



## CAYUCOS SANITARY DISTRICT

200 Ash Avenue  
PO Box 333  
Cayucos, California 93430-0333  
805-995-3290

### GOVERNING BOARD

R. Enns, President  
D. Chivens, Vice-President  
S. Lyon, Director  
R. Frank, Director  
H. Miller, Director

### BOARD OF DIRECTORS

#### REGULAR MEETING AGENDA

**THURSDAY, OCTOBER 15, 2020 AT 5:00PM**

200 ASH AVENUE, CAYUCOS, CALIFORNIA 93430

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### 1. ESTABLISH QUORUM AND CALL TO ORDER

### 2. PUBLIC COMMENTS:

This is the time the public may address the Board on items other than those scheduled on the agenda. By conditions of the Brown Act the Board may not discuss issues not posted on the agenda, but may set items for future agendas. Those persons wishing to speak on any item scheduled on the agenda will be given an opportunity to do so at the time that agenda item is being considered. When recognized by the Board President, please stand up and state your name and address 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.

### 3. CONSENT CALENDAR - Recommend to Approve

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. Regular Meeting Minutes

1. Approval of minutes for the September 17, 2020 Board of Directors Regular Meeting

#### B. Financial Reports: September 2020

1. Check Register – Rabobank (General Checking Account)
  - a. Check Register – Wells Fargo (CIP/CSWP Checking Account)
  - b. Check Register – Wells Fargo (CSWP Construction Account)
2. Cash, Savings, and Investment Report

3. Budget vs. Actual Status Report **FY 2020-2021**
4. Capital Improvement Projects Report

**4. STAFF COMMUNICATIONS AND INFORMATION ITEMS: (NO ACTION REQUIRED)**

- A. District Manager’s Report (Koon) – September 2020
- B. Monthly Customer Satisfaction Survey Submissions – **None**
- E. Will-Serves – New  
**None**  
 Will-Serves – Renewed  
**Lojacono, APN 064-449-035, 3444 Studio Dr. – SFR Remodel**  
**Purchase, APN 064-372-014, 210 Cerro Gordo Ave. – SFR New**  
**Purchase, APN 064-372-013, 220 Cerro Gordo Ave. – SFR New**  
**Kaus, APN 064-222-014, 48 12<sup>th</sup> St. – SFR New**  
 Will-Serves – Finaled  
**None**  
 Will-Serves – Continue to Serve (No Will-Serve Required)  
**None**

**5. DISCUSSION AND CONSIDERATION TO ADOPT RESOLUTION 2020-8 AMENDING CAYUCOS SANITARY DISTRICT’S CONFLICT OF INTEREST CODE**

**6. DISCUSSION AND CONSIDERATION TO APPROVE THE DRAFT MEMORANDUM OF UNDERSTANDING WITH THE CAYUCOS-MORRO BAY CEMETARY DISTRICT REGARDING THE LEASE OR PURCHASE OF A PORTION OF LOT 8 ON TORO CREEK RD.**

**7. CAYUCOS SUSTAINABLE WATER PROJECT STATUS UPDATE**

**8. BOARD MEMBER COMMENTS** (This item is the opportunity for Board Members to make brief announcements and/or briefly report on their own activities related to District business.)

**9. FUTURE SCHEDULED MEETINGS**

- November 19, 2020 – Regular Board Meeting
- December 17, 2020 – Regular Board Meeting
- January 21, 2021 – Regular Board Meeting

**10. ADJOURNMENT**

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All staff reports or other written documentation relating to each item of business referred to on the agenda are on file in the District’s office and are available for public inspection and 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.



**AGENDA ITEM:** 3.A.1  
**DATE:** October 15, 2020  
**ACTION:** \_\_\_\_\_

CAYUCOS SANITARY DISTRICT  
200 Ash Avenue  
PO Box 333, Cayucos, CA 93430-0333  
805-995-3290

GOVERNING BOARD  
R. B. Enns, President  
D. Chivens, Vice-President  
S. Lyon, Director  
H. Miller, Director  
R. Frank, Director

REGULAR MEETING  
MINUTES  
Thursday, September 17, 2020  
5:00 p.m.

**1. ESTABLISH QUORUM AND CALL TO ORDER**

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

Board members present via GoToMeeting: President Robert Enns, Vice-President Dan Chivens, Director Miller, Director Robert Frank, and Director Shirley Lyon

Staff present via GoToMeeting: District Manager Rick Koon, and Admin. Services Manager Amy Lessi

Guests present via GoToMeeting: Dylan Wade of Water Systems Consultants (WSC)

**2. PUBLIC COMMENTS**

Enns opened the meeting to Public Comment.

John Curti shared that he took a tour of the new plant and was impressed with what he saw.

John Paul Drayer asked about delinquent customer payments associated with COVID-19.

Julie Tacker stated her appreciation for the meeting packets being posted to the website each month, and requested that the meetings be recorded in the future.

Hearing no further comments, President Enns closed Public Comment.

**3. CONSENT CALENDAR - Recommend to Approve.**

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. Regular Meeting Minutes**

1. Approval of Minutes for the August 20, 2020 Board of Directors Regular Meeting

**B. Financial Reports: August 2020**

1. Check Register – Rabobank (General Checking Account)
  - a. Check Register – Wells Fargo (CIP/CSWP Checking Account)
  - b. Check Register – Wells Fargo (CSWP Construction Account)
2. Cash, Savings, and Investment Report

3. Budget vs. Actual Status Report **FY 2020-2021**
4. Capital Improvement Projects Report

Director Miller pointed out a typo in item #10 of the minutes from the previous meeting. "\$2.2 million loan" should have read "\$24.2 million loan."

President Enns opened the meeting to Public Comment.

Julie Tacker requested an explanation for the Carmel & Naccasha LLP invoice for \$11,581.94.

John Paul Drayer wanted to make clear that his comments for item #9 of last month's meeting were in relation to the new gig-economy bill.

Hearing no further comments, President Enns closed Public Comment.

**MOTION:** 1st by Miller, to approve item 3.A on the consent calendar as amended, and item 3.B as prepared. Motion was seconded by Frank.

**ROLLCALL VOTE:** Miller-yes, Frank-yes, Lyon-yes, Chivens-yes, Enns-yes,

**VOTE 5-0** Motion passed

**4. STAFF COMMUNICATIONS AND INFORMATION ITEMS: (NO ACTION REQUIRED)**

**A. District Manager's Report – August 2020**

**B. Monthly Customer Satisfaction Survey Submissions – None**

**C. Will Serves – New**

**Coastal Hospitality Holdings LLC, APN 064-131-022, 399 S Ocean Ave.  
– CMMCL Remodel**

**Malmen, APN 064-201-072, 2651 Richard Ave. – SFR New**

**Borek, APN 064-263-009, 2892 Orville Ave. – SFR Addition**

Will Serves – Renewed

**Sanchez, APN 064-155-021, 91 11<sup>th</sup> St. – SFR New**

**KBDB Properties LLC, APN 064-113-021, 188 D St. – SFR New**

Will Serves – Finaled

**Payton, APN 064-232-028, 48 18<sup>th</sup> St. – SFR New**

Will Serves – Continue to Serve (No Will Serve Required)

**None**

Manager Koon gave a verbal report for the previous month's Admin. and Operations departments' activities. Staff continues to observe health recommendations associated with COVID-19. Staff completed CPR training and received certification. Admin. staff is revising the document filing and storage process and has been digitizing many District documents that previously took up unnecessary space in the office. A records retention policy is being developed for future Board approval. Legal Counsel has been busy with reviewing contracts for USDA and the Purchase and Sale Agreements for the District-owned lots.

Vice President Chivens wondered what the flow has been like over the past 60 days, as there have been a lot of visitors in town.

Manager Koon answered just over 200,000 gallons, adding that there hasn't been a significant spike, maybe because the public restrooms are closed. The increase in tourists has had a bigger impact on the amount of garbage that's accumulating downtown.

President Enns asked Manager Koon to comment on the recent wastewater testing for COVID-19.

Manager Koon responded that the District participated in the testing for about 4 weeks. Expenses were covered by the County as the process assisted them in proving their testing method. Operations staff has been jetting, using aerosol and PPE to take extra precaution against COVID-19 during this time.

President Enns opened the meeting to Public Comment.

Julie Tacker asked what kind of advice the District received from the auditors on the budget that was adopted for FY 20/21.

Hearing no further comment, President Enns closed Public Comment.

Items 4 A through C were received and accepted.

**5. DISCUSSION AND CONSIDERATION TO APPROVE PAYMENT OF MORRO BAY INVOICE FOR 4TH QUARTER OF FY 2019-2020 IN THE AMOUNT OF \$94,653.99**

Manager Koon presented his staff report and the invoice from the City of Morro Bay, ultimately recommending approval.

President Enns opened the meeting to Public Comment.

Hearing no comments, President Enns closed Public Comment.

**MOTION:** 1st by Chivens, to Approve Payment of Morro Bay Invoice for 4th Quarter of FY 2019-2020 in the Amount of \$94,653.99. Motion was seconded by Lyon.

**ROLLCALL VOTE:** Chivens-yes, Lyon-yes, Miller-yes, Frank-yes, Enns-yes

**VOTE 5-0** Motion passed

**6. DISCUSSION AND CONSIDERATION TO ADOPT RESOLUTION 2020-7 AMENDING CAYUCOS SANITARY DISTRICT'S CONFLICT OF INTEREST CODE**

Manager Koon explained the revisions and additions to the biennially reviewed Conflict of Interest Code.

President Enns opened the meeting to Public Comment.

Julie Tacker questioned the number of the staff members listed on the proposed Conflict of Interest Code and a lack co-counsel.

Hearing no further comments, President Enns closed Public Comment.

**MOTION:** 1st by Frank, to Adopt Resolution 2020-7 Amending Cayucos Sanitary District's Conflict of Interest Code. Motion was seconded by Miller.

**ROLLCALL VOTE:** Frank-yes, Miller-yes, Lyon-yes, Chivens-yes, Enns-yes

**VOTE 5-0** Motion passed

**7. DISCUSSION AND CONSIDERATION TO ADOPT INVESTMENT POLICY FOR FISCAL YEAR 2020/21**

Manager Koon reviewed the District's Investment Policy history back to 2013 and said he anticipates that the Board will continue direct management of the District's reserves through 2025.

President Enns opened the meeting to Public Comment.

John Paul Drayer asked if the District would have a financial advisor look into conservative investments.

Hearing no comments, President Enns closed Public Comment.

**MOTION:** 1st by Chivens, to Adopt Investment Policy for Fiscal Year 2020/21. Motion was seconded by Lyon.

**ROLLCALL VOTE:** Chivens-yes, Lyon-yes, Frank-yes, Miller-yes, Enns-yes

**VOTE 5-0** Motion passed.

**8. DISCUSSION AND CONSIDERATION TO APPROVE CHANGE ORDER #1 FROM LONGITUDE 123, INC. FOR \$56,780.00**

Manager Koon briefly recapped Longitude 123's work for the District at Lift Station 5 and the Outfall Project, recommending the Board's approval of Change Order #1.

President Enns opened the meeting to Public Comment.

Hearing no comments, President Enns closed Public Comment.

**MOTION:** 1st by Frank, to Approve Change Order #1 from Longitude 123, Inc. for \$56,780.00. Motion was seconded by Miller.

**ROLLCALL VOTE:** Frank-yes, Miller-yes, Lyon-yes, Chivens-yes, Enns-yes

**VOTE 5-0** Motion passed.

**9. DISCUSSION AND CONSIDERATION TO APPROVE PIPELINE PROJECT CHANGE ORDER #1 WITH DAVID CRYE GENERAL ENGINEERING CONTRACTOR, INC. IN THE AMOUNT OF \$44,860.46**

Manager Koon explained the change order in detail, noting that the amount is less than 2% of the total contract amount.

President Enns opened the meeting to Public Comment.

Hearing no comments, President Enns closed Public Comment.

**MOTION:** 1st by Frank, to Approve Pipeline Project Change Order #1 with David Crye General Engineering Contractor, Inc. in the Amount of \$44,860.46. Motion was seconded by Lyon.

**ROLLCALL VOTE:** Frank-yes, Lyon-yes, Miller-yes, Chivens-yes, Enns-yes

**VOTE 5-0** Motion passed.

## 10. CAYUCOS SUSTAINABLE WATER PROJECT STATUS UPDATE

Manager Koon informed the Board that only roughly 25% of the project work remains. Pipes and pipe supports are currently going in and the headworks are almost complete. Up next is the wiring of conduits, pouring of curbs, and installation of gutters. PG&E will be coming out soon to energize. Lift Station 5 is anticipated to be fully operational by the end of December.

President Enns stated that every time he goes out to visit the job sit, Dylan Wade of WSC is there and working hard. Vice President Chivens thanked Koon for the tour, commenting that it looked a little overwhelming to run, but he understands that automation is the key. Director Lyon and Director Frank also thanked Koon for their tours, complimented Koon and Wade on being a good team, and were impressed with how much has been accomplished in such a short period of time.

President Enns opened the meeting to Public Comment.  
Hearing no comments, President Enns closed Public Comment.

## 11. BOARD MEMBER COMMENTS (This item is the opportunity for Board Members to make brief announcements and/or briefly report on their own activities related to District business.)

None.

## 12. FUTURE SCHEDULED MEETINGS.

- October 15, 2020 – Regular Board Meeting
- November 19, 2020 – Regular Board Meeting
- December 17, 2020 – Regular Board Meeting

## 13. ADJOURNMENT

The meeting adjourned at 5:57p.m.

**Minutes Respectfully Submitted By:**

X Amy Lessi

Amy Lessi  
Administrative Services Manager

**Cayucos Sanitary District  
General Checking Account  
(Payments Only)  
September 2020**

**AGENDA ITEM: 3.B.1**

**DATE: October 15, 2020**

Date	Num	Name	Amount
09/01/2020	21732	POSTMASTER	-574.56
09/01/2020	21754	KITZMAN WATER	-37.70
09/01/2020	21755	MINER'S ACE HARDWARE	-68.50
09/01/2020	21756	POSTMASTER	-118.00
09/01/2020	21757	QUICK TECH COMPUTERS	-525.00
09/01/2020	21761	CAYUCOS SANITARY DISTRICT WELLS FARGO ACT	-1,148.06
09/02/2020	B2024610990	ALLIED ADMINISTRATORS FOR DELTA DENTAL	-660.31
09/03/2020		QuickBooks Payroll Service	-12,520.86
09/03/2020	21762	CARMEL & NACCASHA LLP	-1,122.00
09/03/2020	21763	CAYUCOS SANITARY DISTRICT	-282.00
09/03/2020	21764	HINSON'S TIRE PROS	-201.15
09/03/2020	21765	MISSION UNIFORM SERVICE	-106.20
09/03/2020	21766	PG&E LS#1	-412.59
09/03/2020	21767	PG&E LS#4	-455.20
09/03/2020	21768	STREAMLINE	-200.00
09/04/2020	DD090420207	MILLER, HANNAH P	0.00
09/04/2020	DD090420201	COLLINS, JONATHAN W	0.00
09/04/2020	DD090420205	LAKEY, NICK E	0.00
09/04/2020	DD090420206	LESSI, AMY M	0.00
09/04/2020	DD090420208	OWENS, JUSTIN D	0.00
09/04/2020	DD090420203	GOOD, GAYLE	0.00
09/04/2020	21758	CHIVENS, DAN P	-91.35
09/04/2020	21759	ENNS, ROBERT	-91.35
09/04/2020	DD090420202	FRANK, ROBERT W	0.00
09/04/2020	DD090420204	KOON, RICHARD L	0.00
09/04/2020	21760	LYON, SHIRLEY A	-91.35
09/04/2020	FED09042020	US TREASURY	-5,281.08
09/04/2020	EDD09042020	EDD	-1,094.72
09/04/2020	DEF09042020	CALPERS (RETIREMENT)	-975.00
09/04/2020	PERS090420	CALPERS (RETIREMENT)	-2,926.16
09/05/2020	HLTH090520	CALPERS (HEALTH)	-11,911.66
09/06/2020	21778	PATHIAN ADMINISTRATORS	-172.40
09/09/2020	21769	CHARTER INTERNET	-114.98
09/09/2020	21770	MORRO ROCK MUTUAL WATER CO.	-27.51
09/09/2020	21771	MOSS, LEVY & HARTZHEIM LLP	-1,000.00
09/09/2020	21772	PG&E LS#2	-969.09
09/09/2020	21773	PG&E LS#3	-152.85
09/09/2020	21774	PG&E LS#5	-1,727.46
09/09/2020	21775	PG&E OFFICE	-179.47
09/09/2020	21776	QUICK TECH COMPUTERS	-776.00
09/09/2020	21777	WELLS FARGO VENDOR FIN SERV	-213.43
09/14/2020	21780	ALPHA ELECTRICAL SERVICE, INC.	-734.03
09/14/2020	21781	CALNET3	-302.70
09/14/2020	21782	CAYUCOS SANITARY DISTRICT WELLS FARGO ACT	-100,000.00
09/15/2020	FED09182020	US TREASURY	-5,206.96



<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Amount</u>
09/15/2020	EDD09182020	EDD	-1,090.71
09/17/2020		QuickBooks Payroll Service	-12,345.48
09/17/2020	21783	ADVANTAGE ANSWERING PLUS	-81.17
09/17/2020	21784	BREZDEN PEST CONTROL	-123.00
09/18/2020	DD091820201	COLLINS, JONATHAN W	0.00
09/18/2020	DD091820202	GOOD, GAYLE	0.00
09/18/2020	DD091820204	LAKEY, NICK E	0.00
09/18/2020	DD091820205	LESSI, AMY M	0.00
09/18/2020	DD091820206	OWENS, JUSTIN D	0.00
09/18/2020	DD091820203	KOON, RICHARD L	0.00
09/18/2020	21785	CITY OF MORRO BAY	-94,653.99
09/18/2020	21786	FIRSTNET (AT&T)	-238.56
09/18/2020	DEF09182020	CALPERS (RETIREMENT)	-975.00
09/18/2020	PERS091820	CALPERS (RETIREMENT)	-2,926.16
09/22/2020	21787	COASTAL COPY, INC	-35.94
09/22/2020	21788	EXECUTIVE JANITORIAL	-180.00
09/22/2020	21789	GRAINGER	-77.84
09/22/2020	21790	MISSION UNIFORM SERVICE	-106.20
09/22/2020	21791	SLOCTC ASH	-116.96
09/22/2020	21792	SOCAL GAS	-19.27
09/22/2020	21793	STAPLES ADVANTAGE (Gov. Acct)	-52.83
09/28/2020	21794	LAKEY, NICK E	-14.84
09/28/2020	21795	BUSINESS CARD 4841	-381.36
09/28/2020	21796	BUSINESS CARD 8913	-1,050.00
09/28/2020	21797	NELSON'S GARAGE	-423.95
09/30/2020	35199560904	COLONIAL LIFE INSURANCE PREMIUMS	-172.20
09/30/2020	21798	N. BRENT KNOWLES CONSTRUCTION	-4,500.00
09/30/2020	21799	SARAH KELLY	-158.00
		<b>Total Operating Expenses</b>	<b>-272,195.14</b>
		<b>Less Transfer to CIP</b>	<b>100,000.00</b>
		<b>Grand Total</b>	<b>-\$172,195.14</b>

**Cayucos Sanitary District  
CIP/CSWP Account  
(Payments Only)  
September 2020**

**AGENDA ITEM:** 3.B.1a

**DATE:** October 15, 2020

Date	Num	Name	Amount
09/01/2020	11432	ASHLEY & VANCE	-9,165.00
09/01/2020	11433	J CALTON ENGINEERING	-2,405.00
09/03/2020	11434	CARMEL & NACCASHA LLP	-5,832.25
09/18/2020	11435	ASHLEY & VANCE	-315.00
09/24/2020	11436	LONGITUDE 123, INC.	-221,200.00
09/28/2020	11437	WESTERN ALLIANCE BANK - SERIES A1	-114,114.63
<b>Total CIP Expenses</b>			<b>-353,031.88</b>

**Cayucos Sanitary District  
CSWP Construction Account  
(Payments Only)  
September 2020**

**AGENDA ITEM:** 3.B.1b

**DATE:** October 15, 2020

Date	Num	Name	Amount
09/01/2020	5201	RANCH WIFI	-135.00
09/03/2020	5202	COASTAL COPY, INC	-70.96
09/14/2020	5203	CALNET3	-43.79
09/14/2020	5204	PG&E TORO	-299.79
09/15/2020	5205	HARVEY'S HONEY HUTS	-420.36
09/18/2020	5206	PG&E LS#5 - 165 TORO	-3,198.76
09/18/2020	5207	WELLS FARGO VENDOR FIN SERV	-249.98
09/24/2020	5208	CUSHMAN CONTRACTING CORPORATION	-702,078.00
09/24/2020	5209	DAVID CRYE GENERAL ENGINEERING CONTRACTOR	-471,675.00
09/24/2020	5210	FIRMA CONSULTANTS, INC	-14,484.07
09/24/2020	5211	GEOSOLUTIONS, INC	-1,975.50
09/24/2020	5212	WATER SYSTEMS CONSULTING, INC.	-116,636.95
09/30/2020	5213	MOBILE MODULAR MANAGEMENT CORPORATION	-924.34
<b>Total CSWP Construction Expenses</b>			<b>-1,312,192.50</b>

## Cayucos Sanitary District Cash, Savings and Investment Report September 2020

**AGENDA ITEM:** 3.B.2

**DATE:** October 15, 2020

Bank Accounts	Current Balance	
Rabobank Checking	\$262,166	
Wells Fargo CIP	\$1,227,397	
Wells Fargo CFF	\$187,850	
Petty Cash	\$175	
LAIF	\$8,417	
<b>Total</b>	<b>\$1,686,005</b>	
CSWP Project/Asset Accounts		
Western Alliance Const. Interest Reserve	\$278,231	
Western Alliance Series A Account	\$386,229	
Western Alliance Series A-1 Account	\$1,667,781	
Western Alliance Series B Account	\$0	
WF CSWP Constr. Oper. Acct.	\$123,120	
WF CSWP Constr. Impound Acct.	\$824,157	
<b>Total</b>	<b>\$3,279,518</b>	
Investments		
Wells Fargo CalTrust	\$1,684,133	
Cetera Cash/MM	\$734,365	
Cetera Treasury/Securities	\$79,075	(Fixed Income)
<b>Total</b>	<b>\$2,497,573</b>	
<b>Grand Total</b>	<b>\$7,463,097</b>	
MCD Rabobank Deposit CD	\$25,000	Franchise Deposit on Hold

**Cayucos Sanitary District  
FY 20/21 Financial Report  
September 2020**

**AGENDA ITEM: 3.B.3**

**DATE: October 15, 2020**

	Current Month	YTD Actual Rev/Exp	YTD Budget	Approved Budget 20/21	% of Budget
<b>Ordinary Income/Expense</b>					
<b>Income</b>					
<b>4000 · SEWER INCOME</b>	243,482	759,664	734,038	2,936,150	26%
<b>4100 · WILL SERVE INCOME</b>	16,270	24,880	8,575	34,300	73%
<b>4200 · RENTAL INCOME</b>	35,533	35,533	8,050	32,200	110%
<b>4300 · SOLID WASTE INCOME</b>	12,537	27,603	22,400	89,600	31%
<b>4400 · SLOCO TAX ASSESSMENTS</b>	124	29,713	242,925	971,700	3%
<b>4500 · SAVINGS INTEREST INCOME</b>	3	38	50	200	19%
<b>4600 · INVESTMENT INTEREST</b>	2,268	8,143	6,900	27,600	30%
<b>4700 · OTHER INCOME</b>	-	4,534	1,150	4,600	99%
<b>Total Income</b>	<u>310,217</u>	<u>890,108</u>	<u>1,024,088</u>	<u>4,096,350</u>	<u>22%</u>
<b>Expense</b>					
<b>5000 · PAYROLL EXPENSES</b>					
<b>5100 · ADMINISTRATIVE PAYROLL</b>	26,209	74,195	84,525	338,100	22%
<b>5200 · COLLECTIONS PAYROLL</b>	13,252	38,545	29,050	116,200	33%
<b>5300 · TREAT PAYROLL</b>				209,000	0%
<b>5400 · DIRECTOR PAYROLL</b>	500	1,600	2,000	8,000	20%
<b>5500 · VESTED PAYROLL BENEFITS</b>	417	1,251	1,250	5,000	25%
<b>5600 · ADMIN PAYROLL TAXES &amp; BENEFITS</b>	11,770	57,303	30,238	120,950	47%
<b>5700 · COLL PAYROLL TAXES &amp; BENEFITS</b>	6,139	41,197	21,413	85,650	48%
<b>5800 · TREAT PAYROLL TAXES &amp; BENEFITS</b>				68,450	0%
<b>5900 · DIRECTOR PAYROLL TAXES &amp; BENEFITS</b>	38	122	125	500	24%
<b>Total 5000 · PAYROLL EXPENSES</b>	<u>58,325</u>	<u>214,213</u>	<u>168,600</u>	<u>951,850</u>	<u>23%</u>
<b>6000 · OPERATING EXPENSES</b>					
<b>6050 · SPECIAL PROJECTS</b>	-	-	3,250	13,000	0%
<b>6100 · ADMIN OPERATING EXPENSES</b>	120,629	186,491	445,775	1,783,100	10%
<b>6500 · COLLECTIONS OPERATING EXPENSES</b>	8,412	23,177	54,800	219,200	11%
<b>7000 · TREATMENT OPERATING EXPENSES</b>	-	-	201,250	805,000	0%
<b>Total 6000 · OPERATING EXPENSES</b>	<u>129,041</u>	<u>209,668</u>	<u>705,075</u>	<u>2,820,300</u>	<u>7%</u>
<b>Total Expense</b>	<u>187,366</u>	<u>423,881</u>	<u>873,675</u>	<u>3,772,150</u>	<u>11%</u>
<b>Net Ordinary Income</b>	<u>122,851</u>	<u>466,228</u>	<u>150,413</u>	<u>324,200</u>	<u>144%</u>
<b>Net Income</b>	<u><u>122,851</u></u>	<u><u>466,228</u></u>	<u><u>150,413</u></u>	<u><u>324,200</u></u>	<u><u>144%</u></u>

**Cayucos Sanitary District  
Capital Improvement Projects Report  
FY 20/21  
September 2020**

<b>AGENDA ITEM:</b> <u>3.B.4</u>
<b>DATE:</b> <u>October 15, 2020</u>

	Current Month	YTD Actual Rev/Exp	Approved Budget 20/21	Percent Used YTD
<b>CAPITAL IMPROVEMENTS</b>				
<b>1601 - Sewer Main Replacements</b>	0.00	0.00	85,000.00	0%
<b>1601.02 - Chaney to LS #5</b>	0.00	0.00	70,000.00	0%
<b>1609 - Lift Stations 1 &amp; 4 Repairs</b>				
<b>1609.2 - LS #4 Replacement Pump</b>	0.00	0.00	22,000.00	0%
<b>1612 - ALL LIFT STATIONS</b>				
<b>1612.1 - Lift Station SCADA System</b>	0.00	47,951.28	65,000.00	74%
<b>1614 - Lift Station #5</b>				
<b>1614.1 - Inflow &amp; Infiltration Study</b>	0.00	0.00	28,000.00	0%
<b>1615 - Outfall Tie-In</b>	0.00	0.00	45,000.00	0%
<b>1616 - RWQCB Recycled Water Program</b>	0.00	0.00	50,000.00	0%
<b>Total 1600 CAPITAL IMPROVEMENTS</b>	<b>0.00</b>	<b>\$47,951.28</b>	<b>\$365,000.00</b>	<b>13%</b>



**AGENDA ITEM:** 4.A

**DATE:** October 15, 2020

## **CAYUCOS SANITARY DISTRICT**

**TO: BOARD OF DIRECTORS**

**FROM: RICK KOON  
DISTRICT MANAGER**

**SUBJECT: MONTHLY MANAGERS REPORT: OCTOBER 2020**

**DATE: OCTOBER 8, 2020**

### **ADMINISTRATIVE:**

- Administrative Staff continues to cross train each other on various job duties.
- The District continues to observe the protocols for the office due to COVID-19. When a customer asks to speak with staff, staff will put on masks and sanitize after the customer leaves. Operations staff put on masks when dealing with the public and sanitize their own trucks.
- Collections Trainee Justin passed his Collections I exam.
- We have posted the job positions and descriptions for the Grade III and Grade II openings for the CSWP. Applications are due by October 30<sup>th</sup>. Then we will begin interviews over the first two weeks in November and report back to the Board at the November 19<sup>th</sup> meeting.
- Staff is working on an update to the Employee Policy Handbook for approval by the Board at the November 19<sup>th</sup> meeting.

### **CAPITAL PROJECTS:**

- Working with USDA for final loan approval
- LAFCO application process for District Boundary
- Toro Creek Pipeline Project and LS 5 ongoing construction
- Caltrans Bridge Replacement Project

# OPERATIONS AND MAINTENANCE

## September 2020

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### **Daily Operations of Note:**

- H2S leaving lift station #5 Average 42 ppm Max 248 ppm
- Lift Station #5 - average temperature 73.1° f
- Lift Station #1 - average pH 9.2
- Target Solutions Training for SDRMA
- Respond to 22 Underground Service Alerts
- CCTV 1,050'
- Performed regular maintenance at all stations:  
Scrape, pump down, bleach wells, test generators, high water floats and dialers
- Relocate conduit at lift station 5 to make more room for new construction
- Clean up and move items (manholes, rings, g5, pipe etc.) for Lift Station 5 construction
- Deconstruct fencing at Lift Station 5
- Send CCTV tractor in for repairs
- Begin setting up new mapping system with POSM
- Meet with Matt Scaglione from Dukes for planning of upcoming I&I study
- Permanently install Microtel dialer in cabinet at Lift Station 5
- Replace batteries in F350
- Trim bushes at LS 1
- Assist with CSD records retention policy
- Bypass fault on LS 4 pump and set in lag position
- Test standby generator battery capacities
- Wash and polish stainless steel cabinets at lift stations
- Replace fire extinguisher enclosure at Lift Station 5
- Replace flapper valve in office toilet

### **Call Outs:**

9-15-2020 – NL – Lift Station 1 Power Failure



## **RESOLUTION 2020-8 OCTOBER 15, 2020**

### **A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CAYUCOS SANITARY DISTRICT REGARDING THE BIENNIAL REVIEW OF ITS CONFLICT OF INTEREST CODE AND AMENDING THE LIST OF DESIGNATED POSITIONS AND DISCLOSURE CATEGORIES SUBJECT TO THE CONFLICT OF INTEREST CODE**

**WHEREAS**, the Cayucos Sanitary District adopted, by Resolution No. 92-7 dated September 21, 1992, the Fair Political Practices Commission’s model Conflict of Interest Code (hereafter “the model code”); and

**WHEREAS**, pursuant to Government Code Section 87306.5 the District is required to review its Conflict of Interest Code and, if a change is needed, submit an amended Conflict of Interest Code to the Board of Supervisors of the County of San Luis Obispo, which is the designated code reviewing body; and

**WHEREAS**, the Board of Directors of the Cayucos Sanitary District has determined that the list of designated positions subject to the provisions of the Conflict of Interest Code should be amended to reflect organizational changes.

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

1. Exhibit “A” to Resolution No. 2014-7, entitled “ List of Designated Positions Subject to the Provisions of the District’s Conflict of Interest Code” is hereby amended as follows and as set forth in Exhibit A, attached hereto and incorporated herein by this reference:
  - a. The District’s Designated Position List and Disclosure Categories are designated as “Appendix A” to the District’s Conflict of Interest Code (the model code, a current copy of which is included in Exhibit A, attached);
  - b. The positions of Administrative Services Manager, Administrative Accounting Manager, and Administrative Office Manager are added to the District’s designated positions under “Employees”;
  - c. The position of District Manager has been moved from the subheading “Consultants” to “Employees”; and

- d. The position of District General Co-Counsel has been deleted and District General Counsel has been reclassified to District Counsel under “Consultants”.

2. Those officers and employees required to file Statements of Economic Interest pursuant to the District’s code are directed to ensure that they review the most current version of the model code set forth in section 18730 of Title 2 of the California Code of Regulations prior to the time of filing their statements to ensure compliance with any updated provisions of the code.

3. Other than the amendments contained herein, the Board of Directors has determined that no other changes to the District’s Conflict of Interest Code are required.

4. In accordance with Government Code Sections 87303 and 87306.5, this Resolution amending the Cayucos Sanitary District’s Conflict of Interest Code shall be submitted to the Board of Supervisors of the County of San Luis Obispo, as the designated code reviewing body, along with the executed “2020 Local Agency Biennial Notice.”

On motion of Director \_\_\_\_\_, second by Director \_\_\_\_\_, and on the following roll call vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

**The foregoing Resolution is hereby adopted this 15<sup>th</sup> day of October, 2020.**

**ATTEST:**

\_\_\_\_\_  
Rick Koon, District Manager

\_\_\_\_\_  
Robert B. Enns, Board President

(SEAL)

**EXHIBIT A TO RESOLUTION No. 2020-8**

**CAYUCOS SANITARY DISTRICT  
CONFLICT OF INTEREST CODE**

**APPENDIX A**

**DESIGNATED POSITIONS AND DISCLOSURE CATEGORIES SUBJECT  
TO THE PROVISIONS OF THE DISTRICT'S  
CONFLICT OF INTEREST CODE**

Designated positions contained in the list below shall comply with the District's Conflict of Interest Code. Disclosure of financial interest shall be required for the indicated category.

**DISCLOSURE CATEGORY**

1. All sources of income, interests in real property, and investments and business positions in business entities located in or doing business in the District's jurisdiction.

**DESIGNATED POSITIONS**

**DISCLOSURE CATEGORY**

**Officials:**

Board member (Director)	1
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**Employees:**

District Manager	1
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Lead Collection Worker	1
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Administrative Services Manager	1
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Administrative Accounting Manager	1
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Administrative Office Manager	1
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**Consultants:**

District Counsel	1
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Engineering Advisor to Board of Directors	1
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## California Code of Regulations

### Title 2

#### § 18730. Provisions of Conflict of Interest Codes.

(Current through 9/25/20 Register 2020, No. 39)

(a) Incorporation by reference of the terms of this regulation along with the designation of employees and the formulation of disclosure categories in the Appendix referred to below constitute the adoption and promulgation of a conflict of interest code within the meaning of Section 87300 or the amendment of a conflict of interest code within the meaning of Section 87306 if the terms of this regulation are substituted for terms of a conflict of interest code already in effect. A code so amended or adopted and promulgated requires the reporting of reportable items in a manner substantially equivalent to the requirements of article 2 of chapter 7 of the Political Reform Act, Sections 81000, et seq. The requirements of a conflict of interest code are in addition to other requirements of the Political Reform Act, such as the general prohibition against conflicts of interest contained in Section 87100, and to other state or local laws pertaining to conflicts of interest.

(b) The terms of a conflict of interest code amended or adopted and promulgated pursuant to this regulation are as follows:

(1) Section 1. Definitions.

The definitions contained in the Political Reform Act of 1974, regulations of the Fair Political Practices Commission (Regulations 18110, et seq.), and any amendments to the Act or regulations, are incorporated by reference into this conflict of interest code.

(2) Section 2. Designated Employees.

The persons holding positions listed in the Appendix are designated employees. It has been determined that these persons make or participate in the making of decisions which may foreseeably have a material effect on economic interests.

(3) Section 3. Disclosure Categories.

This code does not establish any disclosure obligation for those designated employees who are also specified in Section 87200 if they are designated in this code in that same capacity or if the geographical jurisdiction of this agency is the same as or is wholly included within the jurisdiction in which those persons must report their economic interests pursuant to article 2 of chapter 7 of the Political Reform Act, Sections 87200, et seq.

In addition, this code does not establish any disclosure obligation for any designated employees who are designated in a conflict of interest code for another agency, if all of the following apply:

(A) The geographical jurisdiction of this agency is the same as or is wholly included within the jurisdiction of the other agency;

(B) The disclosure assigned in the code of the other agency is the same as that required under article 2 of chapter 7 of the Political Reform Act, Section 87200; and

(C) The filing officer is the same for both agencies.<sup>1</sup>

Such persons are covered by this code for disqualification purposes only. With respect to all other designated employees, the disclosure categories set forth in the Appendix specify which kinds of economic interests are reportable. Such a designated employee shall disclose in his or her statement of economic interests those economic interests he or she has which are of the kind described in the disclosure categories to which he or she is assigned in the Appendix. It has been determined that the economic interests set forth in a designated employee's disclosure categories are the kinds of economic interests which he or she foreseeably can affect materially through the conduct of his or her office.

(4) Section 4. Statements of Economic Interests: Place of Filing.

The code reviewing body shall instruct all designated employees within its code to file statements of economic interests with the agency or with the code reviewing body, as provided by the code reviewing body in the agency's conflict of interest code.<sup>2</sup>

(5) Section 5. Statements of Economic Interests: Time of Filing.

(A) Initial Statements. All designated employees employed by the agency on the effective date of this code, as originally adopted, promulgated and approved by the code reviewing body, shall file statements within 30 days after the effective date of this code. Thereafter, each person already in a position when it is designated by an amendment to this code shall file an initial statement within 30 days after the effective date of the amendment.

(B) Assuming Office Statements. All persons assuming designated positions after the effective date of this code shall file statements within 30 days after assuming the designated positions, or if subject to State Senate confirmation, 30 days after being nominated or appointed.

(C) Annual Statements. All designated employees shall file statements no later than April 1. If a person reports for military service as defined in the Servicemember's Civil Relief Act, the deadline for the annual statement of economic interests is 30 days following his or her return to office, provided the person, or someone authorized to represent the person's interests, notifies the filing officer in writing prior to the applicable filing deadline that he or she is subject to that federal statute and is unable to meet the applicable deadline, and provides the filing officer verification of his or her military status.

(D) Leaving Office Statements. All persons who leave designated positions shall file statements within 30 days after leaving office.

(5.5) Section 5.5. Statements for Persons Who Resign Prior to Assuming Office.

Any person who resigns within 12 months of initial appointment, or within 30 days of the date of notice provided by the filing officer to file an assuming office statement, is not deemed to have assumed office or

left office, provided he or she did not make or participate in the making of, or use his or her position to influence any decision and did not receive or become entitled to receive any form of payment as a result of his or her appointment. Such persons shall not file either an assuming or leaving office statement.

(A) Any person who resigns a position within 30 days of the date of a notice from the filing officer shall do both of the following:

(1) File a written resignation with the appointing power; and

(2) File a written statement with the filing officer declaring under penalty of perjury that during the period between appointment and resignation he or she did not make, participate in the making, or use the position to influence any decision of the agency or receive, or become entitled to receive, any form of payment by virtue of being appointed to the position.

(6) Section 6. Contents of and Period Covered by Statements of Economic Interests.

(A) Contents of Initial Statements.

Initial statements shall disclose any reportable investments, interests in real property and business positions held on the effective date of the code and income received during the 12 months prior to the effective date of the code.

(B) Contents of Assuming Office Statements.

Assuming office statements shall disclose any reportable investments, interests in real property and business positions held on the date of assuming office or, if subject to State Senate confirmation or appointment, on the date of nomination, and income received during the 12 months prior to the date of assuming office or the date of being appointed or nominated, respectively.

(C) Contents of Annual Statements. Annual statements shall disclose any reportable investments, interests in real property, income and business positions held or received during the previous calendar year provided, however, that the period covered by an employee's first annual statement shall begin on the effective date of the code or the date of assuming office whichever is later, or for a board or commission member subject to Section 87302.6, the day after the closing date of the most recent statement filed by the member pursuant to Regulation 18754.

(D) Contents of Leaving Office Statements.

Leaving office statements shall disclose reportable investments, interests in real property, income and business positions held or received during the period between the closing date of the last statement filed and the date of leaving office.

(7) Section 7. Manner of Reporting.

Statements of economic interests shall be made on forms prescribed by the Fair Political Practices Commission and supplied by the agency, and shall contain the following information:

(A) Investment and Real Property Disclosure.

When an investment or an interest in real property<sup>3</sup> is required to be reported,<sup>4</sup> the statement shall contain the following:

1. A statement of the nature of the investment or interest;
2. The name of the business entity in which each investment is held, and a general description of the business activity in which the business entity is engaged;
3. The address or other precise location of the real property;
4. A statement whether the fair market value of the investment or interest in real property equals or exceeds \$2,000, exceeds \$10,000, exceeds \$100,000, or exceeds \$1,000,000.

(B) Personal Income Disclosure. When personal income is required to be reported,<sup>5</sup> the statement shall contain:

1. The name and address of each source of income aggregating \$500 or more in value, or \$50 or more in value if the income was a gift, and a general description of the business activity, if any, of each source;
2. A statement whether the aggregate value of income from each source, or in the case of a loan, the highest amount owed to each source, was \$1,000 or less, greater than \$1,000, greater than \$10,000, or greater than \$100,000;
3. A description of the consideration, if any, for which the income was received;
4. In the case of a gift, the name, address and business activity of the donor and any intermediary through which the gift was made; a description of the gift; the amount or value of the gift; and the date on which the gift was received;
5. In the case of a loan, the annual interest rate and the security, if any, given for the loan and the term of the loan.

(C) Business Entity Income Disclosure. When income of a business entity, including income of a sole proprietorship, is required to be reported,<sup>6</sup> the statement shall contain:

1. The name, address, and a general description of the business activity of the business entity;
2. The name of every person from whom the business entity received payments if the filer's pro rata share of gross receipts from such person was equal to or greater than \$10,000.

(D) Business Position Disclosure. When business positions are required to be reported, a designated employee shall list the name and address of each business entity in which he or she is a director, officer, partner, trustee, employee, or in which he or she holds any position of management, a description of the business activity in which the business entity is engaged, and the designated employee's position with the business entity.

(E) Acquisition or Disposal During Reporting Period. In the case of an annual or leaving office statement, if an investment or an interest in real property was partially or wholly acquired or disposed of during the period covered by the statement, the statement shall contain the date of acquisition or disposal.

(8) Section 8. Prohibition on Receipt of Honoraria.

(A) No member of a state board or commission, and no designated employee of a state or local government agency, shall accept any honorarium from any source, if the member or employee would be required to report the receipt of income or gifts from that source on his or her statement of economic interests.

(B) This section shall not apply to any part-time member of the governing board of any public institution of higher education, unless the member is also an elected official.

(C) Subdivisions (a), (b), and (c) of Section 89501 shall apply to the prohibitions in this section.

(D) This section shall not limit or prohibit payments, advances, or reimbursements for travel and related lodging and subsistence authorized by Section 89506.

(8.1) Section 8.1. Prohibition on Receipt of Gifts in Excess of \$500.

(A) No member of a state board or commission, and no designated employee of a state or local government agency, shall accept gifts with a total value of more than \$500 in a calendar year from any single source, if the member or employee would be required to report the receipt of income or gifts from that source on his or her statement of economic interests.

(B) This section shall not apply to any part-time member of the governing board of any public institution of higher education, unless the member is also an elected official.

(C) Subdivisions (e), (f), and (g) of Section 89503 shall apply to the prohibitions in this section.

(8.2) Section 8.2. Loans to Public Officials.

(A) No elected officer of a state or local government agency shall, from the date of his or her election to office through the date that he or she vacates office, receive a personal loan from any officer, employee, member, or consultant of the state or local government agency in which the elected officer holds office or over which the elected officer's agency has direction and control.

(B) No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office, receive a personal loan from any officer, employee, member, or consultant of the state or local government agency in which the public official holds office or over which the public official's agency has direction and control. This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.

(C) No elected officer of a state or local government agency shall, from the date of his or her election to office through the date that he or she vacates office, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has been elected or over which that elected officer's agency has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status.



(D) No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has been elected or over which that elected officer's agency has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status. This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.

(E) This section shall not apply to the following:

1. Loans made to the campaign committee of an elected officer or candidate for elective office.
2. Loans made by a public official's spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such persons, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section.
3. Loans from a person which, in the aggregate, do not exceed \$500 at any given time.
4. Loans made, or offered in writing, before January 1, 1998.

(8.3) Section 8.3. Loan Terms.

(A) Except as set forth in subdivision (B), no elected officer of a state or local government agency shall, from the date of his or her election to office through the date he or she vacates office, receive a personal loan of \$500 or more, except when the loan is in writing and clearly states the terms of the loan, including the parties to the loan agreement, date of the loan, amount of the loan, term of the loan, date or dates when payments shall be due on the loan and the amount of the payments, and the rate of interest paid on the loan.

(B) This section shall not apply to the following types of loans:

1. Loans made to the campaign committee of the elected officer.
2. Loans made to the elected officer by his or her spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such person, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section.
3. Loans made, or offered in writing, before January 1, 1998.

(C) Nothing in this section shall exempt any person from any other provision of Title 9 of the Government Code.

(8.4) Section 8.4. Personal Loans.

(A) Except as set forth in subdivision (B), a personal loan received by any designated employee shall become a gift to the designated employee for the purposes of this section in the following circumstances:

1. If the loan has a defined date or dates for repayment, when the statute of limitations for filing an action for default has expired.
2. If the loan has no defined date or dates for repayment, when one year has elapsed from the later of the following:
  - a. The date the loan was made.
  - b. The date the last payment of \$100 or more was made on the loan.
  - c. The date upon which the debtor has made payments on the loan aggregating to less than \$250 during the previous 12 months.

(B) This section shall not apply to the following types of loans:

1. A loan made to the campaign committee of an elected officer or a candidate for elective office.
2. A loan that would otherwise not be a gift as defined in this title.
3. A loan that would otherwise be a gift as set forth under subdivision (A), but on which the creditor has taken reasonable action to collect the balance due.
4. A loan that would otherwise be a gift as set forth under subdivision (A), but on which the creditor, based on reasonable business considerations, has not undertaken collection action. Except in a criminal action, a creditor who claims that a loan is not a gift on the basis of this paragraph has the burden of proving that the decision for not taking collection action was based on reasonable business considerations.
5. A loan made to a debtor who has filed for bankruptcy and the loan is ultimately discharged in bankruptcy.

(C) Nothing in this section shall exempt any person from any other provisions of Title 9 of the Government Code.

(9) Section 9. Disqualification.

No designated employee shall make, participate in making, or in any way attempt to use his or her official position to influence the making of any governmental decision which he or she knows or has reason to know will have a reasonably foreseeable material financial effect, distinguishable from its effect on the public generally, on the official or a member of his or her immediate family or on:

(A) Any business entity in which the designated employee has a direct or indirect investment worth \$2,000 or more;

(B) Any real property in which the designated employee has a direct or indirect interest worth \$2,000 or more;

(C) Any source of income, other than gifts and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating \$500 or more in value provided to, received by or promised to the designated employee within 12 months prior to the time when the decision is made;

(D) Any business entity in which the designated employee is a director, officer, partner, trustee, employee, or holds any position of management; or

(E) Any donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating \$500 or more provided to, received by, or promised to the designated employee within 12 months prior to the time when the decision is made.

(9.3) Section 9.3. Legally Required Participation.

No designated employee shall be prevented from making or participating in the making of any decision to the extent his or her participation is legally required for the decision to be made. The fact that the vote of a designated employee who is on a voting body is needed to break a tie does not make his or her participation legally required for purposes of this section.

(9.5) Section 9.5. Disqualification of State Officers and Employees.

In addition to the general disqualification provisions of section 9, no state administrative official shall make, participate in making, or use his or her official position to influence any governmental decision directly relating to any contract where the state administrative official knows or has reason to know that any party to the contract is a person with whom the state administrative official, or any member of his or her immediate family has, within 12 months prior to the time when the official action is to be taken:

(A) Engaged in a business transaction or transactions on terms not available to members of the public, regarding any investment or interest in real property; or

(B) Engaged in a business transaction or transactions on terms not available to members of the public regarding the rendering of goods or services totaling in value \$1,000 or more.

(10) Section 10. Disclosure of Disqualifying Interest.

When a designated employee determines that he or she should not make a governmental decision because he or she has a disqualifying interest in it, the determination not to act may be accompanied by disclosure of the disqualifying interest.

(11) Section 11. Assistance of the Commission and Counsel.

Any designated employee who is unsure of his or her duties under this code may request assistance from the Fair Political Practices Commission pursuant to Section 83114 and Regulations 18329 and 18329.5 or from the attorney for his or her agency, provided that nothing in this section requires the attorney for the agency to issue any formal or informal opinion.

(12) Section 12. Violations.

This code has the force and effect of law. Designated employees violating any provision of this code are subject to the administrative, criminal and civil sanctions provided in the Political Reform Act, Sections 81000-91014. In addition, a decision in relation to which a violation of the disqualification provisions of this code or of Section 87100 or 87450 has occurred may be set aside as void pursuant to Section 91003.

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1 Designated employees who are required to file statements of economic interests under any other agency's conflict of interest code, or under article 2 for a different jurisdiction, may expand their statement of economic interests to cover reportable interests in both jurisdictions, and file copies of this expanded statement with both entities in lieu of filing separate and distinct statements, provided that each copy of such expanded statement filed in place of an original is signed and verified by the designated employee as if it were an original. See Section 81004.

2 See Section 81010 and Regulation 18115 for the duties of filing officers and persons in agencies who make and retain copies of statements and forward the originals to the filing officer.

3 For the purpose of disclosure only (not disqualification), an interest in real property does not include the principal residence of the filer.

4 Investments and interests in real property which have a fair market value of less than \$2,000 are not investments and interests in real property within the meaning of the Political Reform Act. However, investments or interests in real property of an individual include those held by the individual's spouse and dependent children as well as a pro rata share of any investment or interest in real property of any business entity or trust in which the individual, spouse and dependent children own, in the aggregate, a direct, indirect or beneficial interest of 10 percent or greater.

5 A designated employee's income includes his or her community property interest in the income of his or her spouse but does not include salary or reimbursement for expenses received from a state, local or federal government agency.

6 Income of a business entity is reportable if the direct, indirect or beneficial interest of the filer and the filer's spouse in the business entity aggregates a 10 percent or greater interest. In addition, the disclosure of persons who are clients or customers of a business entity is required only if the clients or customers are within one of the disclosure categories of the filer.

Note: Authority cited: Section 83112, Government Code. Reference: Sections 87103(e), 87300-87302, 89501, 89502 and 89503, Government Code.

#### HISTORY

1. New section filed 4-2-80 as an emergency; effective upon filing (Register 80, No. 14). Certificate of Compliance included.

2. Editorial correction (Register 80, No. 29).

3. Amendment of subsection (b) filed 1-9-81; effective thirtieth day thereafter (Register 81, No. 2).

4. Amendment of subsection (b)(7)(B)1. filed 1-26-83; effective thirtieth day thereafter (Register 83, No. 5).
5. Amendment of subsection (b)(7)(A) filed 11-10-83; effective thirtieth day thereafter (Register 83, No. 46).
6. Amendment filed 4-13-87; operative 5-13-87 (Register 87, No. 16).
7. Amendment of subsection (b) filed 10-21-88; operative 11-20-88 (Register 88, No. 46).
8. Amendment of subsections (b)(8)(A) and (b)(8)(B) and numerous editorial changes filed 8-28-90; operative 9-27-90 (Reg. 90, No. 42).
9. Amendment of subsections (b)(3), (b)(8) and renumbering of following subsections and amendment of Note filed 8-7-92; operative 9-7-92 (Register 92, No. 32).
10. Amendment of subsection (b)(5.5) and new subsections (b)(5.5)(A)-(A)(2) filed 2-4-93; operative 2-4-93 (Register 93, No. 6).
11. Change without regulatory effect adopting Conflict of Interest Code for California Mental Health Planning Council filed 11-22-93 pursuant to title 1, section 100, California Code of Regulations (Register 93, No. 48). Approved by Fair Political Practices Commission 9-21-93.
12. Change without regulatory effect redesignating Conflict of Interest Code for California Mental Health Planning Council as chapter 62, section 55100 filed 1-4-94 pursuant to title 1, section 100, California Code of Regulations (Register 94, No. 1).
13. Editorial correction adding History 11 and 12 and deleting duplicate section number (Register 94, No. 17).
14. Amendment of subsection (b)(8), designation of subsection (b)(8)(A), new subsection (b)(8)(B), and amendment of subsections (b)(8.1)-(b)(8.1)(B), (b)(9)(E) and Note filed 3-14-95; operative 3-14-95 pursuant to Government Code section 11343.4(d) (Register 95, No. 11).
15. Editorial correction inserting inadvertently omitted language in footnote 4 (Register 96, No. 13).
16. Amendment of subsections (b)(8)(A)-(B) and (b)(8.1)(A), repealer of subsection (b)(8.1)(B), and amendment of subsection (b)(12) filed 10-23-96; operative 10-23-96 pursuant to Government Code section 11343.4(d) (Register 96, No. 43).
17. Amendment of subsections (b)(8.1) and (9)(E) filed 4-9-97; operative 4-9-97 pursuant to Government Code section 11343.4(d) (Register 97, No. 15).
18. Amendment of subsections (b)(7)(B)5., new subsections (b)(8.2)-(b)(8.4)(C) and amendment of Note filed 8-24-98; operative 8-24-98 pursuant to Government Code section 11343.4(d) (Register 98, No. 35).
19. Editorial correction of subsection (a) (Register 98, No. 47).
20. Amendment of subsections (b)(8.1), (b)(8.1)(A) and (b)(9)(E) filed 5-11-99; operative 5-11-99 pursuant to Government Code section 11343.4(d) (Register 99, No. 20).

21. Amendment of subsections (b)(8.1)-(b)(8.1)(A) and (b)(9)(E) filed 12-6-2000; operative 1-1-2001 pursuant to the 1974 version of Government Code section 11380.2 and Title 2, California Code of Regulations, section 18312(d) and (e) (Register 2000, No. 49).
22. Amendment of subsections (b)(3) and (b)(10) filed 1-10-2001; operative 2-1-2001. Submitted to OAL for filing pursuant to Fair Political Practices Commission v. Office of Administrative Law, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements) (Register 2001, No. 2).
23. Amendment of subsections (b)(7)(A)4., (b)(7)(B)1.-2., (b)(8.2)(E)3., (b)(9)(A)-(C) and footnote 4. filed 2-13-2001. Submitted to OAL for filing pursuant to Fair Political Practices Commission v. Office of Administrative Law, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements) (Register 2001, No. 7).
24. Amendment of subsections (b)(8.1)-(b)(8.1)(A) filed 1-16-2003; operative 1-1-2003. Submitted to OAL for filing pursuant to Fair Political Practices Commission v. Office of Administrative Law, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements) (Register 2003, No. 3).
25. Editorial correction of History 24 (Register 2003, No. 12).
26. Editorial correction removing extraneous phrase in subsection (b)(9.5)(B) (Register 2004, No. 33).
27. Amendment of subsections (b)(2)-(3), (b)(3)(C), (b)(6)(C), (b)(8.1)-(b)(8.1)(A), (b)(9)(E) and (b)(11)-(12) filed 1-4-2005; operative 1-1-2005 pursuant to Government Code section 11343.4 (Register 2005, No. 1).
28. Amendment of subsection (b)(7)(A)4. filed 10-11-2005; operative 11-10-2005 (Register 2005, No. 41).
29. Amendment of subsections (a), (b)(1), (b)(3), (b)(8.1), (b)(8.1)(A) and (b)(9)(E) filed 12-18-2006; operative 1-1-2007. Submitted to OAL pursuant to Fair Political Practices Commission v. Office of Administrative Law, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements) (Register 2006, No. 51).
30. Amendment of subsections (b)(8.1)-(b)(8.1)(A) and (b)(9)(E) filed 10-31-2008; operative 11-30-2008. Submitted to OAL for filing pursuant to Fair Political Practices Commission v. Office of Administrative Law, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements and not subject to procedural or substantive review by OAL) (Register 2008, No. 44).
31. Amendment of section heading and section filed 11-15-2010; operative 12-15-2010. Submitted to OAL for filing pursuant to Fair Political Practices Commission v. Office of Administrative Law, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements and not subject to procedural or substantive review by OAL) (Register 2010, No. 47).

32. Amendment of section heading and subsections (a)-(b)(1), (b)(3)-(4), (b)(5)(C), (b)(8.1)-(b)(8.1)(A) and (b)(9)(E) and amendment of footnote 1 filed 1-8-2013; operative 2-7-2013. Submitted to OAL for filing pursuant to Fair Political Practices Commission v. Office of Administrative Law, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements and not subject to procedural or substantive review by OAL) (Register 2013, No. 2).

33. Amendment of subsections (b)(8.1)-(b)(8.1)(A), (b)(8.2)(E)3. and (b)(9)(E) filed 12-15-2014; operative 1-1-2015 pursuant to section 18312(e)(1)(A), title 2, California Code of Regulations. Submitted to OAL for filing and printing pursuant to Fair Political Practices Commission v. Office of Administrative Law, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements) (Register 2014, No. 51).

34. Redesignation of portions of subsection (b)(8)(A) as new subsections (b)(8)(B)-(D), amendment of subsections (b)(8.1)-(b)(8.1)(A), redesignation of portions of subsection (b)(8.1)(A) as new subsections (b)(8.1)(B)-(C) and amendment of subsection (b)(9)(E) filed 12-1-2016; operative 12-31-2016 pursuant to Cal. Code Regs. tit. 2, section 18312(e). Submitted to OAL for filing pursuant to Fair Political Practices Commission v. Office of Administrative Law, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements and not subject to procedural or substantive review by OAL) (Register 2016, No. 49).

35. Amendment of subsections (b)(8.1)-(b)(8.1)(A) and (b)(9)(E) filed 12-12-2018; operative 1-11-2019 pursuant to Cal. Code Regs., tit. 2, section 18312(e). Submitted to OAL for filing and printing pursuant to Fair Political Practices Commission v. Office of Administrative Law, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements and not subject to procedural or substantive review by OAL) (Register 2018, No. 50).

**RESOLUTION 2020-X  
OCTOBER \_\_, 2020**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CAYUCOS SANITARY DISTRICT REGARDING THE BIENNIAL REVIEW OF ITS CONFLICT OF INTEREST CODE AND AMENDING THE LIST OF DESIGNATED POSITIONS AND DISCLOSURE CATEGORIES SUBJECT TO THE CONFLICT OF INTEREST CODE**

**WHEREAS**, the Cayucos Sanitary District adopted, by Resolution No. 92-7 dated September 21, 1992, the Fair Political Practices Commission’s ~~(FPPC)~~ model Conflict of Interest Code (hereafter “the model code”); and

**Commented [AD1]:** Deleted this term because it isn't used again; therefore no need to designate the acronym.

**WHEREAS**, pursuant to Government Code Section 87306.5 the District is required to review its Conflict of Interest Code and, if a change is needed, submit an amended Conflict of Interest Code to the Board of Supervisors of the County of San Luis Obispo, which is the designated code reviewing body; and

**WHEREAS**, the Board of Directors of the Cayucos Sanitary District has determined that the list of designated positions subject to the provisions of the Conflict of Interest Code ~~(reference Government Code Section 87302(a))~~ should be amended to reflect organizational changes.

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

1. Exhibit “A” to Resolution No. 2014-7, entitled “ List of Designated Positions Subject to the Provisions of the District’s Conflict of Interest Code” is hereby amended as follows and as set forth in Exhibit “A,” attached hereto and incorporated herein by this reference:

- a. The District’s Designated Position List and Disclosure Categories are designated as “Appendix A” to the District’s Conflict of Interest Code (the model code, a current copy of which is included in Exhibit A, attached);
- b. The positions ~~of District Manager,~~ Administrative Services Manager, Administrative Accounting Manager, and Administrative Office Manager ~~are have been~~ added to the District’s designated positions under ~~“Employees”;~~
- a-c. The position of District Manager has been moved from the subheading “Consultants” to “Employees”; and



d. The positions of ~~District Manager and~~ District General Co-Counsel have been deleted and District General Counsel has been reclassified ~~to as~~ District Counsel under ~~“Consultants.”~~

b-2. Those officers and employees required to file Statements of Economic Interest pursuant to the District’s code are directed to ensure that they review the most current version of the model code set forth in section 18730 of Title 2 of the California Code of Regulations prior to the time of filing their statements to ensure compliance with any updated provisions of the code.

32. Other than the amendments contained herein, the Board of Directors has determined that no other changes to the District’s Conflict of Interest Code are required.

43. In accordance with Government Code Sections 87303 and 87306.5, this Resolution amending the Cayucos Sanitary District’s Conflict of Interest Code shall be submitted to the Board of Supervisors of the County of San Luis Obispo, as the designated code reviewing body, along with the executed “2020 Local Agency Biennial Notice.”

On motion of Director \_\_\_\_\_, second by Director \_\_\_\_\_, and on the following roll call vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

The foregoing Resolution is hereby adopted this \_\_\_<sup>th</sup> day of October, 2020.

**ATTEST:**

\_\_\_\_\_  
Rick Koon, District Manager

\_\_\_\_\_  
Robert B. Enns, Board President

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**CAYUCOS SANITARY DISTRICT**  
**CONFLICT OF INTEREST CODE**

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**APPENDIX A**

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**LIST OF DESIGNATED POSITIONS AND DISCLOSURE CATEGORIES**  
**SUBJECT TO THE PROVISIONS OF THE DISTRICT'S CONFLICT OF**  
**INTEREST CODE EXHIBIT "A"**

Designated positions contained in the list below shall comply with the District's Conflict of Interest Code. Disclosure of financial interest shall be required for the indicated category.

<u>SCHEDULE</u>	<u>DISCLOSURE CATEGORIES</u>
A-1	Investments: Stocks, Bonds, and Other Interests (ownership interest in less than 10%)
A-2	Investments, Income, and Assets of Business Entities (ownership interest is 10% or greater)
B	Interests in Real Property (including rental income)
e	Income, Loans and Business Positions (other than gifts and travel payments)
D	Income - Gifts
E	Income - Gifts (travel payments, advances, and reimbursements)

1. All sources of income, interest in real property, and investments and business positions in business entities located in or doing business in the District's jurisdiction.

**DESIGNATED POSITIONS**  
**CATEGORIES**

**DISCLOSURE**

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**Officials:**

Board member (Director)

1 All

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**Employees:**

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<u>District Manager</u>	1
Lead Collection Worker	<u>1</u> <del>AH</del>
<u>Administrative Services Manager</u>	<u>1</u>
<u>Administrative Accounting Manager</u>	<u>1</u>
<u>Administrative Office Manager</u>	<u>1</u>

**Consultants:**

<del>District Manager</del>	<del>AH</del>
<del>District General Counsel</del>	<u>1</u>
<del>District General Co-Counsel</del>	
Engineering Advisor to Board of Directors	<u>1</u>

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**AGENDA ITEM:** 6  
**DATE:** October 15, 2020

## CAYUCOS SANITARY DISTRICT

**TO:** BOARD OF DIRECTORS

**FROM:** RICK KOON  
DISTRICT MANAGER

**DATE:** OCTOBER 08, 2020

**SUBJECT:** DISCUSSION AND CONSIDERATION TO APPROVE THE DRAFT MEMORANDUM OF UNDERSTANDING WITH THE CAYUCOS-MORRO BAY CEMETARY DISTRICT REGARDING THE LEASE OR PURCHASE OF A PORTION OF LOT 8 ON TORO CREEK RD.

### **DISCUSSION:**

The Cayucos-Morro Bay Cemetery District approached District staff in 2018 and again last year with an interest in acquiring an approximate 10 acres of Lot 8 for the purpose of expanding the existing Cemetery. The proposed new location is located just west of the CSWP Plant and south of Toro Creek Road. Discussions with cemetery representatives and District staff agreed that the Cemetery District should do a Feasibility Study to see if their proposed project is viable in that location. To date they have performed a biological assessment and an aerial survey for contours. The next step is for them to perform a geotechnical investigation.

Their project has now progressed such that a Memorandum of Understanding (“MOU”) be entered into by both entities. The Draft MOU outlines insurance provisions and some of the steps that the Cemetery District needs to accomplish as their project moves forward. Another provision of the MOU is that the Cemetery District would strictly use reclaimed water from the CSWP for irrigation.

### **RECOMMENDATION:**

Approve the Draft Memorandum of Understanding with the Cayucos-Morro Bay Cemetery District regarding the lease or purchase of a portion of Lot 8 on Toro Creek Rd.

**MEMORANDUM OF UNDERSTANDING REGARDING  
INTENT TO ENTER AGREEMENT RELATING TO THE  
SALE OR LEASE OF PROPERTY**

This Memorandum of Understanding (hereinafter "MOU") is entered into between the Cayucos Sanitary District, a California Special District (hereinafter "CSD"), and the Cayucos Morro Bay Cemetery District, a Cemetery District organized under the laws of the State of California (hereinafter "CMBCD"), regarding their intent to enter into an agreement for either the lease or purchase of a portion of the real property located on Toro Creek Road, in the unincorporated area of the County of San Luis Obispo owned by the CSD (the "Toro Creek Property").

**RECITALS**

**WHEREAS**, the CSD has purchased approximately 220.79 acres of real property on Toro Creek Road and is in the process of constructing a water reclamation facility, sewer lift station, pipelines and related facilities known as the Cayucos Sustainable Water Project; and

**WHEREAS**, the CMBCD is seeking to acquire land within its jurisdictional boundaries for the development of a new cemetery facility; and

**WHEREAS**, the parties have entered into negotiations regarding the potential sale or lease of a portion of the Toro Creek Property; and

**WHEREAS**, the CSD and the CMBCD desire to enter into this MOU in order to set forth the current intent of the parties with respect to the general terms and conditions to be included in such a lease or final purchase and sale agreement and memorialize the actions to be taken in advance of the development and execution of a final agreement.

**NOW, THEREFORE**, in consideration of the foregoing Recitals, which are incorporated herein by this reference, and mutual agreements set forth herein, and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. CMBCD Due Diligence. CSD and CMBCD shall mutually identify the portion of the Toro Creek Property that may be the subject of either a lease or sale to CMBCD for the new cemetery facility (hereinafter referred to as the "cemetery site"). Any lease or purchase of the site will be in its "as is" condition. CSD does not warrant that the property is suitable for cemetery use and CMBCD shall make any necessary investigations to determine its suitability for such use.

After the cemetery site has been identified, CMBCD shall, within ninety (90) days, conduct its due diligence regarding the property. Such due diligence shall include, but not be limited to, conducting engineering surveys, appraisals, soil tests,

investigations or other studies reasonably necessary to evaluate the condition of the property, which studies, surveys, reports, investigations and tests shall be done at CMBCD's sole cost and expense. CMBCD shall conduct all studies in a diligent, expeditious and safe manner and not allow any dangerous or hazardous conditions to occur on the property during or after such investigation. Prior to entry onto the property, CMBCD shall: (i) comply with all applicable laws and governmental regulations; (ii) keep the property free and clear of all materialmen's liens, lis pendens and other liens arising out of the entry and work performed under this provision; (iii) maintain insurance for an all-risk public liability insurance policy written on a per occurrence basis and not claims made basis with a combined single limit of not less than TWO MILLION DOLLARS (\$2,000,000) which insurance names CSD, its officials, officers, employees and agents as additional insureds; and (iv) defend, indemnify and hold the CSD, its officials, officers, employees and agents harmless from all claims, liabilities, damages, losses, costs, expenses (including, without limitation, reasonable attorneys' fees), actions and causes of action arising out of any entry onto the property by, or any Inspections or studies performed by CMBCD, its agents, contractors or representatives. CMBCD shall also determine the necessary governmental approvals to use the property for the proposed new cemetery facility, including, but not limited to, approvals from the Local Agency Formation Commission, the County of San Luis Obispo, the California Coastal Commission and the California Department of Consumer Affairs' Cemetery and Funeral Bureau, and shall advise CSD regarding the approvals that will be required.

The Toro Creek Property has existing pipelines and easements. In conducting its due diligence, CMBCD shall take all necessary steps to identify the location of the pipelines on the cemetery site. The lease or purchase agreement shall include provisions to assure that CMBCD takes appropriate actions to prevent damage to the pipelines and shall be responsible for any damage to them that might occur as a result of its use of the property.

2. CMBCD Responsibilities Prior to Lease or Acquisition. The parties acknowledge that pursuant to Government Code Section 66412(c), land dedicated for cemetery purposes under the Health and Safety Code is not subject to the requirements of the Subdivision Map Act. CMBCD shall be responsible for securing and paying for a property survey to delineate the portion of the Toro Creek Property that will be the subject of the lease or purchase for the new cemetery facility.

CMBCD shall also be responsible for CEQA compliance and for all costs and expenses associated with processing and obtaining any necessary approvals through governmental agencies for use of the property as a cemetery, including, but not limited to, the Local Agency Formation Commission, the County of San Luis Obispo, the California Coastal Commission and the California Department of Consumer Affairs' Cemetery and Funeral Bureau. Both parties agree that CSD and CMBCD's obligations hereunder shall not become effective unless and until all

required governmental approvals have been secured. The parties shall cooperate in the process of applying for any such governmental approvals.

3. Design, Construction and Operation of Cemetery. CMBCD shall be responsible for the design and construction of the cemetery and all costs related thereto. The cemetery shall be designed in a manner so that its configuration and operation does not interfere with CSD's use of the remainder of the Toro Creek Property for its Cayucos Sustainable Water Project.

Prior to finalizing any design and construction plans, CMBCD shall submit such plans, as well as information relating to the operation of the cemetery, to the CSD for its review and approval. CSD's review shall be limited to issues relating to the effect of the cemetery, and its design and operations on the Cayucos Sustainable Water Project. CSD's approval shall not be unreasonably withheld. In the event that any concerns or issues are identified by CSD regarding the design and proposed operation of the cemetery, the parties agree to meet and confer in good faith to resolve such concerns.

The lease or purchase agreement will include provisions or covenants that provide that after construction and initiation of the new cemetery facility use, it shall not be operated in a manner that interferes with the CSD's Cayucos Sustainable Water Project.

4. Supply of Non-Potable Water. The lease or sales agreement will provide that the CSD agrees to provide non-potable recycled water for CMBCD to use on the cemetery grounds. The parties acknowledge that the need for a domestic water supply for use on the property is not anticipated. CMBCD shall comply with the requirements of Health and Safety Code Section 8118 regarding hose bibs for disinfected tertiary treated recycled water at cemeteries and the installation of signage in areas subject to access by the general public. CSD, as the water purveyor, shall be responsible for regular inspections of such signage pursuant to Section 8118. CMBCD will also be responsible for compliance with any and all regulations and requirements of the CSD, the California State Water Resources Control Board and the Regional Water Quality Control Board relating to the use of supplied recycled water and obtaining all necessary permits related thereto.
5. Additional Issues Related Sale or Lease of Cemetery Site. To the extent they are determined to be applicable, CSD shall comply with statutory requirements related to disposing of surplus land (Government Code Sections 54220, et seq.)

If the parties decide that the acquisition of the cemetery site by CMBCD will be by a lease, given the nature of the use of the property and rights and obligations related to internments, it is contemplated that such lease shall be for a term of 99 years. The lease agreement will provide that CMBCD will be responsible for any and all issues related to internments on the cemetery site and that CMBCD shall also hold

harmless and indemnify the CSD with regard to the cemetery site and such internments at the end of the lease term.

6. Consideration. The purchase price or rental amount to be paid for the cemetery site will be determined through an appraisal process to be agreed upon by the parties. The parties shall mutually agree on the appraiser, and CMBCD shall pay for the costs of the appraisal.
7. Status of MOU. It is expressly understood that the terms of this MOU do not constitute a binding obligation on the parties to enter into a purchase agreement or lease for the cemetery site. Neither party shall be finally bound to buy, sell or lease the property unless and until a purchase agreement or lease is executed by the parties and delivered to each other. It is contemplated that the purchase agreement or lease shall contain such other terms, covenants, conditions, warranties and representations as are customary or appropriate in transactions of this nature.
8. Laws. The laws of the State of California shall govern this MOU.
9. Interpretation. In interpreting this MOU, it shall be deemed that it was prepared jointly by the Parties with full access to legal counsel of their own. No ambiguity shall be resolved against any party on the premise that it or its attorneys were solely responsible for drafting this MOU or any provision thereof.
10. Severability. The unenforceability, invalidity or illegality of any provision(s) of this MOU shall not render the other provisions unenforceable, invalid, or illegal.
11. Integration. This MOU represents the entire understanding of the Parties as to those matters contained herein and supersedes and cancels any prior oral or written understanding, promises or representations with respect to those matters covered hereunder. This MOU may not be modified or altered except in writing signed by both parties hereto. This is an integrated document.
12. Counterparts. This MOU may be executed in counterparts, each of which shall constitute an original and all of which shall constitute one agreement.

**IN WITNESS THEREOF**, the parties hereto have executed this Memorandum of Understanding on the day and year set out with their respective signatures:

**CAYUCOS SANITARY DISTRICT**

**CAYUCOS MORRO BAY CEMETERY DISTRICT**

By: \_\_\_\_\_  
Robert B. Enns, Board President

By: \_\_\_\_\_  
Its: \_\_\_\_\_

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

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



ATTEST:

\_\_\_\_\_  
Rick Koon, District Manager

APPROVED AS TO FORM:

\_\_\_\_\_  
Timothy J. Carmel, District Counsel