



CAYUCOS SANITARY DISTRICT

200 Ash Avenue / PO Box 333
Cayucos, CA 93430
(805) 995-3290

www.CayucosSanitaryDistrict.gov

GOVERNING BOARD
R. Enns, President
J. Curti, Vice-President
J. Smith, Director
J. Clark, Director
Vacant

BOARD OF DIRECTORS REGULAR MEETING AGENDA THURSDAY, SEPTEMBER 17, 2026 AT 5:00PM 200 ASH AVENUE, CAYUCOS, CALIFORNIA 93430

1. ESTABLISH QUORUM AND CALL TO ORDER

2. PUBLIC COMMENT

At this time the public may address the Board on items other than those scheduled on this agenda that are within the jurisdiction of the Board (persons wishing to speak on any item scheduled on this agenda will be given the opportunity at the time that agenda item is being considered). When recognized by the Board President, please state your name for the record (though not required). While the Board encourages public comment, in the interest of time and to facilitate orderly conduct of the meeting, the Board reserves the right to limit individual comments to three minutes. By conditions of the Brown Act, the Board is prohibited from discussing issues not posted on this agenda, but may set items for future agendas.

3. DISCUSSION AND CONSIDERATION TO ADOPT RESOLUTION 2026-12 IN HONOR AND RECOGNITION OF SHIRLEY LYON'S 20 YEARS OF SERVICE ON THE CAYUCOS SANITARY DISTRICT BOARD OF DIRECTORS Pg. 1

4. AGENDA REVIEW AND CONSIDERATION OF ITEMS TO BE DEFERRED

5. CONSENT CALENDAR

Consent Calendar items are considered routine and therefore do not require separate discussion, however, any item may be removed from the Consent Calendar by a member of the Board of Directors for separate consideration. Individual items on the Consent Calendar are approved by the same vote that approves the Consent Calendar, unless an item is pulled for separate consideration.

A. Meeting Minutes

1. Approval of minutes for the August 20, 2026 Board of Directors Regular Meeting **Pg. 3**
2. Approval of minutes for the August 31, 2026 Finance Committee Meeting **Pg. 7**

B. Financial Reports: August 2026 Pg. 9

1. Cash, Savings, and Investment Report
2. Check Registers – Wells Fargo (General & CIP Checking Accounts)
3. Budget vs. Actual Status Report
4. Capital Improvement Projects Report

6. STAFF COMMUNICATIONS AND INFORMATIONAL ITEMS

A. District Manager's Report: August 2026 Pg. 16

B. Will-Serve Activity: August 2026

1. New Will-Serves

- 2795 Studio Dr. / Smith / 064-252-029 / SFR Remodel
- 587,589 Hacienda Dr. / Christie / 064-212-022 / ADU New

2. Extended Will-Serves: None

3. Finaled Will-Serves

- 168 I St. / Oliva / 064-128-005 / SFR Addition
- 998 Pacific Ave. / Reeve / 064-151-010 / SFR New

7. DISCUSSION AND CONSIDERATION TO APPOINT A DIRECTOR TO FILL THE VACANCY FOR DISTRICT 4 OF THE CAYUCOS SANITARY DISTRICT BOARD OF DIRECTORS [Pg. 19](#)

8. DISCUSSION AND CONSIDERATION TO ADOPT RESOLUTION 2026-11 RECOMMENDING CANDIDATES FOR APPOINTMENT TO DISTRICTS 2 AND 3 OF THE CAYUCOS SANITARY DISTRICT BOARD OF DIRECTORS [Pg. 27](#)

9. DISCUSSION AND DIRECTION REGARDING RECRUITMENT FOR THE WATER RESOURCE RECOVERY FACILITY CHIEF PLANT OPERATOR POSITION AND CONSIDERATION TO MODIFY THE JOB DESCRIPTION FOR SAME [Pg. 30](#)

10. DISCUSSION AND CONSIDERATION TO APPROVE AN AGREEMENT FOR CONSULTANT SERVICES WITH WATER SYSTEMS CONSULTING, INC. (WSC) IN THE AMOUNT OF \$50,632 FOR THE DEVELOPMENT OF A CAPITAL IMPROVEMENT PLAN (CIP) [Pg. 36](#)

11. DISCUSSION AND CONSIDERATION TO ADOPT A RESERVES POLICY AND TO CONFIRM THE PROPOSED LADDER OF INVESTMENTS STRATEGY BY OPTIMIZED INVESTMENT PARTNERS (OIP) [Pg. 59](#)

12. CLOSED SESSION:

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to Government Code section 54956.9(d)(2): One potential case.

Subject Matter: Proposed District Annexation No. 21

13. RECONVENE TO OPEN SESSION & REPORT FROM CLOSED SESSION

14. BOARD MEMBER COMMENTS

This item provides the opportunity for Board members to make brief announcements and/or briefly report on their own activities related to District business.

15. FUTURE SCHEDULED MEETINGS

- A.** October 15, 2026 – Regular Board Meeting
- B.** November 19, 2026 – Regular Board Meeting
- C.** December 17, 2026 – Regular Board Meeting

16. ADJOURNMENT

This agenda was prepared and posted pursuant to Government Code Section 54954.2. The agenda, staff reports or other documentation relating to each item of business referred to on the agenda can be accessed and downloaded from the District's website at <https://www.cayucossanitarydistrict.gov/meetings>

All staff reports or other documentation relating to each item of business referred to on the agenda are also on file at the District office, available for public inspection or reproduction at cost. If requested, the agenda shall be made available in appropriate alternative formats to persons with a disability, as required by the Americans with Disability Act. To make a request for disability-related modification or accommodation, contact the District at (805) 995-3290 as soon as possible and at least 48 hours prior to the meeting date.

RESOLUTION NO. 2026-12
SEPTEMBER 17, 2026

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CAYUCOS SANITARY DISTRICT
RECOGNIZING AND HONORING DIRECTOR SHIRLEY LYON FOR 20 YEARS OF
DEDICATED SERVICE TO THE CAYUCOS SANITARY DISTRICT AND THE CAYUCOS
COMMUNITY**

WHEREAS, the Cayucos Sanitary District ("District") recognizes the importance of dedicated public service and the significant contributions made by elected officials in serving the residents and community of Cayucos; and

WHEREAS, Shirley Lyon was elected to the Board of Directors of the Cayucos Sanitary District in 2006 and faithfully served the District and the Cayucos community for **20 years**, from 2006 through 2026; and

WHEREAS, throughout her tenure, Director Lyon has demonstrated a steadfast commitment to the District and its responsibility to provide essential sanitary sewer and solid waste services to the Cayucos community; and

WHEREAS, Director Lyon has devoted countless hours to Board meetings, committee meetings, special meetings, JPA meetings and District business, bringing her knowledge, experience, thoughtful consideration, and long-term perspective to matters affecting the District and its ratepayers; and

WHEREAS, Director Lyon was appointed to the District's **Budget Committee in 2011** and has continued to contribute her knowledge and perspective to the District's financial planning, budgeting, and consideration of its long-term financial needs; and

WHEREAS, Director Lyon has served on the District's **Wastewater Treatment Plant/Joint Powers Authority Committee**, including during the significant transition from the District's former arrangement with the City of Morro Bay for wastewater treatment to the development and operation of the District's own wastewater treatment facility, an important milestone in the District's history and its long-term sustainability; and

WHEREAS, Director Lyon has also served on the District's **Personnel Committee**, where she demonstrated a consistent commitment to supporting District staff and recognizing the important role staff play in providing reliable services to the community; and

WHEREAS, Director Lyon was appointed **Vice President of the Board of Directors in May 2022**, a position in which she provided additional leadership and support to the District; and

WHEREAS, through two decades of service, Director Lyon has provided continuity and institutional knowledge through changes in District leadership, Board membership, operations, infrastructure, and long-term planning; and

WHEREAS, Director Lyon's willingness to dedicate 20 years of her time and energy to public service reflects her deep commitment to the Cayucos community and her desire to contribute to the continued success and sustainability of the District; and

WHEREAS, the Board of Directors wishes to recognize the significance of Director Lyon's two decades of service and to express its sincere gratitude for the many contributions she has made to the Cayucos Sanitary District and the community it serves.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Cayucos Sanitary District as follows:

1. **Director Shirley Lyon is hereby recognized and honored for 20 years of dedicated and faithful service to the Cayucos Sanitary District and the Cayucos community, from 2006 through 2026.**
2. The Board of Directors expresses its sincere appreciation to Director Lyon for her commitment, leadership, thoughtful service, and enduring support for the District and its staff.
3. The Board of Directors gratefully acknowledges Director Lyon's contributions to the District's financial planning, personnel matters, wastewater treatment planning and transition, and the long-term sustainability of the Cayucos community.
4. The Board of Directors extends its sincere thanks and best wishes to Director Lyon in recognition of her **20 years of service, leadership, and dedication to the Cayucos Sanitary District.**

On motion of Director _____, seconded by Director _____, and on the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAINING:

The foregoing resolution is hereby adopted this ____ day of _____, 2026.

Robert B. Enns
President

John Curti
Vice President

Joe Clark
Director

Justin Smith
Director

ATTEST:

David M. Athey
District Manager



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AGENDA ITEM:

5.A.1

BOARD OF DIRECTORS REGULAR MEETING MINUTES THURSDAY, AUGUST 20, 2026 AT 5:00PM 200 ASH AVE. CAYUCOS, CA 93430

1. ESTABLISH QUORUM AND CALL TO ORDER

President Enns called the meeting to order at 5:00 p.m.

Directors Present: President Robert Enns, Vice-President John Curti, Director Justin Smith, and Director Joe Clark

Directors Absent: Director Shirley Lyon

Staff Present: District Manager David Athey and Administrative Services Manager Amy Lessi

2. PUBLIC COMMENT

John McGee of the Cayucos Lions Club and Brendan Fritzsche of the Cayucos Chamber of Commerce thanked the Board and District for the Solid Waste Grant monies that were donated to their respective organizations to assist with solid waste disposal efforts over the 4th of July holiday weekend. Local resident Jim Billings wondered if the District's cybersecurity has been evaluated recently. District Manager Athey responded that a threat analysis was completed earlier in the month, with findings indicating the District is in a favorable position.

3. ITEMS TO BE DEFERRED: None

4. CONSENT CALENDAR

Director Curti requested clarification on the \$184,989.73 payment to SDRMA, and Manager Athey responded that it is the annual payment for property liability and worker's compensation insurance.

Public Comment: None

Motion: By Director Curti to approve items on the Consent Calendar as prepared

Second: By Director Clark

Vote: 4-0 Motion passed

5. STAFF COMMUNICATIONS AND INFORMATIONAL ITEMS

Manager Athey gave a summary of the previous month's activities. Director Smith noted that no call outs occurred over the last two months, and Manager Athey replied that staff has been fine-tuning alarm settings to help prevent unnecessary alarms and call outs.

Public Comment: Jim Billings commented that he recently took a tour of the Water Resource Recovery Facility and appreciated the lack of odor and the limited staff required to run the plant.

Item 5 was received and accepted (no Board action necessary).

6. DISCUSSION AND CONSIDERATION TO ADOPT RESOLUTION 2026-09 APPROVING AMENDMENTS TO CAYUCOS SANITARY DISTRICT'S CONFLICT OF INTEREST CODE AS PART OF THE REQUIRED BIENNIAL REVIEW

Manager Athey presented the review of the District's Conflict of Interest Code, noting that there was only one proposed revision to update the designated position title from "Administrative Services Manager" to "Administrative Services Manager/Board Secretary."

Public Comment: None

Motion: By Director Curti to adopt Resolution 2026-09 approving amendments to Cayucos Sanitary District's Conflict of Interest Code as part of the required biennial review

Second: By Director Smith

Rollcall Vote: Curti-yes, Smith-yes, Clark-yes, Enns-yes, Lyon-absent; 4-0 Motion passed

7. DISCUSSION AND CONSIDERATION OF THE DISTRICT-OFFERED HMO HEALTH PLAN COST AND REVIEW OF THE PLAN CHANGES FOR 2027

President Enns noted that two District employees have families with children and expressed a desire to provide medical coverage for their entire families. Director Clark added that providing competitive benefits can help with employee retention.

Public Comment: Jim Billings wondered if there is a limit to how many dependents can be claimed under the family plan, and Manager Athey replied there is no limit.

Motion: By Director Curti to authorize full premium coverage for the Blue Shield EPO HMO Family Plan at the rate of \$3,062.20 per employee per month

Second: By Director Smith

Vote: 4-0 Motion passed

8. DISCUSSION AND CONSIDERATION TO ADOPT A CALPERS UNFUNDED ACCRUED LIABILITY POLICY AND TO APPROVE A PAYMENT TO CALPERS IN THE AMOUNT OF \$431,750

Manager Athey summarized the unfunded liability issue and the proposed policy to help address it. Director Curti expressed concern about including a fixed payment amount in the policy, and asked if funding for the Toro to Chaney Main Line Replacement Project was considered. Manager Athey responded that the policy states "when practical," so there is no obligation to pay a fixed amount, and confirmed that adoption of the policy will not jeopardize the Project. Director Smith discussed the intent of the "Guidance" section with Manager Athey.

Public Comment: Jim Billings wondered how the District came to be in this position and whether employees are required to make contributions. Manager Athey elaborated on the underlying circumstances of the issue and responded that only the District is required to make payments on this debt, not the employee.

Motion: By Director Curti to adopt a CalPERS Unfunded Accrued Liability Policy and to approve a payment to CalPERS in the amount of \$431,750

Second: By Director Smith

Vote: 4-0 Motion passed

9. DISCUSSION AND CONSIDERATION TO APPROVE A MITIGATION AGREEMENT AND A LANDOWNER ACCESS AGREEMENT RELATED TO THE TORO CREEK RESTORATION PROJECT AND TO AUTHORIZE THE DISTRICT MANAGER TO EXECUTE SAID AGREEMENTS

President Enns requested that a gate be constructed to ensure continued site access.

Public Comment: None

Motion: By Director Smith to approve a Mitigation Agreement and a Landowner Access Agreement related to the Toro Creek Restoration Project and to authorize the District Manager to execute said agreements

Second: By Director Clark

Vote: 4-0 Motion passed

10. DISCUSSION AND CONSIDERATION TO APPROVE AN AMENDMENT TO THE DISTRICT MANAGER'S EMPLOYMENT AGREEMENT APPROVING A COST OF LIVING SALARY ADJUSTMENT

The Board considered an amendment to the District Manager's Employment Agreement to provide a 2.5% cost of living adjustment to his annual base salary, effective July 1, 2026.

Public Comment: None

Motion: By Director Clark to approve an amendment to the District Manager's Employment Agreement approving a cost of living salary adjustment

Second: By Director Curti

Vote: 4-0 Motion passed

11. DISCUSSION AND CONSIDERATION TO ADJUST THE SALARY RANGE FOR THE ADMINISTRATIVE ACCOUNTING MANAGER POSITION

Manager Athey presented the proposed salary adjustment for the Administrative Accounting Manager (AAM) position, including a comparison of salaries and responsibilities among local peer agencies. The Board spoke favorably of Gayle's performance, aptitude, and range of responsibilities, and recognized that she is currently at Step F, the top of the existing salary schedule, leaving no opportunity for further step increases. The Board discussed adjusting the proposed salary schedule so that the proposed Step F rate of \$66.45 per hour would become Step C, thereby providing opportunities for future step increases as Gayle progresses through the schedule.

Public Comment: None

Motion: By Director Smith to adjust the salary schedule for the AAM position and make Step C \$66.45/hour

Second: By Director Curti

Vote: 4-0 Motion passed

12. DISCUSSION AND CONSIDERATION TO ADOPT RESOLUTION 2026-10 AMENDING THE DISTRICT SALARY SCHEDULE

Manager Athey explained that a resolution is required when the District's Salary Schedule is modified.

Public Comment: None

Motion: By Director Curti to adopt Resolution 2026-10 amending the Cayucos Sanitary District Salary Schedule to reflect the increase in the Administrative Accounting Manager position's pay range and the amendment to the District Manager's Employment Agreement

Second: By Director Clark

Rollcall Vote: Curti-yes, Clark-yes, Smith-yes, Enns-yes, Lyon-absent; 4-0 Motion passed

13. DISCUSSION AND DIRECTION REGARDING OUTREACH FOR UNCONTESTED/VACANT BOARD SEATS SUBJECT TO COUNTY APPOINTMENT

President Enns suggested the creation of an Ad Hoc Committee to facilitate recruitment for the vacant Board seats in Divisions 2 and 3 of the CSD voting districts, with interested candidates to be interviewed and considered for appointment at the next regular meeting of the Board.

Public Comment: None

Motion: By Director Smith to appoint President Enns and Director Curti to an Ad Hoc Committee to strategize recruitment for vacant Board positions

Second: By Director Clark

Vote: 4-0 Motion passed

14. BOARD MEMBER COMMENTS

None

15. FUTURE SCHEDULED MEETINGS

16. ADJOURNMENT

The meeting adjourned at 7:13 p.m.

Minutes Respectfully Submitted By:

X 

Amy Lessi
Administrative Services Manager/Board Secretary



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AGENDA ITEM:

5.A.2

GOVERNING BOARD

R. Enns, President
J. Curti, Vice-President
J. Smith, Director
J. Clark, Director
Vacant

COMMITTEE MEMBERS

R. Enns, President
J. Curti, Vice-President

BOARD OF DIRECTORS FINANCE COMMITTEE MEETING MINUTES MONDAY, AUGUST 31, 2026 AT 3:00 PM 200 ASH AVENUE, CAYUCOS, CA 93430

1. CALL MEETING TO ORDER

President Enns called the meeting to order at 3:00 p.m.

Directors present: President Robert Enns and Vice-President John Curti

Staff present: District Manager David Athey and Admin. Accounting Manager Gayle Good

2. PUBLIC COMMENT

None

3. PRESENTATION FROM OPTIMIZED INVESTMENT PARTNERS ON INVESTMENT SERVICES FOR THE DISTRICT

The Committee received the presentation from Robert Michalik of Optimized Investment Partners (OIP) with a focus upon OIP's investment laddering approach. Director Curti requested more frequent reports, perhaps on a monthly basis. President Enns further requested an emphasis on investment returns versus program expenses.

Public Comment: None

Recommendation: Continue OIP's contract as approved at the September 18, 2025 meeting

4. DISCUSSION AND CONSIDERATION REGARDING A RESERVES POLICY

The draft Policy was reviewed. The Committee recommended adjustment to the amount of recommended reserves for both the General Reserve and the Capital Improvement Project Emergency Reserve from the suggested three (3) months to twenty-five percent (25%) of the operating budget.

Public Comment: None

Recommendation: Board approval of Reserves Policy

5. ADJOURNMENT

The meeting adjourned at 4:24 p.m.

Minutes Respectfully Submitted By:

X 

Gayle Good
Administrative Accounting Manager

DRAFT



CAYUCOS SANITARY DISTRICT

Monthly Financial Report

FY 2026/2027

AGENDA ITEM:

5.B.1

Cash, Savings and Investments

August 2026

Bank Accounts	Current Balance
Wells Fargo - General Checking	\$371,041
Wells Fargo - USDA	\$503,472
Petty Cash	\$175
Total	\$874,688
Investment Accounts	
CalTrust	\$3,858,711
US Bank	\$74,960
LAIF	\$3,564,652
Total	\$7,498,323
Grand Total	\$8,373,011

MCD Wells Fargo Deposit CD (Franchise Deposit)	\$25,000
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Check Registers - Checks Issued August 2026

Date	Num	Name	Amount
08/06/2026	25499	ALPHA FIRE & SECURITY ALARM CORP	-195.00
08/06/2026	25500	AMAZON - lab & office supplies, equip repair	-274.72
08/06/2026	25501	BREZDEN PEST CONTROL	-148.00
08/06/2026	25502	CENTRAL COAST CPR	-920.00
08/06/2026	25503	COASTAL ROLL OFF SERVICE	-6,176.03
08/06/2026	25504	COUNTY OF SLO - CLERK RECORDER	-45.00
08/06/2026	25505	COUNTY OF SLO - PUBLIC WORKS DEPT.	-450.00
08/06/2026	25506	CULLIGAN OF MORRO BAY	-104.50
08/06/2026	25507	HACH	-723.20
08/06/2026	25508	JB DEWAR	-838.98
08/06/2026	25509	MINER'S ACE HARDWARE	-172.98
08/06/2026	25510	MISSION COUNTRY DISPOSAL - WRRF	-336.42
08/06/2026	25511	MISSION UNIFORM SERVICE	-883.13
08/06/2026	25512	MORRO ROCK MUTUAL WATER CO. UTILITY 782	-75.51
08/06/2026	25513	NEGRANTI CONSTRUCTION	-1,000.00
08/06/2026	25514	SPEEDY COASTAL MESSENGER, INC.	-735.00
08/11/2026	25515	PATHIAN ADMINISTRATORS	-240.15
08/12/2026	25516	APPLIED INDUSTRIAL TECHNOLOGIES	-534.60
08/12/2026	25517	CARMEL & NACCASHA, LLP	-4,258.50
08/12/2026	25518	FIRSTNET (AT&T)	-601.87
08/12/2026	25519	HACH	-1,044.77
08/12/2026	25520	POSTMASTER	-370.00
08/12/2026	25521	SPICE INTEGRATION CORP.	-3,168.00
08/12/2026	25522	SSI AERATION	-296.65
08/20/2026	25524	COLLINS, J - Tuition Reimbursement	-1,220.00
08/20/2026	25525	RYAN, L - Customer Overpayment	-220.04
08/20/2026	25526	CALNET3	-453.80
08/20/2026	25527	CAYUCOS CHAMBER OF COMMERCE - Solid Waste Grant	-6,506.08
08/20/2026	25528	CAYUCOS LIONS CLUB - Solid Waste Grant	-800.00
08/20/2026	25529	CONTRACTORS MAINTENANCE SERVICES	-14.79
08/20/2026	25530	CSA 10A SLO CO PW LS#3	-217.79
08/20/2026	25531	CSA 10A SLO CO PW LS#4	-217.79
08/20/2026	25532	CWEA	-123.00
08/20/2026	25534	NOBLE POWER EQUIPMENT	-418.95
08/28/2026	25535	ATHEY, D - Mileage Reimbursement	-472.70
08/28/2026	25536	AMERICAN WATER WORKS ASSN.	-347.00
08/28/2026	25537	BUSINESS CARD - safety equip, study materials	-678.12
08/28/2026	25538	BUSINESS CARD - CSDA Conference	-1,072.41
08/28/2026	25539	BUSINESS CARD - safety equip	-218.40
08/28/2026	25540	BUSINESS CARD - office supplies, equip repair	-91.74
08/28/2026	25541	COASTAL COPY, INC	-56.13

Date	Num	Name	Amount
08/28/2026	25542	COUNTY OF SLO - PUBLIC WORKS DEPT.	-450.00
08/28/2026	25543	EXXONMOBIL	-929.72
08/28/2026	25544	NEGRANTI CONSTRUCTION	-1,000.00
08/28/2026	25545	RODNEY HUNT, INC.	-750.00
08/28/2026	25546	SCOTT O'BRIEN FIRE & SAFETY CO.	-951.68
08/28/2026	25547	SOCAL GAS	-25.89
08/28/2026	25548 - CIP	WATER SYSTEMS CONSULTING, INC.	-1,338.50
08/28/2026	25557	ENNS, R	-91.05
Total Issued Checks			-\$42,258.59

Check Registers - ACH/EFT Payments August 2026

Date	Num	Name	Amount
08/01/2026		USDA Loan Payment	-652,378.13
08/03/2026	EFT69052460	POSTMASTER	-744.99
08/05/2026	HLTH080526	CALPERS (HEALTH)	-20,049.82
08/05/2026	EFT60311126	ALLIED ADMINISTRATORS FOR DELTA DENTAL	-959.37
08/12/2026	ACH565061	PG&E LS#1	-838.86
08/12/2026	ACH572071	PG&E LS#2	-1,750.79
08/12/2026	ACH575641	PG&E LS#3	-231.61
08/12/2026	ACH580901	PG&E LS#4	-910.72
08/12/2026	ACH593891	PG&E LS#5	-4,214.61
08/12/2026	ACH601581	PG&E OFFICE	-401.38
08/12/2026	ACH606101	PG&E WELL	-34.24
08/12/2026	ACH609371	PG&E WRRF	-3,873.87
08/13/2026		QuickBooks Payroll Service	-28,238.25
08/14/2026	EDD081426	EDD	-2,396.09
08/14/2026	FED081426	US TREASURY	-10,746.18
08/14/2026	PERS081426	CALPERS (RETIREMENT)	-7,634.80
08/14/2026	DEF081426	CALPERS (RETIREMENT)	-2,108.00
08/14/2026	EFT938568	INTUIT (QUICKBOOKS)	-98.00
08/18/2026	EFT978218	WELLS FARGO VENDOR FIN SERV	-176.96
08/27/2026		QuickBooks Payroll Service	-31,142.35
08/27/2026		QuickBooks Payroll Service	-3,067.13
08/27/2026	EFT83209001	ABALONE COAST ANALYTICAL, INC.	-3,286.40
08/27/2026	EFT83209002	CHARTER INTERNET	-949.59
08/27/2026	EFT83209003	EXECUTIVE JANITORIAL	-400.00
08/27/2026	EFT83209004	REC SOLAR	-15,579.79
08/28/2026	PERS082826	CALPERS (RETIREMENT)	-7,914.30
08/28/2026	DEF082826	CALPERS (RETIREMENT)	-2,108.00
08/28/2026	PERS082826r	CALPERS (RETIREMENT)	-699.12
08/28/2026	PERSUL	CALPERS (UNFUNDED LIABILITY PAYDOWN)	-431,750.00
08/28/2026	EDD082826	EDD	-2,963.28
08/28/2026	FED082826	US TREASURY	-13,223.24
08/31/2026	EFT948521	COLONIAL LIFE INSURANCE PREMIUMS	-52.58
Total Issued ACH			-\$1,250,922.45

Transfers Between Accounts August 2026

Date	Description	Amount
08/18/2026	Transfer from Gnl to USDA Checking	-77,907.72
08/26/2026	Transfer from LAIF to Gnl Checking	-431,000.00
Total Transfers		-\$508,907.72

Budget vs. Actual August 2026

AGENDA ITEM:

5.B.3

	Current Month	YTD Actual Rev/Exp	Approved Budget 26/27	% of Budget
Ordinary Income/Expense				
Income				
Sewer Income	262,072	535,442	3,235,900	17%
Will Serve Income	16,650	17,650	88,200	20%
Rental Income	-	-	3,600	0%
Solid Waste Income	28,214	29,324	169,500	17%
SLOCO Tax Assessments	-	33,570	1,367,600	2%
Banking Interest Income	341	422	2,500	17%
Investment Interest	12,824	27,644	90,000	31%
Other Income	-	-	-	0%
Total Income	320,101	644,053	4,957,300	13%
Expenses				
Payroll Expenses				
Administrative Payroll	40,148	87,889	422,990	21% *
Collections Payroll	18,402	44,765	267,300	17% *
WRRF Payroll	37,833	94,428	545,000	17% *
Director Payroll	400	800	8,000	10%
Vested Benefits	324	648	4,400	15%
Admin Payroll Taxes & Benefits	13,436	58,061	194,700	30% **
Collections Payroll Taxes & Benefits	8,202	47,017	157,500	30% **
WRRF Payroll Taxes & Benefits	14,743	62,299	242,300	26% **
Director Payroll Taxes & Benefits	31	61	700	9%
Total Payroll & Benefits	133,519	395,968	1,842,890	21%
Operating Expenses				
Administrative Operating Expenses	214,480	363,232	728,150	50% ***
Collections Operating Expenses	12,282	25,126	262,800	10%
Treatment Operating Expenses	81,864	240,951	1,468,600	16%
Total Operating Expenses	308,626	629,309	2,459,550	26%
Total Expenses	442,145	1,025,277	4,302,440	24%
Net Income	(122,044)	(381,225)	654,860	

* There were three payroll cycles in July

** Unfunded liability is payable in July

*** SDRMA Insurance (Worker's Comp & Commercial) and USDA interest payments are payable in July and August

Month 2 of 12; Target 17% of Budget

Capital Improvement Projects Budget August 2026

AGENDA ITEM:

5.B.4

	Current Month	YTD Actual Rev/Exp	Approved Budget 26/27	% of Budget
Collection Improvements				
Sewer Main Repairs	0	0	50,000	0%
Chaney to Lift Station 5 Main Replacement	1,339	1,339	100,000	1%
Spare Pump - Lift Station 2	0	0	50,000	0%
Main Admin				
Capital Improvements Plan	0	0	60,000	0%
WRRF Improvements				
Replacement Vehicle	0	0	65,000	0%
Ocean Outfall & Diffuser Inspection	0	0	65,000	0%
Total Capital Improvements	\$ 1,339	\$ 1,339	\$ 390,000	0%



CAYUCOS SANITARY DISTRICT STAFF REPORT

TO: BOARD OF DIRECTORS
FROM: DAVID ATHEY, DISTRICT MANAGER
DATE: SEPTEMBER 17, 2026
SUBJECT: MONTHLY MANAGER'S REPORT: AUGUST 2026

ADMINISTRATIVE

The District Manager attended the California Special District Association Annual Conference in Palm Desert August 25-27. The conference included attendees from all types of special districts around California. The District manager attended the following seminars:

1. **AB 2257** – AB 2257 limits lawsuits to 120 days after rates have been established by utilities. This can be accomplished if the utility allows for a longer 45-day objection period (different than protests), after which all objections are responded to with factual, legal responses. Only the information that was submitted as part of the objection period can be litigated within 120 days after rates are set. The AB 2557 process may be beneficial for the District to consider when the next utility rate review is performed.
2. **The Legal Risks and Solutions of AI** – The seminar focused on AI and how districts are encouraged to establish AI use policies. In addition, the talk focused on the legal risks of using AI and when staff needs to be made aware of AI use (surveillance and job displacement). As AI's deployment becomes more widespread and use increases by staff, an AI use policy will be needed.
3. **A Road Map for District Consolidation** – This seminar was a case study about two districts that decided to consolidate fire and police services. Several recommendations were highlighted by the two District Managers which include:
 - ✓ Start a Board and public education process early.
 - ✓ Engage LAFCO early and work closely with them on the process.
 - ✓ A fiscal analysis is very important to demonstrate neutral or positive outcomes.
 - ✓ Transparency is very important for the public and the district.
4. **Reserves and Investment Policy** – This seminar went over the importance of having both a Reserves and an Investment Policy. This seminar was helpful as it provided background on why Reserves and Investment Policies help Districts succeed by providing clear direction on how and when money is spent or invested.
5. **Succession Planning** – This seminar went over best practices for succession planning:
 - ✓ Develop a clear leadership philosophy for leadership continuity.
 - ✓ Communicate it again and again to staff.
 - ✓ Get everyone on the same page and build the machinery that proves the philosophy is real (training, mentorship, etc.)

6. **ADA Web Compliance** – This seminar discussed the law and the importance of maintaining an accessible web site. This was helpful to understand the difficulties of maintaining an accessible web site.

Cayucos-Morro Bay Cemetery District – The Cemetery District and County are currently working on rezoning District property to allow cemetery uses as a conditional use on agricultural land. It is anticipated that the County will hold a hearing in the next few months to consider this change (a date has not yet been set).

Marine Mammal Center (MMC) – The MMC will be conducting a soils investigation this month to determine the suitability of the site soils for construction. The MMC has signed a Right of Entry Agreement with the District to facilitate Geosolutions' access. District staff will also be coordinating with the neighboring landowner to discuss their concerns related to the access easement.

CAPITAL PROJECTS

The District is making good progress on the projects included in the 2026-2027 Capital Project Budget.

1. **Outfall and Diffuser Inspection:** JF Brennen has been selected to perform the outfall inspection. The contract amount for this work is \$20,321, and the budget for this project is \$60,000. It is anticipated that the inspection will occur in the week of September 14th, depending on weather conditions.
2. **Replacement Vehicle:** The District received quotes from Perry Ford and the State Government Fleet Sales contractor for an F150 truck and is in the process of reviewing each.
3. **Sewer Main Repairs** - Staff is in the process of obtaining bids for a line replacement on 15th Street. The sewer line is heavily impacted by adjacent tree roots and requires ongoing line cleaning. Staff is requesting bids from N. Brent Knowles Construction, Johnson Construction, and Hartzel Construction.
4. **Spare Pump for Lift Station 2** – The pump has been purchased, and staff is awaiting delivery in October.
5. **Capital Improvements Plan** – A contract with WSC is on this agenda. This project will develop a Capital Improvement Plan to identify projects to maintain operations and to better use existing resources including the power generated by the REC solar field. REC solar power is much cheaper than PG&E. The Capital Project Plan will consider battery storage to supply power during peak hours when PG&E power is the most expensive and at night when the solar array is not producing power.

OPERATIONS & MAINTENANCE: AUGUST 2026

CIP: None

Daily Operations of Note:

- Pumped down, scraped, and bleached wet wells; cleaned probes and tested generators
- Conducted weekly alarm testing at all lift stations
- Jetted 2,750 feet of main lines
- Participated in Vector Training Solutions for SDRMA
- Responded to and marked 42 USAs
- Landscaping at all lift stations and the shop area
- Hedge trimming at Lift Stations 1 and 2 as well as the shop
- Swept and mopped entirety of the shop while all the equipment was out at the plant
- The Jetter sprung a leak in its radiator early in the month, so we removed the radiator from the Jetter and brought it to Industrial Truck Bodies in Santa Maria and received a replacement. Put replacement radiator into the Jetter.

- Weed whacking and weed spraying at Lift station 1 and N. Ocean Ave. easement for better access to clean
- Replaced battery for the trash pump
- Took Ford 550 to Nelson's to try and diagnose issue that is causing it to go into limp mode
- Reported our water usage for line cleaning to Grace at the Cayucos Water Companies
- Cut up and disposed of more trash that was at Lift Station 5
- Polished all cabinets at each lift station
- CPR certification training
- Fire extinguisher training
- Had fire extinguishers serviced
- Assisted in the landscaping/clean up at the Treatment Plant in preparation for Salud's visit

Call Outs: None

WATER RESOURCE RECOVERY FACILITY: AUGUST 2026

Daily Operations of Note:

- Completed all quarterly, monthly, weekly, and daily maintenance tasks
- Exercised generator and fire pump
- Calibrated on-line meters
- Checked eyewash stations and fire extinguishers
- Completed all daily and weekly lab tests
- Completed all Monthly Reports
- Continued weed abatement activities throughout the month
- August 3: Fixed irrigation leak in Zone 4
- August 4: All employees attended and passed CPR course
- August 5: Replaced spindle and spindle nut in UV #2 as seal had failed
- August 13: Force Main Flush
- August 14: Received 2 loads of rock for erosion control, spread around plant
- August 20: Tour of plant with Representative Salud Carbajal and staff
- August 21: All employees attended and passed Fire Extinguisher Training class
- August 24: Power glitch, but after reset OK

Call Outs:

- August 18, 3:03am: CP 1-5 Communication Fail Alarms and Anoxic Tank 1 & 2 Mixer Fail Alarms (power glitch), JC
- August 24, 9:24pm: MOS 2 Turbidity High Alarm; 9:33pm: Turbidimeter Fail Alarm, JC

WRRF Influent

- Highest flow day August 8: **296,082 gallons**
- Average influent for August: **249,479 gallons per day**
- Total influent for August: **7.73 million gallons**

WRRF Effluent

- Highest flow day August 2: **317,741 gallons**
- Average effluent for August: **261,149 gallons per day**
- Total effluent for August: **8.10 million gallons**
- Average recycled water use (in-plant): **64,750 gallons per day**



CAYUCOS SANITARY DISTRICT STAFF REPORT

AGENDA ITEM:

7

TO: BOARD OF DIRECTORS

FROM: DAVID ATHEY, DISTRICT MANAGER

DATE: SEPTEMBER 17, 2026

SUBJECT: DISCUSSION AND CONSIDERATION TO APPOINT A DIRECTOR TO FILL THE VACANCY FOR DISTRICT 4 OF THE CAYUCOS SANITARY DISTRICT BOARD OF DIRECTORS

DISCUSSION

Director Shirley Lyon resigned from her position on August 20th after 20 years of dedicated service on the Board. With Ms. Lyon's resignation, Cayucos Sanitary District's Voting District 4 seat is open. The District posted the *Notice of Vacancy* and has received 2 applications (Attachment 1):

- Mr. Jim Billings
- Mr. Charels Bergson

The District 4 seat term originally spanned December 2022 to December 2026. There are two official candidates running for District 4 on the November 2026 election ballot, and this appointment will only last until the winning candidate of the 2026 election assumes office in December. The 4-year term schedule will resume in December 2026.

In addition, the District Board can consider the reappointment of the committee assignments to which Ms. Lyon was appointed:

- **Budget Committee:** Shirley Lyon & Robert Enns
- **WWTP (JPA) Committee:** Robert Enns & Shirley Lyon

OPTIONS

1. Appoint one of the two candidates to fill the remaining District 4 term and consider appointing a Director to fill the vacancies of the two committees
2. Do not appoint a candidate
3. Return this item to staff for further consideration

RECOMMENDATION

Staff recommends that the Board of Directors select a candidate to fulfill the remaining District 4 Director term of office, consider appointing a Director to the committees, and direct the Board Secretary to administer the Oath of Office to the successful candidate.

ATTACHMENTS

1. Applications for Appointment to fill the District 4 vacancy

Amy Lessi

From: Streamline <noreply@specialdistrict.org>
Sent: Thursday, September 10, 2026 10:18 AM
To: Amy Lessi
Subject: New form submission assigned to you: Notice of Vacancy



Cayucos SANITARY DISTRICT
SEWER SERVICE FOR CAYUCOS

Notice of Vacancy

Application for Appointment to a Vacancy on the Board of Directors:	
Name (First & Last):	Charles Bergson
Residence Address (Number & Street; must be in Cayucos):	[REDACTED]
Mailing Address (Number, Street, City, State & Zip):	[REDACTED] Cayucos, CA 93430
Phone:	[REDACTED]
Email:	[REDACTED]
Statement of Qualifications (Please briefly describe your qualifications and why you are interested in serving on Cayucos Sanitary District's Board of Directors):	I am a California licensed civil engineer who has been serving the public as a civil engineer for nearly half a century. During my career I have been the engineer in charge of the operation and construction of several public sanitary sewer collection and treatment systems throughout California including primary, secondary and tertiary sewer plants. I want to serve on the Cayucos Sanitary District Board of Directors to bring new ideas, efficiencies, and innovation to Cayucos.
Resume (Optional):	File attached — please log in to download it securely

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CHARLES BERGSON

June 2025 to present **CONSULTING CIVIL ENGINEER & MANAGER, Cayucos, California** Provide studies and advice to public agencies on engineering, management, construction, and financial matters.

Feb 2024 to May 2025 **PUBLIC WORKS DIRECTOR/CITY ENGINEER, City of Los Banos, California** Responsible for management, direction, acquisition, engineering, construction, maintenance, and management of city infrastructure. Population 50,000, annual budget \$54 million, staff of 72. *Accomplishments* – stabilized department personnel, finances and operations, initiated formation of City engineering division saving city \$5 million annually, form grant writing section targeting \$100 million in capital funds, create public works capital finance committee, create and implement public works performance standards, formed department analysts targeting \$2 million in annual savings. Supervised development of 5,000 new residential properties Projects: park renovation, sewer collection upgrade, regional arterial bypass route, road design/rehabilitation, clean closure of trash site, create new golf course, establish local airport drag racing event. Left position per direction of new administration.

Feb 2017 to Feb 2024 **CITY MANAGER, City of Isleton, California** Responsible for management, direction, coordination of municipal activities and administration of city government including police, fire, public works, finance, development, building & safety, capital acquisition. Population 1,000, annual budget \$2.8 million, staff of 15. *Accomplishments* – stabilized city personnel, finances and operations, refinance bonds, first “black ink” fiscal year in fifteen years, first budget, first municipal code, tripled tax revenues, develop new businesses, resurrect Crawdad Festival. Acquired \$17 million in capital funds. Projects: park renovation, marina renovation, boat launch, beach to downtown bridge, Main Street design/rehabilitation, formed flood management district.

June 2014 to January 2017 – Consulting municipal engineer for public management and engineering projects in northern and southern California. Developed real estate for residential and commercial properties.

July 2009 – January 2014 **CITY MANAGER, City of Williams, California** Responsible for management, direction, coordination of municipal activities and administration of city including police, public works, finance, development, building & safety. Inter-government relations, public relations, strategic planning, marketing. Population 6,000, annual budget \$8 million, staff of 40. *Accomplishments* – quadrupled annual sales taxes, quadrupled reserve funds, million dollar annual surplus, developed regional commercial truck stop, obtained first unqualified financial audit in eight years, updated general plan, formed redevelopment agency, established capital program, first water/sewer master plans, obtained \$35 million for capital improvements. Re-established parks and recreation program, built new parks, obtained access to State Highway for regional business park. Upgraded wastewater plant, expanded city water production and storage capacities.

Apr 2005 – July 2009 **PUBLIC WORKS DIRECTOR/CITY ENGINEER, City of Compton** Responsible for the acquisition, engineering, construction, maintenance, and management of city facilities. Implement policies and programs of city. Population over 100,000, annual budget of \$25 million, capital program over \$200 million, staff of 75. Responsible for inter-government relations, street maintenance, traffic, storm water compliance, fleet management, city-transit system. *Accomplishments* –Resurrected capital improvement program including salvaging \$20 million. Replacement of Martin Luther King Transit Center, sewer system, traffic signal system. Implement \$20M city-wide repaving program. Established production and maintenance program for maintenance, graffiti, street sweeping, landscaping, utilities. Acquired \$25 million sewer bonds.

2002 – 2004 COMMUNITY DEVELOPMENT DIRECTOR/PUBLIC WORKS DIRECTOR, City of East Palo

Alto Responsible for implementing city goals related to planning, economic development, building and safety, and public works. Responsible for the construction and maintenance of public facilities. *Accomplishments* – Opened IKEA store in redevelopment zone doubling annual sales taxes, increased city usable park space, acquired new corporation yard, reduced flood insurance rates, prepared public works master plan, developed amnesty program for illegal garage conversions.

1998 – 2002 PUBLIC WORKS DIRECTOR, City of Malibu Responsible for the design, acquisition, programming, construction, and maintenance of public facilities and disaster preparedness. Staff advisor to city council and manager, City liaison to local governments and public agencies. *Accomplishments* – Five year capital program, Malibu Lagoon restoration, Cross Creek Road Redesign & Reconstruction, Corral Canyon road reconstruction, acquired \$10 million in new capital funds, flood protection assessment.

1990 – 1998 ASSISTANT CITY ENGINEER, City of Monterey Park, California Responsible for engineering division in the public works department and assisted city engineer - planning, programming, design and construction of capital improvements. Coordinated engineering, land development, traffic, grading. *Accomplishments* – water and sewer master plans, risk management and prevention programs, Garvey Ranch Park improvements, water well rehabilitation, five year capital improvement program. Managed \$5 million annual capital program

1981-1990 Held engineering positions with graduating responsibilities in public agencies including district engineer for the Cucamonga County Water District and public works director for city of West Hollywood.

NAVAL OFFICER Civil Engineer Corps, U.S. Navy, Active and Reserve duty, 1972 – 1992. Served at domestic and foreign military bases directing construction and maintenance of Naval facilities, including government housing and power supply systems. Assignments included management/ training of 200 – man naval construction company, course director/instructor at Reserve Naval Construction College. Selected Battalion Company of Year 1986, 1987, Selected First Naval Construction Brigade Company Commander of Year 1986 (national award).

EDUCATION

- Masters Degree, Public Administration, California State University, Northridge
- Bachelor of Science, Civil Engineering, University of California, Berkeley

PAPERS/PUBLICATIONS

- > Guest columnist, Williams Pioneer Review, Colusa Sun Herald, 2014-2019
- > Presenter, League of California Cities, Sacramento, Mar 2014, “Ten Thousand Critics & Public Officials – How to Survive the Public of Public Works”.
- > Thesis: “Public Works Management: Towards the 21st Century”, Master’s, CSU Northridge, 1994

MEMBERSHIPS/ACCOMPLISHMENTS

Member, L.A. Unified School District, Construction Bond Oversight Committee, 2005 – 2009

Registered Civil Engineer, California, No. 34347

Lieutenant Commander, Civil Engineer Corps, United States Naval Reserves

Editor – American Public Works Association, Southern California Chapter Newsletter

Teacher/Coach – Basketball, Testimonial Christian High School, So. Central Los Angeles 2004-05

Assistant Coach – Men’s Basketball, Glendale Community College, 2002 – 2004

Senior Games competitor (basketball, track), Working knowledge of Spanish.

American Youth Soccer Organization, Region 1593, Colusa County, California; Founder

AWARDS/RECOGNITIONS

- Central California Planning Association Blueprint Award 2025, J and Seventh Streets Parking Lot Rehab
- Project of Year – American Public Works Association, So. California Chapter, Garvey Ranch Park Improvements, Monterey Park, 1997
- Meritorious Unit Commendation – Naval Construction Brigade, Port Hueneme, Ca. 1988
- Battalion Company Commander of Year, U.S. Naval Reserve Construction Force, 1986
- Most Improved Battalion, Reserve Naval Mobile Construction Battalion 16, U.S. Reserve Naval Construction Force, Los Angeles, 1986
- Honors Graduate, University of California at Berkeley, 1976

References available upon request. 59 El Sereno Avenue, Cayucos, California 93430 cell 916.706.8907 .a26

From: Streamline <noreply@specialdistrict.org>
Sent: Thursday, September 10, 2026 3:51 PM
To: Amy Lessi
Subject: New form submission assigned to you: Notice of Vacancy



Cayucos SANITARY DISTRICT
SEWER SERVICE FOR CAYUCOS

Notice of Vacancy

Application for Appointment to a Vacancy on the Board of Directors:	
Name (First & Last):	Jim Billings
Residence Address (Number & Street; must be in Cayucos):	[REDACTED]
Mailing Address (Number, Street, City, State & Zip):	[REDACTED]
Phone:	[REDACTED]
Email:	[REDACTED]
Statement of Qualifications (Please briefly describe your qualifications and why you are interested in serving on Cayucos Sanitary District's Board of Directors):	I hold a Bachelor Degree in Mechanical Engineering (University of Detroit, 1980, Magna Cum Laude) and an MBA (Pepperdine, 1988). I am a Registered Professional Mechanical Engineer in CA. I have been working in the Water and Wastewater Industry for 37 years, providing equipment including pumps, chemical feed systems, and process equipment throughout CA and NV. I started-up and operated a small business in California, G3 Engineering, Inc., from 1998 to 2023, focusing on the water and wastewater industry. I am interested in serving on the CSD Board to utilize my work experience and skills to help ensure proper operation and maintenance of Sanitary District assets, help

	provide effective budget planning for equipment upkeep and replacement, and help to oversee hiring and retaining of qualified staff for district management and operation.
Resume (Optional):	File attached — please log in to download it securely

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JIM BILLINGS

CONTACT

EDUCATION

Bachelor Mechanical
Engineering, Magna Cum
Laude
University of Detroit
1980

Master of Business Admin
Pepperdine University
1988

SKILLS

Communication
Teamwork
Critical thinking
Leadership
Registered Mechanical
Engineer
Member AWWA, WEF, ASME

VOLUNTEER EXPERIENCE

Peace Corps
Volunteer
Dominican Republic,
1985-1986

SUMMARY

Retired Engineer looking to utilize my work experience and skills for volunteer work in the Water and Wastewater Industry.

PROFESSIONAL EXPERIENCE

Business Owner

G3 Engineering, Inc. | 1998-2023

- Owned a Small Business working in the Water and Wastewater industry in Northern CA and Northern NV. Managed eight employees.
- Sold company in 2023.

Sales Engineer

Beylik Drilling | 1992-1998

- Mechanical Engineer working on pump applications for water wells and booster pump stations in Southern CA.
- Managed environmental drilling projects for clean-up investigations in Northern CA.
- Managed environmental cleanup projects at Anderson AFB and Naval Air Station in Guam.

Sales Engineer

YC Smith Company | 1989-1992

- Mechanical Engineer working on pumps and process equipment for power generation, automotive manufacturing, and municipal water and wastewater industries.

Engineer

Rockwell International | 1980-1985, 1987-1989

- Mechanical Engineer working on alternative energy programs for the Department of Energy, including nuclear, solar, wind and geothermal.
- Worked Project Management on the Space Shuttle Program.



CAYUCOS SANITARY DISTRICT STAFF REPORT

AGENDA ITEM:

8

TO: BOARD OF DIRECTORS

FROM: DAVID ATHEY, DISTRICT MANAGER

DATE: SEPTEMBER 17, 2026

SUBJECT: DISCUSSION AND CONSIDERATION TO ADOPT RESOLUTION 2026-11 RECOMMENDING CANDIDATES FOR APPOINTMENT TO DIVISIONS 2 AND 3 OF THE CAYUCOS SANITARY DISTRICT BOARD OF DIRECTORS

DISCUSSION

Divisions 2 and 3 currently have no candidates running in the November 2026 General Election. Division 2's term runs from December 2026 to December 2030. Division 3's term runs from December 2024 to December 2028. Any candidate appointed to Division 3 will serve the remaining two years of that term.

When no candidate runs for an open seat, California Election Code Section 10515 stipulates that the San Luis Obispo (SLO) County Board of Supervisors (BOS) must appoint persons to the open division seats. The County Clerk Recorder notified District staff that the Cayucos Sanitary District Board should forward a list of desired candidates for appointment by the BOS by October 22, 2026. The BOS will be appointing the candidates forwarded by the District at the BOS November 3, 2026 meeting.

Board President Enns formed an Ad-Hoc recruitment committee with Vice-President Curti to search for eligible candidates in each division. The Ad-Hoc Committee had not yet identified candidates for Divisions 2 and 3 by Board agenda publishing dates. Therefore, all eligible candidates will be introduced and available for interview at the Board meeting.

The Ad-Hoc Committee recommends that the Board interview identified candidates for appointment for each division.

OPTIONS

1. Interview prospective Division 2 and 3 candidates and instruct staff to forward the Board-selected candidates' names to the BOS for appointment
2. Postpone this item to October 15, 2026, to provide additional time for the Ad-Hoc Committee to identify eligible candidates

RECOMMENDATION

Staff recommends that the Board of Directors interview eligible candidates and vote to adopt Resolution 2026-11 recommending that the SLO County Board of Supervisors appoint the selected candidates to the Division 2 and 3 Director seats.

ATTACHMENTS

1. Resolution 2026-11

RESOLUTION NO. 2026-11

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CAYUCOS SANITARY DISTRICT RECOMMENDING NOMINEES FOR APPOINTMENT TO DISTRICTS 2 AND 3 OF THE CAYUCOS SANITARY DISTRICT BOARD OF DIRECTORS

WHEREAS, the Cayucos Sanitary District (“District”) is a special district organized and existing under the laws of the State of California; and

WHEREAS, the November 3, 2026 General Election includes four seats on the Cayucos Sanitary District Board of Directors, including the seats representing Divisions 1, 2, 3, and 4; and

WHEREAS, no person filed a Declaration of Candidacy for the offices of Director representing **Division 2 or Division 3** during the applicable nomination period; and

WHEREAS, pursuant to California Elections Code Section 10515(b), when no person has filed a Declaration of Candidacy for an elective office of a special district, the supervising authority shall appoint a person who is qualified on the date the election would have been held; and

WHEREAS, the San Luis Obispo County Board of Supervisors is the supervising authority responsible for making appointments to fill the vacant Division 2 and Division 3 seats pursuant to California Elections Code Section 10515; and

WHEREAS, the Board of Directors recognizes the importance of maintaining full representation on the Cayucos Sanitary District Board and has undertaken efforts to identify qualified members of the community who are willing to serve; and

WHEREAS, following the District's recruitment efforts, the Board of Directors has identified **[NAME]** as a qualified and suitable nominee to serve as Director representing **Division 2**, and **[NAME]** as a qualified and suitable nominee to serve as Director representing **Division 3**; and

WHEREAS, the Board of Directors desires to formally recommend these individuals to the San Luis Obispo County Board of Supervisors for appointment to the respective vacant seats.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Cayucos Sanitary District as follows:

SECTION 1. The Board of Directors hereby recommends that the **San Luis Obispo County Board of Supervisors appoint [NAME] to serve as Director representing Division 2** of the Cayucos Sanitary District.

SECTION 2. The Board of Directors hereby recommends that the **San Luis Obispo County Board of Supervisors appoint [NAME] to serve as Director representing Division 3** of the Cayucos Sanitary District.

SECTION 3. The Board of Directors authorizes the District Manager or designee to transmit this Resolution and the names of the recommended nominees to the San Luis Obispo County Board

of Supervisors and/or the appropriate County elections official for consideration pursuant to California Elections Code Section 10515.

SECTION 4. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the Board of Directors of the Cayucos Sanitary District at a regular meeting held on _____, 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Robert Enns
President

Amy Lessi
Admin. Services Manager/Board Secretary



CAYUCOS SANITARY DISTRICT STAFF REPORT

AGENDA ITEM:

9

TO: BOARD OF DIRECTORS

FROM: DAVID ATHEY, DISTRICT MANAGER

DATE: SEPTEMBER 17, 2026

SUBJECT: DISCUSSION AND DIRECTION REGARDING RECRUITMENT FOR THE WATER RESOURCE RECOVERY FACILITY CHIEF PLANT OPERATOR POSITION AND CONSIDERATION TO MODIFY THE JOB DESCRIPTION FOR SAME

DISCUSSION

The District's Chief Plant Operator (CPO) is planning to retire in February 2027. Staff is seeking Board approval to start a recruitment process to fill the position no later than January 5, 2027. This would provide a minimum of one month's overlap between the existing CPO and the new CPO. Staff believes this overlap is important as it will allow for training on critical items and knowledge transfer to the new CPO. The approximate cost of the CPO overlap is \$16,500, which is the fully burdened monthly top step salary. Staff may be returning to the Board for a mid-year budget adjustment early next year depending on the outcome of the recruitment.

The following outlines staff's proposed recruitment schedule. The actual start date will be dependent upon the length of the recruitment process and any notice that the successful candidate will need to provide to their current employer.

Recruitment Schedule

Task	Start	End
Advertise the Position	September 21, 2026	October 16, 2026
Review Applications and Schedule Interviews	October 19, 2026	October 23, 2026
Interview Candidates	November 2, 2026	November 13, 2026
Finalist Interviews	November 16, 2026	November 20, 2026
Make Employment Offer	November 20, 2026	November 30, 2026
New CPO Start Date	January 5, 2027, or earlier	

Staff has reviewed the CPO job description to ensure the description still accurately reflects current duties, and has made minor edits that do not substantially change the job description (Attachment 1).

The State Water Board is responsible for determining what operator grade level is needed to qualify the CPO. The determination is based on design treatment capacity. The State Water Board classified the District's plant as a Class IV treatment plant, but only required a Grade III Operator certification for the CPO position in 2021. It is unknown how or why the CPO grade level requirement was determined to be lower than the plant's classification – State Board regulations require that the CPO certification match the plant classification, and in this case a Grade IV certification would normally be required.

Central Coast Water Board and District staff have been discussing this issue and have not come to a resolution. Staff has requested that the Water Board allow the District to continue with

its current Plant Classification and CPO certification levels, but it appears that Central Coast Water Board staff does not agree.

The ambiguity about the District's CPO certification level is unfortunate. The District currently has staff with Grade III certifications that could apply for the position. If the Central Coast Water Board changes the CPO certification level, then currently eligible District staff will not be able to fulfill the position's responsibilities. One option would be to accept applications from Grade III Operators and require that they obtain their Grade IV license by February 5, 2027. This would allow both internal and external Grade III Operators to apply. The challenge will be that if the successful applicant does not get the required license by February 5, 2027, the successful candidate would not be able to serve as CPO and the District would be out of compliance with State regulations.

There are a few options to address the inability to secure the Grade IV Certificate. The options include:

1. Hire a contracted Grade IV operator to oversee the plant until the new CPO obtains the Grade IV license. Companies such as NVIRO and Fluid Resources Management provide these Services. The contract operator would typically visit the plant on a weekly basis until a new CPO with the correct certification is hired. This could potentially cost up to \$20,000 or more depending on when the new CPO obtains their license. A firm date, for example, June 5, 2027, would need to be established to ensure that the license is obtained.
2. Temporarily hire a contract Grade IV Operator and offer the position to another candidate on the eligibility list if the new CPO does not get the required license by February 5th.

The cost of hiring a contract Grade IV CPO temporarily will likely cost between \$5,000 to \$20,000 if one is temporarily needed until either the CPO obtains the Grade IV certification or a different CPO is hired at the Grade IV certification level. In addition, having the ability to hire a contracted Grade IV CPO would be beneficial should no candidate be selected and additional recruitment is required. The District Manager will update the Board at the September 17, 2027, meeting in regard to plant classification changes by the State and Central Coast Waterboards.

OPTIONS

1. Authorize staff to advertise the CPO position and accept Grade III candidates, approve the proposed changes to the CPO Job Description, authorize the District Manager to hire a contract CPO should the need arise.
2. Authorize staff to advertise the CPO Position and only accept applications from Grade IV candidates, approve the proposed changes to the CPO Job Description, and authorize the District Manager to hire a contract CPO should the need arise.
3. Provide alternative direction to staff.

RECOMMENDATION

Staff recommends that the Board of Directors:

1. authorize staff to advertise the CPO position and accept Grade III candidates, with Grade IV certification required by February 5, 2027 if the certification level is changed by the Water Boards; and
2. approve the proposed changes to the CPO Job Description; and
3. authorize the District Manager to sign a contract with a firm to perform Chief Plant Operator duties should the need arise.

ATTACHMENTS

1. Revised Chief Plant Operator Job Description

WATER RESOURCE RECOVERY FACILITY (WRRF)

CHIEF PLANT OPERATOR

DEFINITION:

Under general direction from the District Manager, plans, organizes, coordinates and directs the operations and maintenance of the District's wastewater treatment plant; performs a variety of skilled journey-level duties in the monitoring, regulation, operation, inspection and maintenance and repair of wastewater treatment facilities and equipment; collects samples and performs routine laboratory tests; serves in on-call status and responds to/resolves plant problems; fulfills monitoring and regulatory reporting requirements and performs related duties.

DISTINGUISHING CHARACTERISTICS:

The Chief Plant Operator (CPO) provides first-line supervision, training and technical assistance to assigned operations staff with direction and general guidance from the District Manager. The CPO is responsible for planning, coordinating and directing all operations and maintenance activities at the wastewater treatment facility to ensure compliance with all federal and state environmental requirements. Duties and responsibilities are broad in scope and are carried out with considerable independence within the framework of established District and regulatory policies, procedures, and guidelines. Work and results are reviewed through conferences, inspection and analysis of records, reports, and plant performance. The work of this class involves significant accountability and independent decision-making responsibilities. The CPO is also required to have high computer literacy and must be proficient in using computer programs to produce tables, graphs, and reports.

ESSENTIAL DUTIES & RESPONSIBILITIES:

- Evaluates the performance of assigned plant operations personnel; establishes performance requirements and personal development targets for assigned personnel; regularly monitors performance and provides feedback for performance improvement and development; with management approval, take disciplinary action to address performance and deficiencies in accordance with the District's personnel rules, and policies and provisions.
- Supervises plant operation to ensure compliance with federal, state, and local requirements and to maintain processes at an optimal and cost-effective level.
- Participates in the selection, training, and motivation of plant operations personnel.
- Provides day-to-day supervision and leadership and works with assigned staff to ensure the proper, safe and efficient operation of wastewater treatment facilities.
- Provides technical assistance and advice to assigned plant operations personnel.
- Inspects treatment plant and facilities equipment to ensure its proper functioning, to minimize interruptions in the treatment/operation process, and to alleviate costly repairs; makes adjustments to operating equipment; reports the need for major or specialized repairs to equipment, machinery and electrical and electronic systems; assists specialized trades personnel in making major and/or highly technical repairs to equipment, machinery and systems; ensures the timely completion of preventive maintenance activities on plant equipment, machinery and systems.
- Monitors systems; controls valves for emergency and scheduled shut down; troubleshoots, diagnoses and reports problems to appropriate personnel; responds to emergencies such as pipeline breakages, unauthorized discharges, chemical leaks, and equipment failure; schedules and coordinate responses, repair and clean up.
- Responsible for ensuring treatment plant and other facilities operate in an effective and cost-efficient manner; including the tracking and optimization of unit production costs and the development, implementation and continued assessment of key performance indicators.

- Responsible for accurately producing and submitting in a timely manner all reports required by federal, state and local government including but not limited to NPDES reports, CIWQS reports, APCD reports, Hazardous Waste reports, etc.
- Supervises and manages operators' work schedules, including trainings, shift rotation, on-call, vacation, and sick-leave coverage while minimizing overtime.
- Responsible for ensuring that treatment plant unit processes, buildings and grounds are maintained in a clean and orderly manner.
- Receives chemical shipments; monitors unloading process and records into inventory; tests shipments for compliance to standards; checks chemical alarms and feed systems for leaks.
- Responsible for ensuring operational supplies such as chemicals, polymers, and office supply orders are received by the District and entered into District's accounting system.
- Requisitions necessary tools, equipment, chemicals, and supplies.
- Responsible for developing, maintaining and implementing the District's safety program at the treatment plant and/or assigned facilities; ensures subordinates follow safety practices in work methods and procedures; enforces proper safety procedures while working in dangerous situations; educates and trains employees on rules, regulations, codes, safe work habits and potential hazards presented by their work environment. **Manages the District Safety Officer who schedules** and conducts safety tailgates in compliance with District's safety program.
- Prepares and maintains a variety of records, including time sheets, incident reports, maintenance requests, round sheets, daily operation reports, operation spreadsheets, odor control surveys, construction plan and specifications, as-built drawings, etc.
- Operates wastewater collection system facilities in conjunction with the operation of the WRRF treatment equipment, machinery, and facilities by using manual, electronic and computer control systems to regulate and control processes. Reads, analyzes, and reports on data collected from gauges, meters, charts and graphs, and operates pumps, valves, electric motors and related equipment.
- Collects wastewater/water samples for tests and analysis of samples using laboratory test equipment; conducts laboratory and field tests as needed.
- Conducts research studies and/or tests with internal departments and outside agencies as needed. Ensures these studies and/or tests are done safely, economically, and completely.
- Develops, implements, maintains, and updates standard operating procedures, and other manuals.
- Reviews engineering plans and specifications for WRRF construction projects; attends design and construction meetings and contributes comments and recommendations on projects as assigned.
- Responsible for coordinating with WRRF construction management, maintenance, and technical support on project commissions and decommissions, including shutdowns, tie-ins, startups, and troubleshooting new systems.
- Answers emergency calls per on-call schedule; responds to emergencies at various locations as necessary. Must be able to respond to the WRRF within 30 minutes.
- High computer literacy. An expert on programs such as Excel, Word, Outlook, PowerPoint, and database programs.
- Develops, implements, and tracks the WRRF's annual budget in conjunction with administrative staff.
- Review, approve, track and code for WRRF related invoices.

- Exhibits high-level proficiency in maintaining pumps, valves, piping, mechanical, chemical feed, control systems, and electrical systems.
- Reviews the wastewater system needs and assists in planning and budgeting Capital Improvement Projects (CIP) to meet future needs; plans and develops operating strategies to implement needed changes or upgrades due to regulation changes, or to increase reliability and efficiency; identifies and mitigates water quality and quantity risks.
- Develops and implements policies and procedures to ensure all water quality activities are in compliance with applicable laws and regulations; coordinates special projects working with engineering staff and consultants.

MINIMUM QUALIFICATIONS:

EDUCATION AND EXPERIENCE REQUIREMENTS:

- High school graduate or equivalent.
- Five (5) years of progressive experience in wastewater treatment, including two (2) years of supervisory or management experience.

LICENSE & CERTIFICATION REQUIREMENTS:

- Must possess and maintain a valid California Class C Driver License. Proof of a driving record (DMV printout) satisfactory to the District and ability to maintain insurability under the District's vehicle insurance program.
- Possess and maintain at least a Grade III Wastewater Treatment Operator certificate issued by the California State Water Resources Control Board.
- Employee must maintain certificates and licenses as required by federal, state, and local regulatory agencies for the position.
- Employee will be expected to obtain certification through the Cayucos Sanitary District as may be required, including but not limited to the following: Forklift, CPR, First Aid, Fire Extinguisher, HazMat, Confined Space, and Infectious Disease Prevention; and immunizations as recommended.
- All required licenses and certificates, as mandated by state and federal laws, or as required herein, must be obtained and maintained.

DESIRABLE QUALIFICATIONS:

- Bachelor's Degree from an accredited college or university in Biology, Chemistry, Engineering, or a closely related field.
- Possession of a Domestic Water Distribution Certificate Grade D2 **or higher** from the California State Water Resources Control Board.
- Possession of a Domestic Water Treatment Operations Certificate Grade T2 **or higher** from the California State Water Resources Control Board.
- **Possession of an Advanced Water Treatment Operator Certification (any grade)**
- Possession of a Grade I Collections Certificate issued by California Water Environment Association (C.W.E.A.) and a Plant Maintenance Certificate (Technologist or Electrical Instrumentation).
- Knowledge and experience operating and maintaining a SCADA system.

ADDITIONAL INFORMATION:

PHYSICAL AND MENTAL DEMANDS:

The physical and mental demands described herein are representative of those that must be met by employees to successfully perform the essential functions of this class. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

PHYSICAL DEMANDS:

- While performing the duties of this job, the employee is regularly required to sit, walk and stand; talk and hear; use hands to handle, feel or operate objects, tools or controls; reach with hands and arms; perform repetitive movements of hands or wrists; climb or balance on ladders or stairs; stoop, kneel, bend at the waist, crouch or crawl; and smell.
- The employee must regularly lift and/or push, pull, move up to 50 pounds and occasionally up to 100 pounds with assistance.
- Specific vision abilities required for this job include close vision, distance vision, use of both eyes, depth perception, color vision and the ability to adjust focus.
- Employees in this class are periodically required to wear Self-Contained Breathing Apparatus (SCBA) and make confined-space entry. In accordance with OSHA regulations, employees are prohibited from having facial or head hair that impairs the effectiveness of respirator equipment. Reasonable accommodations may be made to enable individuals with disabilities to perform essential duties of the class as they relate to this requirement.

MENTAL DEMANDS:

- While performing the duties of this class, an employee uses written and oral communication skills; reads and interprets data, information and documents; analyzes and solves problems; uses math and mathematical reasoning; observes and interprets people and situations; learns and applies new information and skills; performs highly detailed work; manages databases; deals with changing deadlines, constant interruptions and multiple concurrent tasks; responds to life-threatening, emergency situations; and interacts with others encountered in the course of work.



CAYUCOS SANITARY DISTRICT STAFF REPORT

AGENDA ITEM:

10

TO: BOARD OF DIRECTORS

FROM: DAVID ATHEY, DISTRICT MANAGER

DATE: SEPTEMBER 17, 2026

SUBJECT: DISCUSSION AND CONSIDERATION TO APPROVE AN AGREEMENT FOR CONSULTANT SERVICES WITH WATER SYSTEMS CONSULTING, INC. (WSC) IN THE AMOUNT OF \$50,632 FOR THE DEVELOPMENT OF A CAPITAL IMPROVEMENT PLAN (CIP)

DISCUSSION

The District's adopted 2026 Capital Improvement Budget includes funding for the development of a Capital Improvement Plan (Plan). The Plan will identify needed improvements in the collections and treatment systems.

On the collections side, the plan will look at each lift station and associated sewer shed to identify trouble spots and required maintenance. An example of a potential project would be a flood wall and gate for Lift Station 2 to prevent floodwaters from Old Creek and the Pacific Ocean from compromising the lift station. Additionally, the plan will identify priority repairs and timing for the sewer collections system.

On the Water Resource Recovery Facility side, the Plan will evaluate projects that will better utilize existing resources to enhance WRRF operations. This includes battery backup, sludge drying, and additional equalization basin capacity.

Staff worked with WSC to develop a scope of work and cost for Plan development. The scope of work is included as Exhibit A in Attachment 1. The total cost of Plan development is \$50,632.

OPTIONS

1. Approve an agreement with WSC to develop a Capital Improvement Plan
2. Return this item back to staff for further consideration

RECOMMENDATION

Staff recommends that the Board of Directors approve an Agreement for Consultant Services with WSC in the amount of \$50,632 for the development of a CIP.

ATTACHMENTS

1. Agreement for Consultant Services with WSC

AGREEMENT FOR CONSULTANT SERVICES

This AGREEMENT FOR CONSULTANT SERVICES ("Agreement") is made and effective as of September 17, 2026, between **WATER SYSTEMS CONSULTING, Inc.** ("Consultant"), and the **CAYUCOS SANITARY DISTRICT**, a special district of the State of California ("District"). In consideration of the mutual covenants and conditions set forth herein, the parties agree as follows:

1. TERM

This Agreement shall commence on its effective date and shall remain and continue in effect until completion of the tasks described in Consultant's proposal dated July 15, 2026 ("Proposal"), attached hereto as Exhibit "A," and incorporated herein by this reference, unless sooner terminated pursuant to the provisions of this Agreement.

2. SERVICES

Consultant shall perform the tasks described and comply with all terms and provisions set forth in Consultant's proposal dated July 15, 2026 ("Proposal"), attached hereto as Exhibit "A," and incorporated herein by this reference.

3. PERFORMANCE

Consultant shall at all times faithfully, competently and to the best of their ability, experience and talent, perform all tasks described herein. Consultant shall employ, at a minimum, generally accepted standards and practices utilized by persons engaged in providing similar services as are required of Consultant hereunder in meeting its obligations under this Agreement.

4. AGREEMENT ADMINISTRATION

District Manager, David Athey, shall represent the District in all matters pertaining to the administration of this Agreement. Consultant's Vice President, Dylan Wade, shall represent Consultant in all matters pertaining to the administration of this Agreement.

5. PAYMENT

The District agrees to pay the Consultant in accordance with the payment rates and terms set forth in the fee estimate, attached hereto as Exhibit "B," and incorporated herein by this reference, in monthly progress payments based on time spent on each task.

6. SUSPENSION OR TERMINATION OF AGREEMENT WITHOUT CAUSE

(a) The District may at any time, for any reason, with or without cause, suspend or terminate this Agreement, or any portion hereof, by serving upon the Consultant at

least ten (10) days prior written notice. Upon receipt of said notice, the Consultant shall immediately cease all work under this Agreement, unless the notice provides otherwise. If the District suspends or terminates a portion of this Agreement such suspension or termination shall not make void or invalidate the remainder of this Agreement.

(b) In the event this Agreement is terminated pursuant to this Section, the District shall pay to Consultant the actual value of the work performed up to the time of termination, provided that the work performed is of value to the District. Upon termination of the Agreement pursuant to this Section, the Consultant will submit an invoice to the District pursuant to Section 5.

7. TERMINATION ON OCCURRENCE OF STATED EVENTS

This Agreement shall terminate automatically on the occurrence of any of the following events:

- (a) Bankruptcy or insolvency of any party;
- (b) Sale of Consultant's business;
- (c) Assignment of this Agreement by Consultant without the consent of District; or
- (d) End of the Agreement term specified in Section 1.

8. DEFAULT OF CONSULTANT

(a) The Consultant's failure to comply with the provisions of this Agreement shall constitute a default. In the event that Consultant is in default for cause under the terms of this Agreement, District shall have no obligation or duty to continue compensating Consultant for any work performed after the date of default and can terminate this Agreement immediately by written notice to the Consultant. If such failure by the Consultant to make progress in the performance of work hereunder arises out of causes beyond the Consultant's control, and without fault or negligence of the Consultant, it shall not be considered a default.

(b) If the District Manager or their delegate determines that the Consultant is in default in the performance of any of the terms or conditions of this Agreement, he/she shall cause to be served upon the Consultant a written notice of the default. The Consultant shall have ten (10) days after service upon it of said notice in which to cure the default by rendering a satisfactory performance. In the event that the Consultant fails to cure its default within such period of time, the District shall have the right, notwithstanding any other provision of this Agreement to terminate this Agreement without further notice and without prejudice to any other remedy to which it may be entitled at law, in equity or under this Agreement.

9. LAWS TO BE OBSERVED. Consultant shall:

(a) Procure all permits and licenses, pay all charges and fees, and give all notices which may be necessary and incidental to the due and lawful prosecution of the services to be performed by Consultant under this Agreement;

(b) Keep itself fully informed of all existing and proposed federal, state and local laws, ordinances, regulations, orders, and decrees which may affect those engaged or employed under this Agreement, any materials used in Consultant's performance under this Agreement, or the conduct of the services under this Agreement;

(c) At all times observe and comply with, and cause all of its employees to observe and comply with all of said laws, ordinances, regulations, orders, and decrees mentioned above;

(d) Immediately report to the District's General Manager in writing any discrepancy or inconsistency it discovers in said laws, ordinances, regulations, orders, and decrees mentioned above in relation to any plans, drawings, specifications, or provisions of this Agreement; and

(e) The District, and its officers, agents and employees, shall not be liable at law or in equity occasioned by failure of the Consultant to comply with this Section.

10. **OWNERSHIP OF DOCUMENTS**

(a) Consultant shall maintain complete and accurate records with respect to sales, costs, expenses, receipts, and other such information required by District that relate to the performance of services under this Agreement. Consultant shall maintain adequate records of services provided in sufficient detail to permit an evaluation of services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. Consultant shall provide free access to the representatives of District or its designees at reasonable times to such books and records; shall give District the right to examine and audit said books and records; shall permit District to make transcripts therefrom as necessary; and shall allow inspection of all work, data, documents, proceedings, and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a period of three (3) years after receipt of final payment.

(b) Upon completion of, or in the event of termination or suspension of this Agreement, all original documents, designs, drawings, maps, models, computer files, surveys, notes, and other documents prepared in the course of providing the services to be performed pursuant to this Agreement shall become the sole property of the District and may be used, reused, or otherwise disposed of by the District without the permission of the Consultant. With respect to computer files, Consultant shall make available to the District, at the Consultant's office and upon reasonable written request by the District, the necessary computer software and hardware for purposes of accessing, compiling, transferring, and printing computer files.

11. **INDEMNIFICATION**

(a) Indemnification for Professional Liability. When the law establishes a professional standard of care for Consultant's Services, to the fullest extent permitted by law, Consultant shall indemnify, protect, defend and hold harmless District and any and all of its officials, employees and agents ("Indemnified Parties") from and against any and all losses, liabilities, damages, costs and expenses, including attorney's fees and costs to the extent same are caused in whole or in part by any negligent or wrongful act, error or omission of Consultant, its officers, agents, employees or subcontractors (or any entity or individual that Consultant shall bear the legal liability thereof) in the performance of professional services under this agreement.

(b) Indemnification for Other Than Professional Liability. Other than in the performance of professional services and to the full extent permitted by law, Consultant shall indemnify, defend and hold harmless District, and any and all of its employees, officials and agents from and against any liability (including liability for claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or costs of any kind, whether actual, alleged or threatened, including attorney's fees and costs, court costs, interest, defense costs, and expert witness fees), where the same arise out of, are a consequence of, or are in any way attributable to, in whole or in part, the performance of this Agreement by Consultant or by any individual or entity for which Consultant is legally liable, including but not limited to officers, agents, employees or subcontractors of Consultant.

(c) General Indemnification Provisions. Consultant agrees to obtain executed indemnity agreements with provisions identical to those set forth here in this section from each and every subcontractor or any other person or entity involved by, for, with or on behalf of Consultant in the performance of this agreement. In the event Consultant fails to obtain such indemnity obligations from others as required here, Consultant agrees to be fully responsible according to the terms of this section. Failure of District to monitor compliance with these requirements imposes no additional obligations on District and will in no way act as a waiver of any rights hereunder. This obligation to indemnify and defend District as set forth here is binding on the successors, assigns or heirs of Consultant and shall survive the termination of this agreement or this section.

(d) Indemnification for Design Professional Services. Notwithstanding anything herein to the contrary, to the fullest extent permitted by law for all design professional services arising under this Agreement, Consultant shall indemnify, protect, defend and hold harmless District and any and all of its officials, employees and agents ("Indemnified Parties") from and against any and all losses, liabilities, damages, costs and expenses, including attorney's fees and costs which arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant.

12. **INSURANCE**

Consultant shall maintain prior to the commencement of work hereunder and for the duration of this Agreement insurance coverage as specified in Exhibit "C," attached hereto and incorporated herein as though set forth in full.

13. **INDEPENDENT CONSULTANT**

(a) Consultant is and shall at all times remain as to the District a wholly independent Consultant. 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 District nor any of its officers, employees, or agents 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 it or any of its officers, employees, or agents are in any manner officers, employees, or agents of the District. Consultant shall not incur or have the power to incur any debt, obligation, or liability whatever against District, or bind District in any manner.

(b) No employee benefits shall be available to Consultant in connection with performance of this Agreement. Except for the fees paid to Consultant as provided in the Agreement, District shall not pay salaries, wages, or other compensation to Consultant for performing services hereunder for District. District shall not be liable for compensation or indemnification to Consultant for injury or sickness arising out of performing services hereunder.

14. **UNDUE INFLUENCE**

Consultant declares and warrants that no undue influence or pressure was or is used against or in concert with any officer or employee of the Cayucos Sanitary District in connection with the award, terms or implementation of this Agreement, including any method of coercion, confidential financial arrangement, or financial inducement. No officer or employee of the Cayucos Sanitary District will receive compensation, directly or indirectly, from Consultant, or from any officer, employee or agent of Consultant, in connection with the award of this Agreement or any work to be conducted as a result of this Agreement. Violation of this Section shall be a material breach of this Agreement entitling the District to any and all remedies at law or in equity.

15. **NO BENEFIT TO ARISE TO LOCAL EMPLOYEES**

No member, officer, or employee of District, or their designees or agents, and no public official who exercises authority over or responsibilities with respect to the project during his/her tenure or for one year thereafter, shall have any interest, direct or indirect, in any agreement or sub-agreement, or the proceeds thereof, for work to be performed in connection with the project performed under this Agreement.

16. **RELEASE OF INFORMATION/CONFLICTS OF INTEREST**

(a) All information gained by Consultant in performance of this Agreement shall be considered confidential and shall not be released by Consultant without District's prior written authorization. Consultant, its officers, employees, agents, or subcontractors, shall not without written authorization from the District Manager or unless requested by the District Counsel, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories, or other information concerning the work performed under this Agreement or relating to any project or property located within the District. Response to a subpoena or court order shall not be considered "voluntary" provided Consultant gives District notice of such court order or subpoena.

(b) Consultant shall promptly notify District 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 person or party regarding this Agreement and the work performed thereunder or with respect to any project or property located within the District. The District retains the right, but has no obligation, to represent Consultant and/or be present at any deposition, hearing, or similar proceeding. Consultant agrees to cooperate fully with District and to provide the opportunity to review any response to discovery requests provided by Consultant. However, the District's right to review any such response does not imply or mean the right by District to control, direct, or rewrite said response.

17. **NOTICES**

Any notice which either party may desire to give to the other party under this Agreement must be in writing and may be given either by (i) personal service, (ii) delivery by a reputable document delivery service, such as but not limited to, Federal Express, which provides a receipt showing date and time of delivery, or (iii) mailing in the United States Mail, certified mail, postage prepaid, return receipt requested, addressed to the address of the party as set forth below or at any other address as that party may later designate by notice:

To District: David M. Athey, District Manager
Cayucos Sanitary District
PO Box 333
Cayucos, CA 93430

Copy to: Timothy J. Carmel
Carmel & Naccasha, LLP
694 Santa Rosa Street
San Luis Obispo, CA 93401

To Consultant: Dylan Wade, Vice-President
Water Systems Consulting, Inc.
805 Aerovista Place, Suite 201
San Luis Obispo, CA 93410

18. **ASSIGNMENT**

The Consultant shall not assign the performance of this Agreement, nor any part thereof, without the prior written consent of the District.

19. **GOVERNING LAW**

The District and Consultant understand and agree that the laws of the State of California shall govern the rights, obligations, duties, and liabilities of the parties to this Agreement and also govern the interpretation of this Agreement. Any litigation concerning this Agreement shall take place in the superior or federal district court with jurisdiction over the Cayucos Sanitary District.

20. **ENTIRE AGREEMENT**

This Agreement contains the entire understanding between the parties relating to the obligations of the parties described in this Agreement. All prior or contemporaneous agreements, understandings, representations, and statements, or written, are merged into this Agreement and shall be of no further force or effect. Each party is entering into this Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material.

21. **TIME**

District and Consultant agree that time is of the essence in this Agreement.

22. **CONTENTS OF PROPOSAL**

Consultant is bound by the contents of the Proposal submitted by the Consultant, previously incorporated herein. Should there be a conflict between the terms of this Agreement and the terms of the Proposal, the terms of this Agreement shall prevail.

23. **CONSTRUCTION**

The parties agree that each has had an opportunity to have their counsel review this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement or any amendments or exhibits thereto. The captions of the sections are for convenience and reference only and are not intended to be construed to define or limit the provisions to which they relate.

24. **AMENDMENTS**

Amendments to this Agreement shall be in writing and shall be made only with the mutual written consent of all of the parties to this Agreement.

25. **AUTHORITY TO EXECUTE THIS AGREEMENT**

The person or persons executing this Agreement on behalf of Consultant warrants and represents that they have the authority to execute this Agreement on behalf of the Consultant and has the authority to bind Consultant to the performance of its obligations hereunder.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

CAYUCOS SANITARY DISTRICT

WATER SYSTEMS CONSULTING, INC.

By: _____
David M. Athey, District Manager

By: _____
Dylan Wade, Vice-President

Approved as to Form:

Timothy J. Carmel, District Counsel

EXHIBIT A
CONSULTANT'S PROPOSAL



Proposal for 2026 CIP Development

July 15, 2026

Cayucos Sanitary District

David Athey, PE
District Manager
200 Ash Avenue
Cayucos, CA 93430

WSC San Luis Obispo

805 Aerovista Place, Suite 201
San Luis Obispo, CA 93401
P: (805) 457-8833

Dylan Wade, PE

P: (805) 221-7776
E: dwade@wsc-inc.com

Adam Donald, PE

P: (503) 433-3554
E: adonald@wsc-inc.com

Dear David,

Water Systems Consulting, Inc. (WSC) is pleased to submit our proposal to support the Cayucos Sanitary District (District) development of a capital improvement plan (CIP). The District needs an updated capital improvement plan to budget for and strategically maintain their collection system and water resource recovery facility (WRRF) infrastructure.

Our approach focuses on leveraging the District's existing data and operator knowledge to perform desktop evaluations of the collection system and WRRF. These will be supplemented with lift station and WRRF site visits to assess the condition of key assets and estimate remaining useful life.

Key benefits of our approach include:

Lift Station Flow Evaluations. Rather than conduct a costly hydraulic modeling effort, WSC will utilize existing runtime data at the District's lift stations to estimate the magnitude of flows in each lift station basin. By comparing wet weather data to average annual flow data, the lift station basins can be ranked by perceived infiltration and inflow impacts, allowing the District to know which basins to focus future collection system investigation and rehabilitation efforts.

Maintenance Record Assessments. WSC will leverage the District's maintenance records and staff knowledge to determine collection system and WRRF hot spots that take significant time from operators. Prioritizing changes to improve these areas will improve overall system performance while avoiding the expense of extensive data collection efforts.

Strategic Site Visits. Site visits will be conducted at each lift station and the WRRF to visually assess the remaining useful life of each asset. This will combined with asset age information to inform estimated replacement date and maximize the lifespan of these assets for the District.

We propose to conduct this effort on a Time and Materials basis with a not to exceed fee of \$50,632.

We are prepared to begin work immediately to help the District develop a CIP for their next budgeting cycle. Please contact us with any questions or if you would like to discuss the scope in more detail. We look forward to continuing to support the District.

Sincerely,



Water Systems Consulting, Inc.

A handwritten signature in black ink, appearing to read 'Dylan Wade', with a long horizontal stroke extending to the right.

Dylan Wade, PE
Vice President/Principal in Charge

A handwritten signature in black ink, appearing to read 'Adam Donald', with a long horizontal stroke extending to the right.

Adam Donald, PE
Project Manager

Scope of Work

Task 0 Project Management

0.1 Project Administration

- Prepare monthly progress reports to be submitted with each invoice.

Deliverables:

- (1) Monthly progress reports and invoices.

Assumptions:

- (1) Project duration is 6 months.

0.2 Data Collection and Review

- Prepare and submit a data request log to the District for review. Requested data is anticipated to include the following:
 - Lift Stations
 - Maintenance Data
 - Asset List including asset names, nameplate information, and age
 - As-built Drawings for LS 1-4
 - WRRF
 - Maintenance Data
 - Asset List Asset List including asset names, nameplate information, and age
 - (WSC has the As-built Drawings for the WRRF and LS #5)
 - Rain data, if available.
 - Other information as requested.

Deliverables:

- (1) Data Request Log in Microsoft Excel.

Assumptions:

- (1) District to prepare and provide Asset Lists for WSC. Asset lists provided by District will inform evaluations in Tasks 1 and 2 below.

0.3 Workshops

- WSC will lead the following Collections System CIP development meetings:
 - Pre-site visit meeting: This meeting will cover the goals of the lift station site visits and present the proposed methodology for the site visit evaluations for District input.
 - Post-site visit meeting: This meeting will review the findings from the lift station site visits.
- WSC will lead the following WRRF CIP development meetings:

- Pre-site visit meeting: This meeting will cover the goals of the WRRF site visit and present the proposed methodology for the site visit evaluation for District input.
- Post-site visit meeting: This meeting will review the findings from the WRRF site visit.
- WSC will lead a TM Review workshop to review District comments on the draft TM and discuss next steps.

Deliverables:

- (1) Agendas and Meeting Minutes for the Collections System Pre-Site Visit Meeting, Collections System Post-Site Visit Meeting, WRRF Pre-Site Visit Meeting, WRRF Post-Site Visit Meeting, and TM review workshop.

Assumptions:

- (1) Collections System Pre-Site Visit Meeting will be 1 hour in duration and will be held virtually using a video conferencing platform.
- (2) Collections System Post-Site Visit Meeting will be 1 hour in duration and will be held virtually using a video conferencing platform.
- (3) WRRF Pre-Site Visit Meeting will be 1 hour in duration and will be held virtually using a video conferencing platform.
- (4) WRRF Post-Site Visit Meeting will be 1 hour in duration and will be held virtually using a video conferencing platform.
- (5) TM Review workshop will be 1 hour in duration and will be held virtually using a video conferencing platform.

Task 1 Collection System Needs Assessment

1.1 Desktop Evaluation of Collections System

- Perform an age-based assessment at each lift station to estimate the remaining useful life of each asset.
 - Assets at each lift station to be evaluated are anticipated to include:
 - Wet Well
 - Wet Well Hatch
 - Discharge Piping
 - Valve Vault and Hatch
 - Manifold Piping
 - Check Valves
 - Isolation Valve(s)
 - Backup Power System
 - Motor Control Center
 - SCADA System/PLC/Pump Control Panel
 - Level Sensing System

- Backup Alarms
- Pumps
- Building (if applicable)
- Site (grading, drainage, fencing, paving, etc.)
- Age based assessment will estimate the remaining useful life of each asset based on typical lifespans of each asset and the installation year for each asset. Remaining useful life will be used to schedule repairs/rehabilitation of assets within the capital improvement plan (CIP).
- Perform a flow based assessment of each lift station using available flow data to estimate peak wet weather flow.
 - Flow data is anticipated to include the following:
 - SCADA Data #1
 - PG&E Data #2 (if needed)
 - A peaking factor for each lift station will be estimated by comparing the average flow of the station to the peak hour flow at the station. Lift stations will be ranked based on this peaking factor to provide an estimate of the impacts of infiltration and inflow on the collection system by lift station basin.
- Perform a Maintenance Records Based Assessment to determine high maintenance areas in need of improvement. Maintenance records will be used to identify maintenance hot spots within the collection system.

Deliverables:

- (1) GIS-based map featuring hot spot maintenance locations.(PDF)

Assumptions:

- (1) No hydraulic modeling will be performed.
- (2) Available flow data will be used to estimate flows in the collection system. No flow monitoring will be performed as part of this analysis.
- (3) A detailed infiltration and inflow evaluation will not be conducted as part of this study.

1.2 Physical Evaluation of Collection System

- Perform site visits for all five lift stations. At each lift station, WSC will perform the following evaluations:
 - Mechanical evaluation
 - Electrical evaluation
 - Structural evaluation
 - Controls evaluation
- Each site visit evaluation will estimate the remaining useful life in each asset.

Assumptions:

- (1) Site visits will be budgeted for a maximum of 12 hours (1.5 days).

Task 2 WRRF Needs Assessment

2.1 Desktop Evaluation of WRRF

- Perform an age based assessment of the WRRF assets identified in Task 0.2. For budgeting purposes, assets are assumed to include:
 - Headworks: structure, odor control system, course and fine screens, grit removal system.
 - Equalization basin: Pump station, aerators, basin liner
 - MBR: bioreactors, mixers, piping, RAS, WAS and Filtrate pumps, blowers
 - Chemical storage: citric acid and sodium hypochlorite pump skids, sodium hypochlorite tank
 - Dewatering: Screw press, Conveyor, odor control piping, odor control fan
 - UV and Pump Station :UV reactors, 3W piping, pump station, fire pump
 - Recycled water storage tank
 - Potable water well, piping, storage tank, filter system
- Perform a Maintenance Records Based Assessment to determine high maintenance areas in need of improvement. Maintenance records will be used to identify maintenance hot spots within the WRRF.

2.2 Physical Evaluation of WRRF

- Perform site visits for the following WRRF areas: Headworks, Equalization Basin, MBR, Chemical Storage, Dewatering; Solids Handling, UV, Pump Station, Recycled Water Storage Tank, Fire Protection System, and Potable Water Building. At each WRRF process area, WSC will perform the following:
 - Mechanical evaluation
 - Electrical evaluation
 - Structural evaluation
 - Controls evaluation
- Each site visit evaluation will provide an asset condition score to be used to estimate the remaining useful life in each asset.

Task 3 Technical Memorandum and CIP list development

3.1 Develop CIP List

- Prepare a CIP list for the collection system identifying projects and costs. Projects will be grouped into the following categories: 1-5 years, 6-10 years, and greater than 10 years.
- Prepare a CIP list for the WRRF identifying projects and costs. Projects will be grouped into the following categories: 1-5 years, 6-10 years, and greater than 10 years.

Deliverables:

- (1) Collection system CIP list in Microsoft Excel format.
- (2) WRRF CIP list in Microsoft Excel format.

Assumptions:

- (1) All costs will be presented in 2026 dollars with an accompanying ENR CCI value to facilitate future escalation.

3.2 Prepare Technical Memorandum

- Prepare a draft technical memorandum summarizing the analysis process and CIP recommendations.
- Review and address District comments on the draft technical memorandum.
- Prepare a final technical memorandum.

Deliverables:

- (1) Draft technical memorandum in Microsoft Word format.
- (2) Final technical memorandum in PDF format.

Assumptions:

- (1) District will review draft technical memorandum using track changes functionality in Microsoft Word.
- (2) District will provide a single set of consolidated technical memorandum comments within 3 weeks of submittal of draft technical memorandum.

EXHIBIT B
CONSULTANT'S FEE



Task No. Task Description		WSC								ALL FIRMS
		Principal In Charge	Project Manager	Project Engineer	Project Administration	WSC Labor Hours	WSC Labor Fee	Expenses	WSC Fee	Total Fee
		Dylan Wade	Adam Donald	Cason Roberts	Kay Merrill					
Billing rates, \$/hr		\$415	\$278	\$188	\$180					
0	Project Management									
0.1	Project Administration	1	7		8	16	\$ 3,801	\$ -	\$ 3,801	\$ 3,801
0.2	Data Collection and Review		2	5		7	\$ 1,496	\$ -	\$ 1,496	\$ 1,496
0.3	Workshops	5	5	15		25	\$ 6,285	\$ 160	\$ 6,445	\$ 6,445
SUBTOTAL		6	14	20	8	48	\$ 11,582	\$ 160	\$ 11,742	\$ 11,742
1	Collection System Needs Assessment									
1.1	Desktop Evaluation of Collection System	1	8	32		41	\$ 8,655	\$ -	\$ 8,655	\$ 8,655
1.2	Physical Evaluation of Collection System	12		12		24	\$ 7,236	\$ 80	\$ 7,316	\$ 7,316
SUBTOTAL		13	8	44	0	65	\$ 15,891	\$ 80	\$ 15,971	\$ 15,971
2	WRRF Needs Assessment									
2.1	Desktop Evaluation of WRRF		4	18		22	\$ 4,496	\$ -	\$ 4,496	\$ 4,496
2.2	Physical Evaluation of WRRF	8		8		16	\$ 4,824	\$ 80	\$ 4,904	\$ 4,904
SUBTOTAL		8	4	26	0	38	\$ 9,320	\$ 80	\$ 9,400	\$ 9,400
3	Technical Memorandum and CIP List Development									
3.1	Develop CIP List	2	10	26		38	\$ 8,498	\$ -	\$ 8,498	\$ 8,498
3.2	Prepare Techncial Memorandum	1.5	5	16		22.5	\$ 5,021	\$ -	\$ 5,021	\$ 5,021
SUBTOTAL		3.5	15	42	0	60.5	\$ 13,519	\$ -	\$ 13,519	\$ 13,519
COLUMN TOTALS		30.5	41	132	8	211.5	\$ 50,312	\$ 320	\$ 50,632	\$ 50,632

10% mark-up on direct expenses; 15% mark-up for sub-contracted services
Mileage will be reimbursed at the prevailing federal milage reimbursement rate in effect at the time of travel
Rates are subject to revision as of January 1 each year.

EXHIBIT C

INSURANCE REQUIREMENTS

Prior to the beginning of and throughout the duration of the Work, Consultant will maintain insurance in conformance with the requirements set forth below. Consultant will use existing coverage to comply with these requirements. If that existing coverage does not meet the requirements set forth here, Consultant agrees to amend, supplement or endorse the existing coverage to do so. Consultant acknowledges that the insurance coverage and policy limits set forth in this section constitute the minimum amount of coverage required. Any insurance proceeds available to District in excess of the limits and coverage required in this agreement and which is applicable to a given loss, will be available to District.

Consultant shall provide the following types and amounts of insurance:

Commercial General Liability Insurance using Insurance Services Office "Commercial General Liability" policy from CG 00 01 or the equivalent. Defense costs must be paid in addition to limits. There shall be no cross liability exclusion for claims or suits by one insured against another. Limits are subject to review but in no event less than \$1,000,000 per occurrence.

Business Auto Coverage on ISO Business Auto Coverage from CA 00 01 including symbol 1 (Any Auto) or the equivalent. Limits are subject to review, but in no event to be less than \$1,000,000 per accident. If Consultant owns no vehicles, this requirement may be satisfied by a non-owned auto endorsement to the general liability policy described above. If Consultant or Consultant's employees will use personal autos in any way on this project, Consultant shall provide evidence of personal auto liability coverage for each such person.

Workers Compensation on a state-approved policy form providing statutory benefits as required by law with employer's liability limits no less than \$1,000,000 per accident or disease.

Professional Liability or Errors and Omissions Insurance as appropriate shall be written on a policy form coverage specifically designated 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 limit shall be no less than \$1,000,000 per claim and in the aggregate. The policy must "pay on behalf of" the insured and must include a provision establishing the insurer's duty to defend the insured. The policy retroactive date shall be on or before the effective date of this agreement.

Insurance procured pursuant to these requirements shall be written by insurer that are admitted carriers in the state California and with an A.M. Bests rating of A- or better and a minimum financial size VII.

General conditions pertaining to provision of insurance coverage by Consultant. Consultant and District agree to the following with respect to insurance provided by Consultant:

1. Consultant agrees to have its insurer endorse the third party general liability coverage required herein to include as additional insureds District, its officials employees and agents, using standard ISO endorsement No. CG 2010 with an edition prior to 1992 or current equivalent. Consultant also agrees to require all consultants, and subcontractors to do likewise.

2. No liability insurance coverage provided to comply with this Agreement shall prohibit Consultant, or Consultant's employees, or agents, from waiving the right of subrogation prior to a loss. Consultant agrees to waive subrogation rights against District regardless of the applicability of any insurance proceeds, and to require all Consultants and subcontractors to do likewise.

3. 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 District or its operations limits the application of such insurance coverage.

4. 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 District and approved of in writing.

5. 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 Consultant or subcontractor.

6. All coverage types and limits required are subject to approval, modification and additional requirements by the District, as the need arises. Consultant shall not make any reductions in scope of coverage (e.g. elimination of contractual liability or reduction of discovery period) that may affect District's protection without District's prior written consent.

7. Proof of compliance with these insurance requirements, consisting of certificates of insurance evidencing all of the coverages required and an additional insured endorsement to Consultant's general liability policy, shall be delivered to District at or prior to the execution of this Agreement. In the event such proof of any insurance is not delivered as required, or in the event such insurance is canceled at any time and no replacement coverage is provided, District has the right, but not the duty, to obtain any insurance it deems necessary to protect its interests under this or any other agreement and to pay the premium. Any premium so paid by District shall be charged to and promptly paid by Consultant or deducted from sums due Consultant, at District option.

8. Certificate(s) are to reflect that the insurer will provide 30 days notice to District of any cancellation of coverage. Consultant agrees to require its insurer to modify such certificates to delete any exculpatory wording stating that failure of the insurer to mail written notice of cancellation imposes no obligation, or that any party will “endeavor” (as opposed to being required) to comply with the requirements of the certificate.

9. It is acknowledged by the parties of this agreement that all insurance coverage required to be provided by Consultant or any subcontractor, is intended to apply first and on a primary, noncontributing basis in relation to any other insurance or self-insurance available to District.

10. Consultant agrees to ensure that subcontractors, and any other party involved with the project that is brought onto or involved in the project by Consultant, provide the same minimum insurance coverage required of Consultant. Consultant agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this section. Consultant agrees that upon request, all agreements with subcontractors and others engaged in the project will be submitted to District for review.

11. Consultant agrees not to self-insure or to use any self-insured retentions or deductibles on any portion of the insurance required herein and further agrees that it will not allow any Consultant, subcontractor, Architect, Engineer or other entity or person in any way involved in the performance of work on the project contemplated by this agreement to self-insure its obligations to District. If Consultant's existing coverage includes a deductible or self-insured retention, the deductible or self-insured retention must be declared to the District. At the time the District shall review options with the Consultant, which may include reduction or elimination of the deductible or self-insured retention, substitution of other coverage, or other solutions.

12. The District reserves the right at any time during the term of the contract to change the amounts and types of insurance required by giving the Consultant ninety (90) days advance written notice of such change. If such change results in substantial additional cost to the Consultant, the District will negotiate additional compensation proportional to the increase benefit to District.

13. For purposes of applying insurance coverage only, this Agreement will be deemed to have been executed immediately upon any party hereto taking any steps that can be deemed to be in furtherance of or towards performance of this Agreement.

14. Consultant acknowledges and agrees that any actual or alleged failure on the part of District to inform Consultant of non-compliance with any insurance requirements in no way imposes any additional obligations on District nor does it waive any rights hereunder in this or any other regard.

15. Consultant will renew the required coverage annually as long as District, or its employees or agents face an exposure from operations of any type pursuant to this

agreement. This obligation applies whether or not the agreement is canceled or terminated for any reason. Termination of this obligation is not effective until District executes a written statement to that effect.

16. Consultant shall provide proof that policies of insurance required herein expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Proof that such coverage has been ordered shall be submitted prior to expiration. A coverage binder or letter from Consultant's insurance agent to this effect is acceptable. A certificate of insurance and/or additional insured endorsement as required in these specifications applicable to the renewing or new coverage must be provided to District within five days of the expiration of the coverages.

17. The provisions of any workers' compensation or similar act will not limit the obligations of Consultant under this agreement. Consultant expressly agrees not to use any statutory immunity defenses under such laws with respect to District, its employees, officials and agents.

18. Requirements of specific coverage features or limits contained in this section are not intended as limitations on coverage, limits or other requirements nor as a waiver of any coverage normally provided by any given policy. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue, and is not intended by any party or insured to be limiting or all-inclusive.

19. These insurance requirements are intended to be separate and distinct from any other provision in this Agreement and are intended by the parties here to be interpreted as such.

20. The requirements in this Section supersede all other sections and provisions of this Agreement to the extent that any other section or provision conflicts with or impairs the provisions of this Section.

21. Consultant agrees to be responsible for ensuring that no contract used by any party involved in any way with the project reserves the right to charge District or Consultant for the cost of additional insurance coverage required by this agreement. Any such provisions are to be deleted with reference to District. It is not the intent of District to reimburse any third party for the cost of complying with these requirements. There shall be no recourse against District for payment of premiums or other amounts with respect thereto.

22. Consultant agrees to provide immediate notice to District of any claim or loss against Consultant arising out of the work performed under this agreement. District 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 District.



CAYUCOS SANITARY DISTRICT STAFF REPORT

AGENDA ITEM:

11

TO: BOARD OF DIRECTORS

FROM: DAVID ATHEY, DISTRICT MANAGER

DATE: SEPTEMBER 17, 2026

SUBJECT: DISCUSSION AND CONSIDERATION TO ADOPT A RESERVES POLICY AND TO CONFIRM THE PROPOSED LADDER OF INVESTMENTS STRATEGY BY OPTIMIZED INVESTMENT PARTNERS (OIP)

DISCUSSION

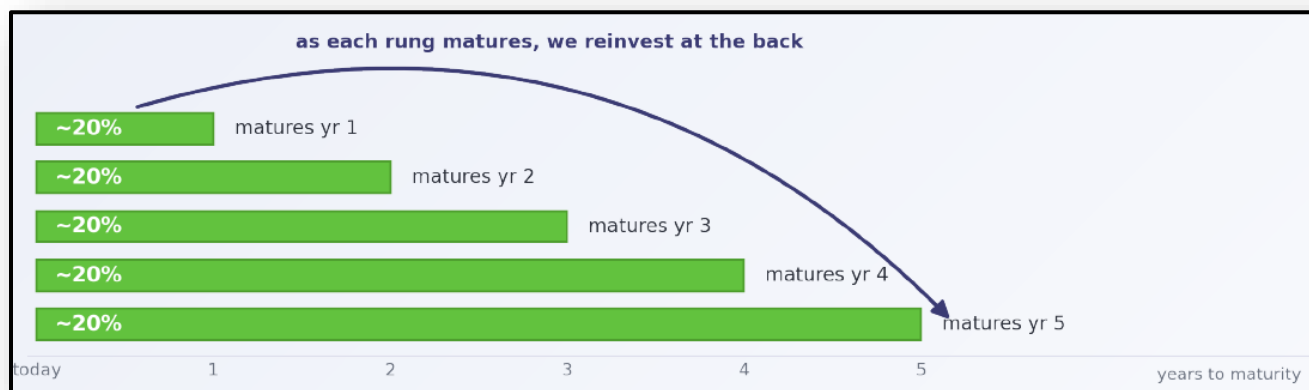
The Cayucos Sanitary District (District) does not currently have a Reserves Policy. The purpose of a Reserves Policy is to ensure that the District has funding available for emergency and non-emergency obligations. Specific reserve categories may include operating, capital, special projects, vehicle fleet and other reserve types. Reserve funds can be “restricted,” meaning the funds would only be used for specific events, or “un-restricted,” which are funds that can be used at the Board’s discretion or invested in accordance with the Investment Policy. The benefit of a Reserves Policy is that it provides clarity on how much of the District’s reserve monies are available for investment or other uses as directed by the Board.

Staff prepared a draft Reserves Policy and presented it to the Finance Committee for consideration and feedback. The Finance Committee recommended that the Reserves Policy set aside 25% of the yearly budget for both Operations and Capital Project emergencies. These reserved funds will continue to be kept in interest-bearing accounts for use during emergencies. Emergencies could include catastrophic failure of lift station pumps or an income shortfall caused by late receipt of property tax income. The recommended changes are incorporated into the draft Reserves Policy in Attachment 1.

OIP also presented a laddering investment approach to the Finance Committee. A laddering investment approach invests a set amount of money for different lengths of time. For example, OIP’s recommendation is for the District to invest a total of \$3,000,000 in a series of \$600,000 (20% of \$3M total investment) investments that will mature in one through five years. The investments that will mature each year will then be reinvested in new five-year notes (see picture below). This approach has the advantage of locking in yields to avoid swings in interest rates, the maturities will coincide with when the District may need cash and will allow the District to take advantage of higher return investments such as treasury notes, medium-term notes (corporate bonds at or above AA rating), and higher yield certificates of deposit.

OIP recommends that the District start the laddering investment approach by investing in medium-term notes and higher yielding CDs. This approach will likely provide the District with the highest overall potential return, which is estimated to be between 4.2 to 4.6%. Five-year corporate bonds were recently quoted at 5%, and two-year notes at 4.6%, which indicates interest rates are slightly on the rise. However, the District’s actual return will depend on the interest rate at the time of purchase, which could be more or less than quoted. OIP believes that this is a sound approach for the District.

Picture 1 - Laddering Approach



OPTIONS

1. Adopt the draft Reserves Policy and authorize investment of \$3,000,000 in OIP's recommended Laddering Investment Strategy and investment type
2. Provide an alternative recommendation
3. Send this item back to staff for additional analysis
4. Do not take action on this item

RECOMMENDATION

Staff recommends that the Board of Directors adopt the proposed Reserves Policy and authorize investment of \$3,000,000 of reserves in OIP's recommended Laddering Investment Strategy and investment type.

ATTACHMENTS

1. Reserves Policy

Cayucos Sanitary District

POLICY HANDBOOK

Financial Management

POLICY TITLE: Reserves Policy
POLICY NUMBER: 4205
ADOPTION DATE:

4205.1 Policy

This policy describes the Board of Directors' intention to establish and maintain reserves sufficient for responsible financial planning and ongoing fiscal health. This policy is intended to be a companion to the District's Investment Policy §4160.

4205.2 Purpose

The purpose of this policy is to ensure that the District will always have sufficient funding available to meet its operating, capital, and debt service obligations. This policy outlines the minimum cash reserves needed to prepare for planned and unplanned expenses and to ensure equity between current and future ratepayers.

4205.3 General Reserve

The District will strive to retain a fund balance equal to twenty five percent (25%) of the operating budget as a reserve for economic uncertainties. The reserve balance shall be used to pay for current liabilities if current revenue is insufficient to meet obligations.

4205.4 Capital Improvement Project Emergency Reserve

The District will strive to retain a fund balance equal to twenty five percent (25%) of the operating budget. These funds shall be saved to fund unexpected costs arising from emergencies and other contingencies that may arise outside of the normal budgeting process.

4205.5 Specific Purpose Reserves

The District may establish and fund other specific purpose reserves as needed. Such reserves may include infrastructure reserves to accumulate capital for the purchase, construction, or maintenance of property; equipment reserves for the purchase or maintenance of equipment; or any other specific purpose the Board of Directors designates as prudent to the mission of the District.