550.00	0.63%	A-1+	P-1	5.70%	5.70%
07646KGV6	Bedford Row Funding Corp.	5.69%	01/09/24	1		5,000,000.00	5,000,000.00	5,000,000.00	100.03	5,001,435.00	1,435.00	0.63%	A-1+	P-1	5.69%	5.69%
12710GA83	Cabot Trail Funding LLC		01/08/24	69		5,000,000.00	4,859,750.00	4,947,016.67	98.93	4,946,335.00	(481.67)	0.63%	A-1+	P-1	5.72%	5.72%
12710GAP5	Cabot Trail Funding LLC		01/23/24	84		2,500,000.00	2,427,150.00	2,467,837.50	98.70	2,467,461.68	(375.82)	0.31%	A-1+	P-1	5.73%	5.73%
15963UZ74	Chariot Funding LLC		12/07/23	37		2,500,000.00	2,453,750.00	2,486,125.00	99.45	2,486,160.13	35.13	0.31%	A-1	P-1	5.49%	5.49%
16115VBM0	Charta LLC		02/21/24	113		2,500,000.00	2,451,605.56	2,456,288.89	98.25	2,456,364.23	75.34	0.31%	A-1	P-1	5.74%	5.74%
16115WZ18	Charta LLC		12/01/23	31		5,000,000.00	4,863,286.11	4,976,958.33	99.53	4,976,255.00	(703.33)	0.63%	A-1	P-1	5.62%	5.62%
19767CBG0	Columbia Funding Co. LLC		02/16/24	108		2,500,000.00	2,427,408.33	2,458,240.28	98.32	2,457,970.00	(270.28)	0.31%	A-1	P-1	5.78%	5.78%
19767CB72	Columbia Funding Co. LLC		02/27/24	119		2,500,000.00	2,429,234.03	2,453,865.28	98.11	2,452,657.50	(1,207.78)	0.31%	A-1	P-1	5.92%	5.92%
19767CDK9	Columbia Funding Co. LLC		04/19/24	171		7,500,000.00	7,281,500.00	7,298,125.00	97.23	7,292,212.50	(5,912.50)	0.92%	A-1	P-1	6.08%	6.08%
38346MYF5	Gotham Funding Corp.		11/15/23	15		5,000,000.00	4,864,044.44	4,989,655.56	99.78	4,988,854.15	(801.41)	0.63%	A-1	P-1	5.44%	5.44%
40060WA51	GTA Funding LLC		01/05/24	66		7,500,000.00	7,293,520.84	7,424,031.25	98.97	7,423,050.00	(981.25)	0.94%	A-1+	P-1	5.73%	5.73%
40060WAR3	GTA Funding LLC		01/25/24	86		2,000,000.00	1,941,406.67	1,973,594.33	98.68	1,973,594.82	86.49	0.25%	A-1+	P-1	5.68%	5.68%
40060WAA2	GTA Funding LLC		01/30/24	91		2,500,000.00	2,457,451.39	2,465,187.50	98.58	2,464,390.00	(797.50)	0.31%	A-1+	P-1	5.80%	5.80%
40060WBM3	GTA Funding LLC		02/21/24	113		2,500,000.00	2,456,444.44	2,456,444.44	98.25	2,456,243.90	(200.54)	0.31%	A-1+	P-1	5.75%	5.75%
40060WD17	GTA Funding LLC		04/01/24	153		7,000,000.00	6,788,001.11	6,833,897.78	97.61	6,832,358.75	(1,539.03)	0.87%	A-1+	P-1	5.85%	5.85%
40060XZ63	GTA Funding LLC		12/14/23	44		5,000,000.00	4,860,466.67	4,967,033.33	99.32	4,966,005.00	(1,028.33)	0.63%	A-1+	P-1	5.68%	5.68%
4820P2A81	Jupiter Securitization Co. LLC		01/11/24	72		5,000,000.00	4,858,444.44	4,944,777.78	98.90	4,945,240.00	462.22	0.63%	A-1	P-1	5.61%	5.61%
50286MZ61	La Fayette Asset Securitization LLC		12/06/23	36		5,000,000.00	4,858,166.67	4,973,020.83	99.46	4,973,080.00	59.17	0.63%	A-1	P-1	5.49%	5.49%
53127TAA1	Liberty Street Funding LLC		01/10/24	71		3,000,000.00	2,906,112.50	2,967,625.00	98.87	2,966,223.00	(1,402.00)	0.38%	A-1	P-1	5.85%	5.85%
53127TDK6	Liberty Street Funding LLC		04/19/24	171		5,000,000.00	4,855,125.00	4,865,416.67	97.33	4,866,346.90	930.23	0.62%	A-1	P-1	5.86%	5.86%
53127TDP5	Liberty Street Funding LLC		04/23/24	175		5,000,000.00	4,853,008.33	4,862,491.66	97.10	4,855,045.00	(7,446.66)	0.62%	A-1	P-1	6.23%	6.23%
53127TE17	Liberty Street Funding LLC		05/01/24	183		2,000,000.00	1,939,622.78	1,942,467.78	96.96	1,939,168.00	(3,299.78)	0.25%	A-1	P-1	6.26%	6.26%
53944QAB6	LMA Americas LLC		01/11/24	72		5,000,000.00	4,854,055.56	4,943,988.89	98.88	4,943,825.00	(163.89)	0.63%	A-1	P-1	5.76%	5.76%
53944QAJ8	LMA Americas LLC		01/18/24	79		5,000,000.00	4,837,541.67	4,939,658.33	98.77	4,938,260.00	(1,398.33)	0.63%	A-1	P-1	5.78%	5.78%
53944QB58	LMA Americas LLC		02/05/24	97		2,000,000.00	1,967,041.67	1,969,866.67	98.48	1,969,544.00	(322.67)	0.25%	A-1	P-1	5.82%	5.82%
53944QB3	LMA Americas LLC		02/28/24	120		2,500,000.00	2,428,197.92	2,453,309.03	98.11	2,452,642.50	(666.53)	0.31%	A-1	P-1	5.87%	5.87%
53944QD16	LMA Americas LLC		04/18/24	170		5,000,000.00	4,855,887.50	4,866,912.50	97.28	4,864,215.00	(2,697.50)	0.62%	A-1	P-1	5.99%	5.99%
54316TA36	Longship Funding LLC		01/03/24	64		5,000,000.00	4,915,513.89	4,951,612.50	99.02	4,951,100.00	(512.50)	0.63%	A-1+	P-1	5.63%	5.63%
55458EC73	Mackinac Funding Company, LLC		03/07/24	128		5,000,000.00	4,862,673.61	4,900,340.28	97.95	4,897,685.00	(2,655.28)	0.62%	A-1	P-1	5.96%	5.96%
55458ECF5	Mackinac Funding Company, LLC		03/15/24	136		10,000,000.00	9,712,006.94	9,788,125.00	97.87	9,787,260.70	(864.30)	1.24%	A-1	P-1	5.83%	5.83%
55458ED16	Mackinac Funding Company, LLC		04/18/24	170		5,000,000.00	4,861,155.56	4,866,677.78	97.24	4,861,870.00	(4,807.78)	0.62%	A-1	P-1	6.10%	6.10%
56274MZD7	Manhattan Asset Funding Co.		12/13/23	43		5,000,000.00	4,854,097.22	4,967,916.67	99.34	4,966,955.00	(961.67)	0.63%	A-1	P-1	5.65%	5.65%
56274WDM9	Manhattan Asset Funding Co.	5.73%	01/04/24	1		5,000,000.00	5,000,000.00	5,000,000.00	100.03	5,001,695.00	1,695.00	0.63%	A-1	P-1	5.73%	5.73%
67983TC80	Old Line Funding LLC		03/11/24	132		2,000,000.00	1,934,550.00	1,959,171.67	97.93	1,958,669.34	(502.33)	0.25%	A-1+	P-1	5.83%	5.83%
67983UY11	Old Line Funding LLC		11/20/23	20		5,000,000.00	4,862,450.00	4,986,172.22	99.70	4,985,148.15	(1,024.07)	0.63%	A-1+	P-1	5.44%	5.44%
67983UYM9	Old Line Funding LLC		11/21/23	21		2,500,000.00	2,433,154.17	2,492,694.44	99.69	2,492,200.83	(493.61)	0.32%	A-1+	P-1	5.44%	5.44%
67984RN3	Old Line Funding LLC	5.69%	01/10/24	1		5,000,000.00	5,000,000.00	5,000,000.00	100.03	5,001,355.00	1,355.00	0.63%	A-1+	P-1	5.69%	5.69%
67984RN1	Old Line Funding LLC	5.69%	01/17/24	1		2,500,000.00	2,500,000.00	2,500,000.00	100.03	2,500,742.50	742.50	0.32%	A-1+	P-1	5.69%	5.69%
76582JB86	Ridgefield Funding Co. LLC		02/08/24	100		3										

**CALIFORNIA CLASS**  
Schedule of Investments  
10/31/23

Cusip	Security Description	Coupon	Maturity Date	Days to Reset		Share/Par	Original Cost	Amortized Cost	Price	Market Value	Unrealized		Ratings		YTM	Current Yield
				Maturity							Gain / (Loss)	% of MV	S&P	Moody's		
85520PJ09	Starbird Funding Corp.	5.68%	V	03/04/24	1	2,500,000.00	2,500,000.00	2,500,000.00	100.02	2,500,510.00	510.00	0.32%	A-1	P-1	5.68%	5.68%
85520PJ07	Starbird Funding Corp.	5.67%	V	03/08/24	1	5,000,000.00	5,000,000.00	5,000,000.00	100.01	5,000,695.00	695.00	0.63%	A-1	P-1	5.67%	5.67%
85520PJ04	Starbird Funding Corp.	5.66%	V	03/07/24	1	5,000,000.00	5,000,000.00	5,000,000.00	100.01	5,000,515.00	515.00	0.63%	A-1	P-1	5.66%	5.66%
85520PJ02	Starbird Funding Corp.	5.66%	V	03/12/24	1	5,000,000.00	5,000,000.00	5,000,000.00	100.01	5,000,530.00	530.00	0.63%	A-1	P-1	5.66%	5.66%
88602TBL6	Thunder Bay Funding LLC			02/20/24	112	5,000,000.00	4,902,104.17	4,914,437.50	98.23	4,911,670.00	(2,767.50)	0.62%	A-1+	P-1	5.86%	5.86%
<b>TOTAL : BANKING</b>																
						<b>216,000,000.00</b>	<b>211,515,634.47</b>	<b>213,468,108.90</b>		<b>213,436,156.38</b>	<b>(31,952.52)</b>	<b>27.04%</b>				
<b>TOTAL : Asset Backed Commerical Paper</b>						<b>216,000,000.00</b>	<b>211,515,634.47</b>	<b>213,468,108.90</b>		<b>213,436,156.38</b>	<b>(31,952.52)</b>	<b>27.04%</b>				
<b>Government Bond</b>																
<b>GOVERNMENT SPONSORED</b>																
3130AVUC4	Federal Home Loan Bank	5.33%	V	11/03/23	1	5,000,000.00	5,000,000.00	5,000,000.00	100.00	4,999,995.00	(5.00)	0.63%	AA+	Aaa	5.34%	5.34%
3130AVUD2	Federal Home Loan Bank	5.34%	V	11/28/23	1	5,000,000.00	5,000,000.00	5,000,000.00	100.00	4,999,915.00	(85.00)	0.63%	AA+	Aaa	5.34%	5.34%
3130AW3B4	Federal Home Loan Bank	5.35%	V	11/17/23	1	5,000,000.00	5,000,000.00	5,000,000.00	100.00	4,999,965.00	(35.00)	0.63%	AA+	Aaa	5.35%	5.35%
3130AX4H8	Federal Home Loan Bank	5.35%	V	02/05/24	1	5,000,000.00	5,000,000.00	5,000,000.00	100.00	5,000,041.35	41.35	0.63%	AA+	Aaa	5.35%	5.35%
3130AX4X3	Federal Home Loan Bank	5.34%	V	12/06/23	1	5,000,000.00	5,000,000.00	5,000,000.00	100.00	4,999,894.30	(105.70)	0.63%	AA+	Aaa	5.34%	5.34%
3130AX652	Federal Home Loan Bank	5.36%	V	03/18/24	1	5,000,000.00	5,000,000.00	5,000,000.00	100.06	5,003,164.20	3,164.20	0.63%	AA+	Aaa	5.36%	5.36%
3130AXC48	Federal Home Loan Bank	5.33%	V	12/22/23	1	5,000,000.00	5,000,000.00	5,000,000.00	100.00	5,000,100.00	100.00	0.63%	AA+	Aaa	5.33%	5.33%
3130AXDQ8	Federal Home Loan Bank	5.36%	V	03/26/24	1	5,000,000.00	5,000,000.00	5,000,000.00	100.00	4,999,911.55	(88.45)	0.63%	AA+	Aaa	5.36%	5.36%
3130AXFV5	Federal Home Loan Bank	5.34%	V	01/05/24	1	5,000,000.00	5,000,000.00	5,000,000.00	100.00	4,999,898.60	(101.40)	0.63%	AA+	Aaa	5.34%	5.34%
3130AXJ41	Federal Home Loan Bank	5.34%	V	01/17/24	1	5,000,000.00	5,000,000.00	5,000,000.00	100.03	5,001,707.55	1,707.55	0.63%	AA+	Aaa	5.34%	5.34%
3130AXJV1	Federal Home Loan Bank	5.34%	V	01/18/24	1	5,000,000.00	5,000,000.00	5,000,000.00	100.00	5,000,150.00	150.00	0.63%	AA+	Aaa	5.34%	5.34%
3130AXMB1	Federal Home Loan Bank	5.35%	V	01/23/24	1	5,000,000.00	5,000,000.00	5,000,000.00	100.01	5,000,658.80	658.80	0.63%	AA+	Aaa	5.35%	5.35%
313312R78	Federal Farm Credit Bank			01/18/24	79	3,000,000.00	2,889,600.00	2,970,100.00	98.84	2,965,161.00	(4,939.00)	0.38%	AA+	Aaa	5.43%	5.43%
313312S78	Federal Farm Credit Bank			01/25/24	86	3,000,000.00	2,886,916.67	2,967,416.67	98.73	2,962,035.00	(5,381.67)	0.38%	AA+	Aaa	5.44%	5.44%
313384QM4	Federal Home Loan Bank			12/14/23	44	3,000,000.00	2,887,708.33	2,982,441.67	99.36	2,980,758.00	(1,683.67)	0.38%	AA+	Aaa	5.36%	5.36%
313384QN2	Federal Home Loan Bank			12/15/23	45	5,000,000.00	4,836,663.89	4,971,705.56	99.34	4,967,180.00	(4,525.56)	0.63%	AA+	Aaa	5.36%	5.36%
313384SP5	Federal Home Loan Bank			02/02/24	94	5,000,000.00	4,824,066.67	4,940,066.67	98.62	4,930,765.00	(9,301.67)	0.62%	AA+	Aaa	5.45%	5.45%
313384TT6	Federal Home Loan Bank			03/01/24	122	5,000,000.00	4,808,530.56	4,923,030.56	98.20	4,909,925.00	(13,105.56)	0.62%	AA+	Aaa	5.49%	5.49%
<b>TOTAL : GOVERNMENT SPONSORED</b>																
						<b>84,000,000.00</b>	<b>83,133,486.12</b>	<b>83,754,761.13</b>		<b>83,721,225.35</b>	<b>(33,535.78)</b>	<b>10.61%</b>				
<b>TOTAL : Government Bond</b>						<b>84,000,000.00</b>	<b>83,133,486.12</b>	<b>83,754,761.13</b>		<b>83,721,225.35</b>	<b>(33,535.78)</b>	<b>10.61%</b>				
<b>Money Market</b>																
<b>MONEY MARKET</b>																
608919718	Federated Government Obligations - Prer	5.26%	V		1	483,949.17	483,949.17	483,949.17	100.00	483,949.17	-	0.06%	AAA	Aaa	5.26%	5.26%
825252885	InvesCo STIT Government & Agency Portf	5.27%	V		1	387,471.72	387,471.72	387,471.72	100.00	387,471.72	-	0.05%	AAA	Aaa	5.27%	5.27%
857492706	State Street Institutional US Government	5.30%	V		1	21,616,257.69	21,616,257.69	21,616,257.69	100.00	21,616,257.69	-	2.74%	AAA	Aaa	5.30%	5.30%
949921126	Allspring Government Money Market Fun	5.29%	V		1	3,694,773.47	3,694,773.47	3,694,773.47	100.00	3,694,773.47	-	0.47%	AAA	Aaa	5.29%	5.29%
<b>TOTAL : MONEY MARKET</b>																
						<b>26,182,452.05</b>	<b>26,182,452.05</b>	<b>26,182,452.05</b>		<b>26,182,452.05</b>	<b>-</b>	<b>3.32%</b>				
<b>TOTAL : Money Market</b>						<b>26,182,452.05</b>	<b>26,182,452.05</b>	<b>26,182,452.05</b>		<b>26,182,452.05</b>	<b>-</b>	<b>3.32%</b>				
<b>Repurchase Agreement</b>																
<b>REPURCHASE AGREEMENTS</b>																
RPEI1P659	RBC Capital Markets Repo 5.24% , due 11	5.24%	F	11/01/23	1	77,100,506.80	77,100,506.80	77,100,506.80	100.00	77,100,506.80	-	9.77%	A-1+	P-1	5.24%	5.24%
RPEI1P6U4	J.P. Morgan Sec. Repo 5.29% , due 11/01,	5.29%	F	11/01/23	1	95,500,000.00	95,500,000.00	95,500,000.00	100.00	95,500,000.00	-	12.10%	A-1	P-1	5.29%	5.29%
<b>TOTAL : REPURCHASE AGREEMENTS</b>																
						<b>172,600,506.80</b>	<b>172,600,506.80</b>	<b>172,600,506.80</b>		<b>172,600,506.80</b>	<b>-</b>	<b>21.86%</b>				
<b>TOTAL : Repurchase Agreement</b>						<b>172,600,506.80</b>	<b>172,600,506.80</b>	<b>172,600,506.80</b>		<b>172,600,506.80</b>	<b>-</b>	<b>21.86%</b>				
<b>Grand Total</b>																
						<b>793,394,132.27</b>	<b>786,277,937.11</b>	<b>789,465,724.61</b>		<b>789,413,602.45</b>	<b>(52,122.16)</b>	<b>100.00%</b>				

## HERITAGE RANCH COMMUNITY SERVICES DISTRICT

### MEMORANDUM

**TO:** Board of Directors

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

**DATE:** March 21, 2024

**SUBJECT:** Request to approve an agreement for professional services with Cleath-Harris Geologists, Inc. for services associated with the Vertical Intake No. 2 project in a not to exceed amount of \$18,500.

#### **Recommendation**

It is recommended that the Board of Directors approve an agreement for professional services with Cleath-Harris Geologists, Inc. for services associated with the Vertical Intake No. 2 project in a not to exceed amount of \$18,500.

#### **Background**

The current Capital Improvement Program includes the Vertical Intake No. 2 project with an estimated project cost of \$225,000. Additionally, the FY 2023/24 budget includes \$50,000 for the design phase of this project. In previous discussions regarding ongoing Disinfection Byproduct compliance-related efforts, your Board expressed interest in proceeding with the design portion for this project.

#### **Discussion**

Staff has reached out to Cleath-Harris Geologists, Inc. (Cleath-Harris) to assist with these efforts. Cleath-Harris was the firm that performed the geologic investigation and provided well siting recommendations in 2012, as well as the Phase 1 design of the initial Vertical Intake No. 1 project in 2020. The design phase for this project is already planned for this fiscal year and staff anticipates that once operational it will help with the disinfection byproducts issue. Phase 1 is for the design and installation of the vertical intake casing. Phase 2 will be for the design and installation of the wellhead, associated pump, valving, equipment, etc. and is not covered under this agreement. Phase 2 will begin after the completion of Phase 1, as the new casing and testing will need to be completed prior to the wellhead design. A draft professional services agreement with Cleath-Harris is attached for your Board's approval.

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

## **Fiscal Implications**

There is currently enough in the FY 2023/24 Budget to cover the scope of work currently proposed. The amount of \$18,500 includes the not-to-exceed estimate of \$16,810 in CHG's proposal along with an additional +/-10% to allow for potential small contingencies without requiring additional authorization. Should additional budget be needed beyond the estimate and contingencies, staff will return to your Board for approval at the next scheduled meeting.

## **Results**

Approval of the professional services agreement with Cleath-Harris will provide resources and expertise towards refinements to the water system to continue to provide safe and reliable services to the community.

Attachments: Proposal from Cleath-Harris Geologists, Inc.

Draft Agreement for Professional Services with Cleath-Harris Geologists, Inc.

File: Projects: Vertical Intake No. 2 2024



February 29, 2024

Mr. Doug Groshart  
Heritage Ranch CSD  
4870 Heritage Road  
Paso Robles, CA 93446

**SUBJECT: Proposal for hydrogeological services in the construction of a new vertical water intake structure for the Heritage Ranch Community Services District**

Dear Mr. Groshart:

Cleath-Harris Geologists (CHG) proposes to provide hydrogeologic services to assist with the siting, drilling, casing, testing, sampling, and equipping of a new vertical intake structure that will supplement the existing water diversion gallery for the Heritage Ranch Community Services District (HRCSD). This proposal presents a scope of work, schedule, and estimated costs for these services.

**BACKGROUND**

The new Vertical Intake #2 structure should be similar in design to Vertical Intake #1, which was drilled in 2020. The proposed vertical intake will be diverting surface water from the Nacimiento River, approximately 1/2 mile east of the Nacimiento Lake dam. Test boreholes at this site were drilled in 2012, and a passive seismic survey was done in 2020. The proposed Vertical Intake #2 would be near test boring #4 (B-4), and from prior work, gravels were at approximately 24 feet depth.

**SCOPE OF WORK**

The tasks that CHG will perform include the following:

PHASE 1: Siting, planning and coordination

- Review prior work and recommend a site for the new intake structure. Verify that the location is not within the existing stream channel.
- Prepare technical specifications to outline the procedure and materials for drilling the new intake structure.
- Prepare contractor bid sheet.



- Obtain district contractor requirements for general provisions and prepare bid package.
- Assist HRCSD in soliciting bids from potential drillers.

#### PHASE 2: Intake Construction, Testing and Reporting

- Monitor the drilling of the borehole, including logging cuttings and documenting the activities during drilling.
- Monitor the installation of casing.
- Coordinate and monitor pump testing of the intake, including a 2-hour Rossum Sand Test.
- Collect water quality samples.
- Recommend an appropriate design flow to size the pump for the new intake structure.
- Write a report documenting construction and completion, along with other findings.

#### **SCHEDULE**

CHG will provide services in a timely manner to expedite the project, subject to driller and pump contractor availability.

#### **FEES AND CONDITIONS**

CHG proposes to perform the above scope of work on an hourly rate plus expenses basis in accordance with the hourly rates schedule and attached terms of fees and conditions.

The estimated cost for professional services is \$16,810. A cost breakdown is attached.

This proposal is for professional hydrogeologic services only. HRCSD would contract directly with the driller for contractor services.



**SCHEDULE OF HOURLY RATES**

Principal Hydrogeologist	\$195
Senior Hydrogeologist	\$180
Project Geologist	\$165
Environmental Scientist	\$165
GIS Specialist	\$165
Staff Geologist II	\$145
Staff Geologist I	\$130

**EXPENSES**

Mileage                      \$0.70/mile

Other expenses at cost plus 10 percent handling



**AGREEMENT**

If the above-described work scope and fees and conditions are acceptable, this proposal will serve as the basis for agreement with your signature affixed below.

Respectfully submitted,

CLEATH-HARRIS GEOLOGISTS, INC.

Andrea M. Berge,  
Project Geologist

Spencer J. Harris,  
President

attachments





## TERMS OF FEES AND CONDITIONS

1. Invoices will be submitted monthly. The invoice is due and payable upon receipt.
2. In order to defray carrying charges resulting from delayed payments, simple interest at the rate of ten percent (10%) per annum (but not to exceed the maximum rate allowed by law) will be added to the unpaid balance of each invoice. The interest period shall commence 30 days after date of original invoice and shall terminate upon date of payment. Payments will be first credited to interest and then to principle. No interest charge would be added during the initial 30 day period following date of invoice.
3. The fee for services will be based on current hourly rates for specific classifications and expenses. Hourly rates and expenses included in the attached schedule are reevaluated on January 1 and July 1 of each year.
4. Documents including tracings, maps, and other original documents as instruments of service are and shall remain properties of the consultant except where by law or precedent these documents become public property.
5. If any portion of the work is terminated by the client, then the provisions of this Schedule of Fees and Conditions in regard to compensation and payment shall apply insofar as possible to that portion of the work not terminated or abandoned. If said termination occurs prior to completion of any phase of the project, the fee for services performed during such phase shall be based on the consultant's reasonable estimate of the portion of such phase completed prior to said termination, plus a reasonable amount to reimburse consultant for termination costs.
6. If either party becomes involved in litigation arising out of this contract or the performance thereof, the court in such litigation shall award reasonable costs and expenses, including attorney's fees, to the party justly entitled thereto. In awarding attorney's fees the court shall not be bound by any court fee schedule, but shall, if it is in the interest of justice to do so, award the full amount of costs, expenses, and attorney's fees paid or incurred in good faith.
7. All of the terms, conditions and provisions hereof shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns, provided, however, that no assignment of the contract shall be made without written consent of the parties to the agreement.

**HRCSD**

**CHG COST ESTIMATE - VERTICAL INTAKE #2**

		WELL SITING STUDY				Costs
Staff:		Principal Hydrogeologist	Project Hydrogeologist	Staff Geologist II	Mileage	
Rate:		\$195	\$165	\$145	\$0.70	
Item	Description	Project Hours			Miles	Item Costs
1	Review prior work, stake recommended site for new intake, verify site is not in the existing stream channel	1	12	8		\$3,335
2	Prepare a Technical Specification to outline procedure and materials for new intake, prepare bid package	2	20	2		\$3,980
3	Assist HRCSD in soliciting bids from potential drillers		4			\$660
4	Monitor the drilling of the borehole and intake construction		1	18		\$2,775
5	Coordinate and monitor pump testing, including sand test		2	8		\$1,490
6	Coordinate/collect water quality samples		1	1		\$310
7	Recommend pump design flow, prepare construction report	2	20	2		\$3,980
					400	\$280
					<b>TOTAL</b>	<b>\$16,810</b>

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

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

**RECITALS**

A. HRCSD desires to retain Consultant to provide services related to water treatment plant assistance as identified in the attached proposal ("Proposal").

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

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

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

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

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

**CONSULTANT:** Cleath-Harris Geologists, Inc.  
75 Zaca Lane, Suite 10  
San Luis Obispo, CA 93401  
Attn: \_\_\_\_\_  
Email: \_\_\_\_\_

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

### **3. TASK ORDERS.**

A. Task Orders of this Agreement are outlined in the attached Proposal:

1. The Scope of Services that shall be performed by Consultant are outlined in the attached Proposal as "Tasks";

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

3. This Agreement has a total Not-to-Exceed amount of \$16,810.00 for all Tasks as outlined in the attached proposal.

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

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

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

### **6. COMPENSATION OF CONSULTANT.**

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

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

C. HRCSD shall review each invoice submitted by Consultant to determine whether it accurately reflects the services performed and reimbursable expenses incurred in compliance with the provisions of this Agreement and the Task Order. In the event no

charges or expenses are disputed, the invoice shall be approved and paid within thirty (30) days of receipt of the invoice. In the event HRCSD disputes any charge or expense, it shall return the original invoice to Consultant for correction and resubmission, however, the undisputed amount shall be paid as indicated above.

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

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

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

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

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

## **7. STATUS OF CONSULTANT.**

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

B. The personnel performing the services under this Agreement on behalf of Consultant shall at all times be under Consultant's exclusive direction and control. Neither HRCSD, nor any elected or appointed boards, officers, officials, employees or agents of HRCSD, shall have control over the conduct of Consultant or any of Consultant's officers,

employees or agents, except as set forth in this Agreement. Consultant shall not at any time or in any manner represent that Consultant or any of Consultant's officers, employees, subcontractors, or agents are in any manner officials, officers, employees or agents of HRCSD.

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

## **8. PERFORMANCE STANDARDS.**

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

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

**9. FAMILIARITY WITH SERVICES TO BE PERFORMED.** By executing individual Task Orders, Consultant represents that Consultant, (a) has thoroughly investigated and considered the Scope of Services referenced in Task Orders to be performed; (b) has carefully considered how the services should be performed; (c) fully understands the difficulties and restrictions attending performance of the services under this Agreement; an (d) that the Not-to-Exceed amount is adequate for the services to be performed by Consultant.

**10. TAXES.** Consultant shall pay all taxes, assessments and premiums under the federal Social Security Act, any applicable unemployment insurance contributions,

Workers Compensation insurance premiums, sales taxes, use taxes, personal property taxes, or other taxes or assessments now or hereafter in effect and payable by reason of or in connection with the services to be performed by Consultant.

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

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

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

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

## **15. INDEMNIFICATION**

A. To the fullest extent permitted by law, Consultant shall defend, (with legal counsel reasonably acceptable to the HRCSD) indemnify and hold harmless HRCSD and its officers, agents, departments, officials, representatives and employees (collectively "Indemnitees") from and against any and all claims, loss, cost, damage, injury (including, without limitation, injury to or death of an employee of Consultant or its subconsultants), expense and liability of every kind, nature and description (including, without limitation, fines, penalties, incidental and consequential damages, court costs, attorney's fees, litigation expenses and fees of expert consultants or expert witnesses incurred in connection therewith, and costs of investigation), to the extent that they arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of Consultant,

any subconsultant, anyone directly or indirectly employed by them, or anyone that they control (collectively "Liabilities") in performing services pursuant to Task Orders. Such obligations to defend, hold harmless and indemnify any Indemnitee shall not apply to the extent that such Liabilities are caused by the sole negligence, or willful misconduct of such Indemnitee.

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

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

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

## **16. INSURANCE.**

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

General Liability Insurance (ISO Form CG001 11/85) including coverage for premises, products and completed operations, independent Consultants/vendors, personal injury and contractual obligations with combined single limits of coverage of at least	\$ 1 Million per occurrence. \$ 2 Million in the aggregate
Workers' Compensation Insurance*	Statutory



Employer's Liability Insurance	\$ 1 Million policy limit
Professional Liability Insurance** or	\$ 1 Million per claim
Errors and Omissions Insurance**	\$ 1 Million in the aggregate
* Required if/when the Consultant has employees	
** May be waived upon approval by the District	

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

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

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

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

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

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

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

F. All insurance coverage required hereunder shall be kept in full force and effect for the term of this Agreement. Professional liability insurance shall be maintained for an additional, uninterrupted period of three (3) years after termination of this Agreement, provided such insurance is commercially available at rates reasonably

comparable to those currently in effect. Certificates of Insurance evidencing renewal of the required coverage shall be provided within ten (10) days of the expiration of any policy at any time during the period such policy is required to be maintained by Consultant hereunder. Any failure to comply with this requirement shall constitute a material breach of this Agreement.

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

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

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

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

## **17. PERSONNEL.**

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

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

## **18. TERMINATION.**

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

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

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

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

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

F. Should HRCSD fail to pay Consultant undisputed payments set forth in Section 6 above, Consultant may, at Consultant's option, suspend its services if such

failure is not remedied by HRCSD within thirty (30) days of written notice to HRCSD of such late payment.

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

## **20. DISPUTE RESOLUTION.**

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

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

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

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

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

**24. CONFIDENTIAL INFORMATION; RELEASE OF INFORMATION.**

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

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

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

D. Consultant shall promptly notify HRCSD should Consultant, its officers, employees, agents or subcontractors be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions or other discovery request, court order or subpoena from any party regarding this Agreement and the work performed there-under. HRCSD retains the right, but has no obligation, to represent Consultant or be present at any deposition, hearing or similar proceeding.

Consultant agrees to cooperate fully with HRCSD and to provide HRCSD with the opportunity to review any response to discovery requests provided by Consultant. However, this right to review any such response does not imply or mean the right by HRCSD to control, direct, or rewrite said response.

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

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

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

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

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

**30. NONEXCLUSIVE AGREEMENT.** Consultant understands that this is not an exclusive Agreement and that HRCSD shall have the right to negotiate with and enter into contracts with others providing the same or similar services as those provided by Consultant as the HRCSD desires.

**31. NOT USED**

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

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

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

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

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

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

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

**39. EXECUTION OF COUNTERPARTS.** This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed

to be an original; and all such counterparts, or as many of them as the parties shall preserve undestroyed, shall together constitute one and the same instrument.

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

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

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

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

CONSULTANT: Cleath-Harris Geologists, Inc.

By: \_\_\_\_\_  
\_\_\_\_\_, \_\_\_\_\_

Date: \_\_\_\_\_

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

By: \_\_\_\_\_  
Scott Duffield, General Manager

Date: \_\_\_\_\_



## HERITAGE RANCH COMMUNITY SERVICES DISTRICT

### MEMORANDUM

**TO:** Board of Directors

**FROM:** Scott Duffield, General Manager

**DATE:** March 21, 2024

**SUBJECT:** Consider alternatives and provide direction to Staff for proceeding with the Water Resource Recovery Facility project (Project).

#### **Recommendation**

It is recommended that the Board of Directors consider alternatives and provide direction to Staff for proceeding with the Water Resource Recovery Facility project (Project).

#### **Background**

At the February 15, 2024 meeting, your Board directed staff to direct WSC to stop work on the Project design, direct Tuckfield & Associates to stop work on the sewer rate study that would support the Project, and directed District Counsel to review and advise the Board regarding termination of the WSC contract.

#### **Discussion**

The District is pursuing an upgrade to the sewer plant to meet Regional Water Quality Control Board (RWQCB) regulatory compliance. The District has been under a Time Schedule Order (TSO) issued by the RWQCB since May 2018. The TSO requires the District to be in compliance by September 2027.

Your Board selected Water Systems Consulting (WSC) as the engineer of record for the Project at the Board Special Meeting of August 12, 2021. WSC and their subconsultants have been working on the Project design and environmental document since that time. WSC has completed procurement documents for the packaged-MBR equipment, and a 65% Design package which includes 133 Project Drawings, 483 pages of Project Specifications, and 15 pages of Process Control Narratives. The environmental document, an Initial Study – Mitigated Negative Declaration, is complete and was adopted by your Board in January 2024.

Staff and the Project team have been communicating with USDA regarding loan and grant funding since August 2020. Staff have been working with a finance team consisting of

USDA, a rate consultant, a municipal advisor, a bond counsel, and a placement agent since February 2021.

#### Project Alternatives.

1. Retain WSC as the engineer of record with a change in Project Manager.
2. Retain WSC and advertise the MBR equipment for bids now.
3. Retain WSC and hire an engineer to provide value engineering.
4. Retain a new engineer of record.
5. Direct Tuckfield & Associates to resume work on the rate study using a different project budget.

#### Project Implications.

The primary Project implication currently is time, especially since your Board directed that work be stopped. Depending on your Board's further direction, other implications to consider include but are not limited to:

1. Cost. There is no guarantee that moving forward with any alternative will be a savings. Value engineering costs money. A new engineer of record costs money, and any new engineer of record will need time and money to get up to speed. Time affects interest rates, costs of construction, etc.
2. USDA requirements. If your Board intends to pursue funding from USDA, their requirements will need to be met.
3. RWQCB requirements. Time is the important factor; however, there are other penalties as described below.
4. Public Contract Code requirements.
5. Rates. If your Board chooses to use a different project budget to complete the rate study, 218 process, increase, then another rate study, 218 process, increase may be necessary later.

#### **Financial Considerations**

The Project engineer of record is responsible for estimating the total capital cost of the Project. The rate consultant is responsible for using the total capital cost estimate prepared by the Project engineer of record to develop a financial plan, analyze the cost of service, and design sewer rates which are adequate to finance the Project costs. The District is responsible for ensuring that sufficient funding will be available to pay for the Project.

The total capital cost, financial plan, and sewer rates are major pieces of the Preliminary Engineering Report (PER), which is the document required and used by USDA to approve the project for funding. USDA funding is favorable to the District due to its long-term (40-years), potential for grants to offset loan amounts, and lower than market interest rates. If Project funding is approved by the USDA through the PER, their funding amount cannot

increase. The establishment of the sewer rates must meet USDA requirements, including reserve and debt service ratios.

If the Project is not online, and in compliance with Regional Water Quality Control Board (RWQCB) requirements by September 30, 2027, then mandatory minimum penalties will apply. Mandatory minimum penalties are up to \$10,000 per day per violation. The existing treatment plant regularly violates three constituents: copper, nitrate, and un-ionized ammonia. The District may also be subject to issuance of a cease and desist order in accordance with CWC section 13301, or the RWQCB may refer the matter to the Attorney General for judicial enforcement, may issue a complaint for administrative civil liability, or may take other enforcement actions.

Attachments: HydroScience Proposal to Provide Value Engineering Services

File: WRRF

March 5, 2024

Scott Duffield  
General Manager  
Heritage Ranch Community Services District  
[scott@heritageranchcsd.ca.gov](mailto:scott@heritageranchcsd.ca.gov)

HydroScience Engineers, Inc.  
741 Allston Way  
Berkeley, CA 94710  
510.540.7100

**Subject: Proposal to Provide Value Engineering Services  
Water Resource Recovery Facility Upgrade**

Dear Scott:

Thank you for reaching out to HydroScience to request that we provide a proposal for Value Engineering Services for the Heritage Ranch Community Services District (HRCSD) Water Resource Recovery Facility Project (WRRF Upgrade).

HydroScience has designed and managed the construction of dozens of similar wastewater treatment plant projects, including those using package MBR technology and constructed using funding from the USDA. We understand your project requirements and can provide engineering services HRCSD can use to evaluate WRRF Upgrade options. WRRF Upgrade project elements associated with this project include:

- Upgrades to the Aeration Lagoons No. 1 and No. 2
- New equalization basin pump station
- New headworks
- Packaged MBR
- Electrical building
- Standby generator
- Effluent pump station
- Packaged dewatering system
- Plant return pump station
- Chemical storage building
- Relocated Household Hazardous Waste Facility
- Upgrades to portions of the effluent pipeline between the WRRF to approximately 3,400 LF east onto Gateway Drive

Additionally, HRCSD is planning to structure the project to qualify for USDA funding. USDA funding has its own set of requirements and needs, and HydroScience will review the current approach and provide recommendations for how to position HRCSD to qualify for USDA funding.

HydroScience will also provide suggestions for how to move forward with the MBR procurement. Though the plans have been developed to a 60% submittal level to date, plans for the MBR have not been developed or submitted to HRCSD. This is because a package MBR vendor has not been selected yet. HydroScience has selected vendors in multiple ways for MBRs for other clients and will provide suggestions for next steps. HydroScience is very experienced in the design of wastewater treatment plants for communities such as Heritage Ranch, as we have recently completed or are actively providing design services for plants in Davis, Greenfield, Hollister, Jamestown, and St. Helena.

March 5, 2024

Scott Duffield

Proposal to Provide Value Engineering Services, Water Resource Recovery Facility Upgrade

Page 2 of 3

## **Scope of Work**

HydroScience will review the plans and specifications developed by HRCSD for the WRRF Upgrade, develop a list of review comments, and prepare value engineering suggestions. Our value engineering services will focus on the following issues, up to the level of effort included in our budget.

- Review of the layout of yard piping and unit processes within project site
- Evaluate the accessibility of unit processes for long-term operations and maintenance
- Review of the proposed equalization basin improvements, including regrading of Pond No. 2, abandonment of Pond No. 1, and the new equalization basin pump station
- Recommend procurement approach for the MBR and integrating the package MBR into the overall WRRF Upgrade design
- Evaluate need for electrical and chemical storage buildings.
- Review the need to replace approximately 3,500 LF of the 6-inch effluent pipeline
- Evaluate approach to effluent storage and pumping for permeate
- Evaluate process and instrumentation diagrams (P&IDs), focusing on adequate isolation valves, automation, instrumentation, sample ports, bypass provisions, etc.
- Review O&M flexibility provisions like flushing connections, isolation valves, etc.
- Review process guarantee and warranty requirements included in the specifications (if available).
- Review process commissioning, testing, and demonstration requirements included in the specifications (if available)
- Evaluate constructability considerations.

Based on our review of the aforementioned items, HydroScience will prepare a memorandum with our comments, questions, and items proposed for further discussion with HRCSD. It is expected that this memorandum will include a high-level summary of big picture items associated with our review of the WRRF documents, itemizing potential cost reduction opportunities, and specific comments on the plans, specifications, estimate, or approach in the 60% Design Report. Following review of the memorandum, HydroScience will participate in one virtual and one in-person meeting with HRCSD to discuss these comments and next steps. To the extent feasible, opportunities to reduce project costs from what is proposed will be calculated, given the available cost estimate and information provided by HRCSD.

## **Assumptions and Exclusions**

1. Electrical and instrumentation/controls engineer peer review not included. These elements require the MBR vendor to be known or selected and should occur as a next step. HydroScience does have in-house electrical and instrumentation/controls capability and can provide a separate proposal for these services, if requested.
2. Specialty subconsultant (structural, architectural, etc.) peer review services not included but can be provided upon request.
3. No design services are included in this proposal.

March 5, 2024

Scott Duffield

Proposal to Provide Value Engineering Services, Water Resource Recovery Facility Upgrade

Page 3 of 3

## **Budget and Schedule**

HydroScience will provide this scope of work on a time-and-materials basis in accordance with our 2024 Standard Rate Schedule up to a total not-to-exceed budget of **\$20,000**. It is expected that all work will be completed in accordance with the terms of HydroScience's Standard Form of Agreement, or a substantially similar agreement in HRCSD's standard format.

We are looking forward to the opportunity to provide service to HRCSD. I will be your primary point of contact moving forward, and you can reach me at anytime at (530) 848-3938 (cell) or [clam@hydroscience.com](mailto:clam@hydroscience.com).

Sincerely yours,

**HYDROSCIENCE ENGINEERS**



Curtis Lam, P.E.  
Principal

## HERITAGE RANCH COMMUNITY SERVICES DISTRICT

### General Manager Report For the Month of March 2024

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

#### Administration

- The Manager attended a community meeting organized by SLO County regarding the Adelaida Area Hydrogeologic Study they are working on in partnership with the Upper Salinas Las Tablas Resource Conservation District and the USGS.
- The Manager attended the March meeting of the CSDA SLO Chapter Managers.

#### Solid Waste

- IWMA is planning an educational and networking summit for Thursday, May 9, 2024. More information will be provided as it becomes available.

#### Development

- There is nothing significant to report.

#### Reservoir Status

- As reported by Monterey County Water Resources Agency (MCWRA), as of March 14, 2024, the reservoir was at approximately 794.7 feet in elevation, 92% of capacity, and 348,230-acre feet of storage. MCWRA water releases were shown as 602 cfs.

# Nacimiento Reservoir

