



Pursuant to Governor Newsom's Executive Order N-29-20, members of the Board of Directors and staff will participate in this meeting via a teleconference. Members of the public can comment when prompted by unmuting their microphone, and allowing access to their webcam is optional.

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, SEPTEMBER 17, 2020 AT 5:00PM
200 ASH AVENUE, CAYUCOS, CALIFORNIA 93430

Please join our meeting from your computer, tablet or smartphone.

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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 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)

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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) – August 2020
 - B. Monthly Customer Satisfaction Survey Submissions – **None**
 - E. 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 11th St. – SFR New**
 - KBDB Properties LLC, APN 064-113-021, 188 D St. – SFR New**
 - Will-Serves – Finaled
 - Payton, APN 064-232-028, 48 18th St. – SFR New**
 - Will-Serves – Continue to Serve (No Will-Serve Required)
 - None**

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**

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

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

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

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**

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

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.)

12. **FUTURE SCHEDULED MEETINGS**
 - October 15, 2020 – Regular Board Meeting
 - November 19, 2020 – Regular Board Meeting
 - December 17, 2020 – Regular Board Meeting

13. **ADJOURNMENT**

Pursuant to Governor Newsom's Executive Order N-29-20, members of the Board of Directors and staff will participate in this meeting via a teleconference. Members of the public can comment when prompted by unmuting their microphone, and allowing access to their webcam is optional.

This agenda was prepared and posted pursuant to Government Code Section 54954.2. The agenda can be accessed and downloaded from the District's website at www.cayucossd.org/

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: September 17, 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, August 20, 2020
5:00 p.m.

1. ESTABLISH QUORUM AND CALL TO ORDER

President Enns called the meeting to order at 5:08p.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 Nelson

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

2. PUBLIC COMMENTS

Enns opened the meeting to Public Comment.

Julie Tacker stated her concerns regarding the employment contract with the District Manager and that his billable time should be charged to the project.

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 July 16, 2020 Board of Directors Regular Meeting

B. Financial Reports: July 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 requested to pull item 3.A.1 for separate consideration, explaining that since she was not present for the July meeting, she would like to abstain from approving the meeting's minutes.

President Enns opened the meeting to Public Comment.

Julie Tacker requested an explanation for the Carmel & Naccasha LLP invoice for \$27,132.25.

Hearing no further comments, President Enns closed Public Comment.

MOTION: 1st by Frank, to approve item 3.B. on the consent calendar as prepared. Motion was seconded by Lyon.

ROLLCALL VOTE: Frank-yes, Miller-yes, Lyon-yes, Chivens-yes, Enns-yes,
VOTE 5-0 Motion passed

MOTION: 1st by Frank, to approve item 3.A. on the consent calendar as prepared. Motion was seconded by Chivens.

ROLLCALL VOTE: Frank-yes, Chivens-yes, Lyon-yes, Enns-yes, Miller-abstain
VOTE 4-0 Motion passed

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

A. District Manager's Report – July 2020

B. Monthly Customer Satisfaction Survey Submissions – None

C. Will Serves – New

None

Will Serves – Renewed

Allen, APN 064-211-041, 2733 Richard Ave. – SFR New

Garabedian, APN 064-204-064, 2739 Santa Barbara Ave. – SFR New

Riesner, APN 064-254-024, 000 Studio Dr. – SFR New

Corral MH LLC, APN 064-042-032, 23 Bakersfield Ave. – SFR New

Will Serves – Finaled

None

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

None

Manager Koon gave a verbal report for the month of July's Admin. and Operations departments' activities. Admin. staff is continuing cross-training of their respective duties. The District continues to observe COVID-19 health and safety protocol when dealing with the public as well as internally among staff members. The monthly billing rate increased on July 1st, and staff made an effort to ensure customers were aware by highlighting "Reminder: Rate Increase" on the July bills and calling customers who sent in payments at the old rate. The District audit took place on August 20-21 for FY 2019/20.

Director Frank asked about LAFCO fees and LS5 start date. President Enns explained that the LAFCO fee is a prorated charge among all the agencies in the county. Manager Koon answered that LS5 construction should begin by mid-September.

President Enns opened the meeting to Public Comment.

Julie Tacker pointed out that a COLA hasn't been approved by the Board since August 2018.

Hearing no further comments, President Enns closed Public Comment.
Items 4 A through C were received and accepted.

5. DISCUSSION AND CONSIDERATION TO ADOPT RESOLUTION 2020-6 ADOPTING THE 2020 MULTI-JURISDICTIONAL HAZARD MITIGATION PLAN

Manager Koon went over the Hazard Mitigation Plan (HMP) with the Board, explaining it is a consolidation of all jurisdictions in the County and, if approved, will allow for FEMA grant funding for future disaster mitigation projects.

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

MOTION: 1st by Chivens, to adopt Resolution 2020-6 Adopting the 2020 Multi-Jurisdictional Hazard Mitigation Plan. Motion was seconded by Miller.

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

VOTE 5-0 Motion passed

6. DISCUSSION AND CONSIDERATION TO APPROVE QUITCLAIM DEEDS ELIMINATING EASEMENT RIGHTS OWNED BY CHEVRON LAND AND DEVELOPMENT COMPANY APPURTENANT TO LOTS 8 & 10

Manager Koon explained that Chevron Land and Development Co. (CLDC) has decided to sell their neighboring lots surrounding District-owned lots 8 & 10. With Board approval, the easements that CLDC retained on lots 8 & 10 can be quitclaimed back to the District.

Director Shirley commented that she was happy to see this.

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

MOTION: 1st by Miller, to Approve Quitclaim Deeds Eliminating Easement Rights Owned by Chevron Land and Development Company Appurtenant to Lots 8 & 10. Motion was seconded by Lyon.

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

VOTE 5-0 Motion passed

7. DISCUSSION AND CONSIDERATION TO APPROVE THE CAYUCOS SUSTAINABLE WATER PROJECT CHANGE ORDER #3 FOR \$77,436.37 AND CHANGE ORDER #4 FOR \$16,290.87

Manager Koon clarified the necessity for Change Order #3 (electrical system and instrumentation modifications) and Change Order #4 (general plant design modifications).

President Enns asked Manager Koon if he anticipates any more change orders to arise. Koon answered that the Board might see a few more as the project nears completion, if they see a need for adding items like a feed pump, for example. No substantial change orders are anticipated.

President Enns complimented Manager Koon and Dylan Wade of WSC on their performance in limiting change orders to less than 1% of the total project cost and their ability to keep the project running smoothly.

President Enns opened the meeting to Public Comment.

Hearing no comments, President Enns closed Public Comment.

MOTION: 1st by Frank, to approve the Cayucos Sustainable Water Project Change Order #3 for \$77,436.37 and Change Order #4 for \$16,290.87. Motion was seconded by Chivens.

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

VOTE 5-0 Motion passed.

8. REVIEW AND DISCUSSION OF THE DISTRICT OFFERED HMO HEALTH PLAN CHANGES FOR 2020 AND CONSIDERATION TO APPROVE THE HMO HEALTH PLAN RATE INCREASE

Manager Koon went over the prospective health insurance rates for calendar year 2021 and the fiscal impact it will have on the District and its employees. The current health plan rate increased by only 3.20% this year (compared to roughly an 11% increase in the previous year), and is one of the lowest scheduled rate increases of any plan for next year.

President Enns opened the meeting to Public Comment.

Hearing no comments, President Enns closed Public Comment.

MOTION: 1st by Lyon, to Approve the HMO Health Plan Rate Increase. Motion was seconded by Frank.

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

VOTE 5-0 Motion passed.

9. DISCUSSION AND CONSIDERATION TO REVISE DISTRICT STAFFING REQUIREMENTS TO INCORPORATE THE CAYUCOS SUSTAINABLE WATER PROJECT

A. ORGANIZATIONAL CHART

B. JOB DESCRIPTIONS

C. SALARY SCHEDULE

Manager Koon discussed anticipated future staffing requirements with the Board.

President Enns asked how many employees are needed to run the plant, commenting that he was expecting to see more new employees added to the Treatment branch of the organizational chart.

Manager Koon elaborated that constant monitoring of the plant by staff will not be necessary as the newly implemented SCADA system will be running outside of business hours. Staff will need to come in on the weekends in staggered and rotating shifts, but the positions represented on the organizational chart are sufficient.

Director Miller and Vice President Chivens supported Manager Koon's suggestion to cross train staff within their respective branches and complimented his efforts.

President Enns opened the meeting to Public Comment.

John Paul Drayer questioned how many substitutes will need to be trained to compensate for when employees are sick, take vacation, etc. He also requested more information about employment vs. contracting out for positions at the plant.

Hearing further no comments, President Enns closed Public Comment.

MOTION: 1st by Lyon, to Revise District Staffing Requirements to Incorporate The Cayucos Sustainable Water Project and to Approve: A.) Organizational Chart, B.) Job Descriptions, and C.) Salary Schedule. Motion was seconded by Frank.

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

VOTE 5-0 Motion passed.

10. CAYUCOS SUSTAINABLE WATER PROJECT STATUS UPDATE

Manager Koon updated the Board on the Lift Station 5 project, where David Crye General Engineering is fusing the 14" pipe, which will have a 4" conduit alongside it with fiber connections with Spectrum. The plant itself is roughly 75% complete, with current activity focused on membranes and supports. Testing is anticipated to take place in December or January.

President Enns asked if there is an estimated date to disconnect from Morro Bay. Manager Koon answered that late January is a rough estimate. In October the District will have a better idea and will begin communicating with Morro Bay on the specifics.

Also in October, Koon aims to bring the finance agreements to the Board which will close out the \$2.2 million loan with the USDA and lock in a low interest rate of 1.5%.

President Enns opened the meeting to Public Comment.

John Paul Drayer asked when the public will be able to start touring the new facility.

Hearing further 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.

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

13. ADJOURNMENT

The meeting adjourned at 6:12p.m.

Minutes Respectfully Submitted By:

X *Amy Lessi*

Amy Lessi
Administrative Services Manager

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

AGENDA ITEM: 3.B.1

DATE: Sept. 17, 2020

Date	Num	Name	Amount
08/01/2020	21681	POSTMASTER	-573.14
08/03/2020	21701	CAYUCOS BEACH MUTUAL WATER CO. #1	-103.66
08/03/2020	21702	CAYUCOS BEACH MUTUAL WATER CO. #2	-117.02
08/03/2020	21703	CAYUCOS SANITARY DISTRICT	-282.00
08/03/2020	21704	CHARTER INTERNET	-114.98
08/03/2020	21705	KITZMAN WATER	-46.50
08/03/2020	21706	MINER'S ACE HARDWARE	-94.68
08/03/2020	21707	QUICK TECH COMPUTERS	-573.50
08/03/2020	21708	STAPLES ADVANTAGE (Gov. Acct)	-131.59
08/03/2020	21709	STREAMLINE	-200.00
08/03/2020	21713	CAYUCOS SANITARY DISTRICT WELLS FARGO ACT	-1,117.96
08/03/2020	SEPT2020	ALLIED ADMINISTRATORS FOR DELTA DENTAL	0.00
08/04/2020	21714	CALIFORNIA RURAL WATER ASSOCIATION	-1,178.00
08/04/2020	21715	PG&E LS#1	-472.65
08/04/2020	21716	PG&E LS#4	-469.77
08/05/2020	HLTH080520	CALPERS (HEALTH)	-12,823.72
08/06/2020		QuickBooks Payroll Service	-11,581.94
08/06/2020	21718	CARMEL & NACCASHA LLP	-999.60
08/06/2020	21719	MORRO ROCK MUTUAL WATER CO. UTILITY 782	-93.85
08/07/2020	DD0807201	COLLINS, JONATHAN W	0.00
08/07/2020	DD0807204	KOON, RICHARD L	0.00
08/07/2020	DD0807203	GOOD, GAYLE	0.00
08/07/2020	DD0807205	LAKEY, NICK E	0.00
08/07/2020	21712	LYON, SHIRLEY A	-91.35
08/07/2020	DD0807206	LESSI, AMY M	0.00
08/07/2020	21710	CHIVENS, DAN P	-91.35
08/07/2020	21711	ENNS, ROBERT	-91.35
08/07/2020	DD0807202	FRANK, ROBERT W	0.00
08/07/2020	DD0807207	OWENS, JUSTIN D	0.00
08/07/2020	EDD08072020	EDD	-1,017.79
08/07/2020	FED08072020	US TREASURY	-4,865.40
08/07/2020	DEF08072020	CALPERS (RETIREMENT)	-925.00
08/07/2020	PERS080720	CALPERS (RETIREMENT)	-2,729.00
08/07/2020	21720	MOSS, LEVY & HARTZHEIM LLP	-1,000.00
08/07/2020	21721	PG&E LS#5	-1,746.19
08/07/2020	21722	WELLS FARGO VENDOR FIN SERV	-213.43
08/10/2020	21726	PATHIAN ADMINISTRATORS	-172.40
08/10/2020	21723	PG&E LS#2	-1,013.69
08/10/2020	21724	PG&E LS#3	-149.37
08/10/2020	21725	PG&E OFFICE	0.00
08/10/2020	21727	PG&E OFFICE	-162.33
08/10/2020	21728	CSA 10A SLO CO PW LS#3	-187.59
08/10/2020	21729	CSA 10A SLO CO PW LS#4	-187.59
08/13/2020	21730	CALNET3	-306.22
08/13/2020	21731	NELSON'S GARAGE	-60.00

Date	Num	Name	Amount
08/17/2020	21733	FIRSTNET (AT&T)	-311.63
08/17/2020	21734	STAPLES ADVANTAGE (Gov. Acct)	-63.35
08/17/2020	21735	UNDERGROUND SERVICE ALERT	-334.48
08/17/2020	21736	CAYUCOS SANITARY DISTRICT WELLS FARGO ACT	-150,000.00
08/18/2020	21737	ADVANTAGE ANSWERING PLUS	-91.12
08/18/2020	21738	COAST ELECTRONICS	-22.61
08/18/2020	21739	MISSION UNIFORM SERVICE	-313.19
08/19/2020	21740	ROBERT KINGSLYN	-35.00
08/20/2020		QuickBooks Payroll Service	-10,958.30
08/20/2020	21741	COASTAL COPY, INC	-89.01
08/21/2020	DD0820201	COLLINS, JONATHAN W	0.00
08/21/2020	DD0820203	KOON, RICHARD L	0.00
08/21/2020	DD0820205	LESSI, AMY M	0.00
08/21/2020	DD0820206	OWENS, JUSTIN D	0.00
08/21/2020	DD0820202	GOOD, GAYLE	0.00
08/21/2020	DD0820204	LAKEY, NICK E	0.00
08/21/2020	EDD08212020	EDD	-988.16
08/21/2020	FED08212020	US TREASURY	-4,697.36
08/21/2020	PERS082120	CALPERS (RETIREMENT)	-2,633.59
08/21/2020	DEF08212020	CALPERS (RETIREMENT)	-925.00
08/25/2020	21742	BUSINESS CARD 4841	-194.09
08/25/2020	21743	BUSINESS CARD 8913	-598.00
08/25/2020	21744	EXECUTIVE JANITORIAL	-180.00
08/25/2020	21745	SOCAL GAS	-20.93
08/25/2020	21746	STAPLES ADVANTAGE (Gov. Acct)	-126.65
08/28/2020	21747	BRANT PARTINGTON (cust refund)	-381.77
08/31/2020	PERS083120	CALPERS (RETIREMENT)	-700.00
08/31/2020	21748	LAKEY, NICK E	-14.09
08/31/2020	35199560807	COLONIAL LIFE INSURANCE PREMIUMS	-172.20
08/31/2020	21749	EXXONMOBIL	-426.88
08/31/2020	21750	MORRO ROCK MUTUAL WATER CO. UTILITY 782	-84.68
08/31/2020	21751	STAPLES ADVANTAGE (Gov. Acct)	-88.24
08/31/2020	21752	TERRI PENCOVIC (cust refund)	-4.31
08/31/2020	21753	ASAP	-9.48
		Total Operating Expenses	-70,448.73
		Transfer to CIP	-150,000.00
		Grand Total	-\$220,448.73

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

AGENDA ITEM: 3.B.1a

DATE: Sept. 17, 2020

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Amount</u>
08/03/2020	11428	J CALTON ENGINEERING	-1,480.00
08/06/2020	11429	CARMEL & NACCASHA LLP	-6,414.25
08/17/2020	11430	MORAES PHAM & ASSOCIATES	-25,200.00
08/25/2020	11431	DOWNEY BRAND	-249.00
		Total CIP Expenses	-33,343.25

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

AGENDA ITEM: 3.B.1b

DATE: Sept. 17, 2020

Date	Num	Name	Amount
08/03/2020	5189	RANCH WIFI	-135.00
08/04/2020	5190	COASTAL COPY, INC	-64.63
08/06/2020	5191	PG&E LS#5 - 165 TORO	-28,992.82
08/10/2020	5192	PG&E TORO	-252.02
08/13/2020	5193	CALNET3	-46.35
08/18/2020	5194	WELLS FARGO VENDOR FIN SERV	-249.98
08/19/2020	5195	HARVEY'S HONEY HUTS	-420.36
08/25/2020	5196	CUSHMAN CONTRACTING CORPORATION	-1,105,107.00
08/25/2020	5197	GEOSOLUTIONS, INC	-1,720.60
08/25/2020	5198	WATER SYSTEMS CONSULTING, INC.	-114,370.48
08/25/2020	5199	DAVID CRYE GENERAL ENGINEERING CONTRACTOR	-51,727.50
08/31/2020	5200	MOBILE MODULAR MANAGEMENT CORPORATION	-924.34
Total CSWP Construction Expenses			-1,304,011.08

Cayucos Sanitary District Cash, Savings and Investment Report August 2020

AGENDA ITEM: 3.B.2

DATE: Sept. 17, 2020

Bank Accounts	Current Balance	
Rabobank Checking	\$242,629	
Wells Fargo CIP	\$1,480,429	
Wells Fargo CFF	\$186,700	
Petty Cash	\$175	
LAIF	\$8,417	
Total	\$1,918,350	
CSWP Project/Asset Accounts		
Western Alliance Const. Interest Reserve	\$278,208	
Western Alliance Series A Account	\$1,289,322	
Western Alliance Series A-1 Account	\$2,164,029	
Western Alliance Series B Account	\$0	
WF CSWP Constr. Oper. Acct.	\$97,368	
WF CSWP Constr. Impound Acct.	\$762,380	
Total	\$4,591,307	
Investments		
Wells Fargo CalTrust	\$1,684,257	
Cetera Cash/MM	\$733,331	
Cetera Treasury/Securities	\$79,771	(Fixed Income)
Total	\$2,497,359	
Grand Total	\$9,007,015	
MCD Rabobank Deposit CD	\$25,000	Franchise Deposit on Hold

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

AGENDA ITEM: 3.B.3

DATE: Sept. 17, 2020

	Current Month	YTD Actual Rev/Exp	YTD Budget	Approved Budget 20/21	% of Budget
Ordinary Income/Expense					
Income					
4000 · SEWER INCOME	257,382	516,182	489,358	2,936,150	18%
4100 · WILL SERVE INCOME	8,210	8,610	5,717	34,300	25%
4200 · RENTAL INCOME	-	-	5,367	32,200	0%
4300 · SOLID WASTE INCOME	2,969	15,066	14,933	89,600	17%
4400 · SLOCO TAX ASSESSMENTS	-	29,589	161,950	971,700	3%
4500 · SAVINGS INTEREST INCOME	3	36	33	200	18%
4600 · INVESTMENT INTEREST	2,627	5,874	4,600	27,600	21%
4700 · OTHER INCOME	4,534	4,534	767	4,600	99%
Total Income	<u>275,724</u>	<u>579,892</u>	<u>682,725</u>	<u>4,096,350</u>	<u>14%</u>
Expense					
5000 · PAYROLL EXPENSES					
5100 · ADMINISTRATIVE PAYROLL	23,756	47,986	56,350	338,100	14%
5200 · COLLECTIONS PAYROLL	12,312	25,294	19,367	116,200	22%
5300 · TREAT PAYROLL				209,000	0%
5400 · DIRECTOR PAYROLL	400	1,100	1,333	8,000	14%
5500 · VESTED PAYROLL BENEFITS	417	834	833	5,000	17%
5600 · ADMIN PAYROLL TAXES & BENEFITS	12,276	45,532	20,158	120,950	38%
5700 · COLL PAYROLL TAXES & BENEFITS	6,062	35,059	14,275	85,650	41%
5800 · TREAT PAYROLL TAXES & BENEFITS				68,450	0%
5900 · DIRECTOR PAYROLL TAXES & BENEFITS	31	84	83	500	17%
Total 5000 · PAYROLL EXPENSES	<u>55,254</u>	<u>155,888</u>	<u>112,400</u>	<u>951,850</u>	<u>16%</u>
6000 · OPERATING EXPENSES					
6050 · SPECIAL PROJECTS	-	-	2,167	13,000	0%
6100 · ADMIN OPERATING EXPENSES	1,211	64,354	297,183	1,783,100	4%
6500 · COLLECTIONS OPERATING EXPENSES	2,574	12,577	36,533	219,200	6%
7000 · TREATMENT OPERATING EXPENSES	-	-	134,167	805,000	0%
Total 6000 · OPERATING EXPENSES	<u>3,785</u>	<u>76,930</u>	<u>470,050</u>	<u>2,820,300</u>	<u>3%</u>
Total Expense	<u>59,039</u>	<u>232,819</u>	<u>582,450</u>	<u>3,772,150</u>	<u>6%</u>
Net Ordinary Income	<u>216,685</u>	<u>347,073</u>	<u>100,275</u>	<u>324,200</u>	<u>107%</u>
Net Income	<u><u>216,685</u></u>	<u><u>347,073</u></u>	<u><u>100,275</u></u>	<u><u>324,200</u></u>	<u><u>107%</u></u>

Month 2 of 12, Target 17% of Budget

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

AGENDA ITEM: 3.B.4

DATE: Sept. 17, 2020

	Current Month	YTD Actual Rev/Exp	Approved Budget 20/21	Percent Used YTD
CAPITAL IMPROVEMENTS				
1601 - Sewer Main Replacements	0.00	0.00	85,000.00	0%
1601.02 - Chaney to LS #5	0.00	0.00	70,000.00	0%
1609 - Lift Stations 1 & 4 Repairs				
1609.4 - LS #4 Replacement Pump	0.00	0.00	22,000.00	0%
1612 - ALL LIFT STATIONS				
1612.1 - Lift Station SCADA System	0.00	47,951.28	65,000.00	74%
1614 - Lift Station #5				
1614.1 - Inflow & Infiltration Study	0.00	0.00	28,000.00	0%
1615 - Outfall Tie-In	0.00	0.00	45,000.00	0%
1616 - RWQCB Recycled Water Program	0.00	0.00	50,000.00	0%
Total 1600 CAPITAL IMPROVEMENTS	0.00	\$47,951.28	\$365,000.00	13%



AGENDA ITEM: 4.A

DATE: September 17, 2020

CAYUCOS SANITARY DISTRICT

TO: BOARD OF DIRECTORS

**FROM: RICK KOON
DISTRICT MANAGER**

SUBJECT: MONTHLY MANAGER'S REPORT: SEPTEMBER 2020

DATE: SEPTEMBER 09, 2020

ADMINISTRATIVE:

- Administrative staff continues to cross train each other on various job duties.
- The District continues 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 will put on masks when dealing with the public and sanitize their own trucks.
- All staff completed CPR training and received certification.
- The auditors finished their on site research on August 20th and 21st and are now working on completing the audit for Fiscal Year 19/20.
- Staff is revising the document filing and storage process. One way they are doing this is by digitizing many of the District's documents which had previously taken up a lot of space in the office. Staff is also researching and revising its records retention policy for future Board approval.

CAPITAL PROJECTS:

- Working with USDA and CSWP contracts
- LAFCO application process for District Boundary
- Lift Station 5 Project Notice to Proceed
- Toro Creek Pipeline Project ongoing Construction
- Caltrans Bridge Replacement Project
- District SCADA Project completion

OPERATIONS AND MAINTENANCE

August 2020

Daily operations of note:

- H2S leaving lift station #5 Average 13 ppm Max 188 ppm
- Lift Station #5 - average temperature 73.6° f
- Lift Station #1 - average pH 8.9
- Target Solutions Training for SDRMA
- Respond to 29 Underground Service Alerts
- Jet 964'
- Performed regular maintenance at all stations:
Scrape, pump down, bleach wells, test generators, high water floats and dialers
- Check battery health and perform preventative maintenance
- Tractor camera inspection of Pacific Ave for lateral locate
- CCTV Richard Ave to update office maps
- CCTV Gilbert Easement for main condition and assist with future retaining wall planning at 3448 Gilbert
- Clean and polish MCC cabinets and wash standby generators
- Pulled Pump 2 at Lift Station 4 to inspect for clog
- Participate in webinar on COVID-19 monitoring in wastewater
- Lubricate locks, knock down webs at Lift Stations
- Check and tighten electrical connections in MCC at Lift Station 1, 2 and 3
- Order and replace expired items in all First Aid kits
- Continually disinfect commonly used items and handles
- Exercise portable generator
- Scott O'Brien check of FE-36 extinguisher
- Replace dialer at Lift Station 5
- Excavate buried clean out that was mis-marked on jetting maps resulting in jetter getting stuck on circle drive.
- Jetter into shop for repair of suspension shackle, and new tire
- Locate old LS 5 force main maps and digitize

Call outs:

_8/1/2020 – NL – Record hours for the first of the month

8/13/2020 10:00pm – JC – LS 4 High Water

8/13/2020 1:19am – JC – LS 5 Faulty Power Fail Call



AGENDA ITEM: 5

DATE: September 17, 2020

CAYUCOS SANITARY DISTRICT

TO: BOARD OF DIRECTORS

FROM: RICK KOON
DISTRICT MANAGER

DATE: SEPTEMBER 17, 2020

SUBJECT: CONSIDERATION TO APPROVE PAYMENT OF CITY OF MORRO BAY INVOICE FOR 4TH QUARTER OF FY 2019-2020 IN THE AMOUNT OF \$94,653.99

Discussion:

As of the end of the 4th quarter of FY 2019/20 the major account groupings of actual expenditures verses budgeted were:

Personnel Service	75%
Supplies	74%
Services	51%
Other Expenses	89%

The current 4th quarter charges are based on a District flow of **20.98%**.

Recommendation:

Staff recommends the Board approve payment of City of Morro Bay invoice for 4th quarter of FY 2020/21 in the amount of \$94,653.99.



CITY OF MORRO BAY

CITY HALL
595 Harbor Street
Morro Bay, CA 93442

AGENDA ITEM: 5

DATE: September 17, 2020

August 13, 2020

Gayle Good
Cayucos Sanitary District
PO Box 333
Cayucos, CA 93430

RE: 4th Quarter Invoice 19/20 - Preliminary

Dear Gayle:

In this package, you will find Morro Bay's invoice for the Treatment Plant operations for the period from April 1- June 30, 2020.

Attachment A – The worksheet showing the calculations used to develop the invoice. There continues to be no capital asset expenses to back out.

Attachment B – A Revenue and Expenditure Budget Performance Report as of June 30, 2020, which reflects all accounts. Year to date balances are through the 4th quarter in the fiscal year. This is a preliminary bill and while comprehensive, there is always the opportunity for changes as we close the books for the year and go through the audit. If there are any changes a final 4th quarter true-up billing will be sent

Attachment C and C-1 are Revenue and Expense Ledgers which list all revenue and expenditure detail for this period. (See Thumb Drive for invoice copies). The quarterly cost allocation transfers are for the 4th quarter only in this period. They are for General Fund Administrative, IT technology and Risk Management Administrative costs Behind the yellow divider sheet is the same detail sheet as last quarter's billing, the supporting detail for the allocation entries from Utilities Division Fund 310 and the yearend accrual for three days 6/27/20 to 6/30/20. This is the first year in about three that the payroll ended mid work week, so all employees had some hours to accrue.

Attachment D– A flow summary for the 2nd quarter of FY 19/20 and attachment D-1 A Flow Summary History by Month for Calendar Years 2019 -2020.

If you have any questions, please feel free to call me, Sandy Martin, Budget/Accounting Manager (805-772-6218) or Joe Mueller, Utility Division Manager (915-826-3912).

Sincerely,

Jennifer Callaway
Finance Director
805-772-6217

Enclosures

cc: City Manager (w/o attachments)
Public Works Director (w/o attachments)
Utility Division Manager (w/o attachments)

City of Morro Bay - Finance Department
Detail Recap For 4th Quarter Invoice (Preliminary)
 FY 2019/20
 Services Rendered to Cayucos S.D.

4th Quarter

	Total Y.T.D. Amount	Less 1st - 3rd Qtrs	Net: Current Amount Due
Direct Charges to Treatment Division Only (See Detail Printouts)	1,739,963.81	1,288,800.83	\$451,162.98
Less Non Capital Asset charge back from Projects: (none in total above)	\$0.00	\$0.00	\$0.00
Less OPEB Costs: (none in total above)	\$0.00	\$0.00	\$0.00
Proj 930-8070 Secondary Clarifier	\$0.00	\$0.00	\$0.00
Proj 930-8222 Biofilter #2	\$0.00	\$0.00	\$0.00
Proj 930-8234 Interstage & Blending Valves	\$0.00	\$0.00	\$0.00
Proj 930-9904 Digester 1 & 3	\$0.00	\$0.00	\$0.00
Less: 599-8312 Facility Relocation Project	\$0.00	\$0.00	\$0.00
Less Costs not Cayucos	\$0.00	\$0.00	\$0.00
Less: Depreciation Expense	\$0.00	\$0.00	\$0.00
Total Subject to Invoicing Based on Flow			\$451,162.98
Flow Rate= 20.98%			
Flow Based: For 4th Quarter (Apr-June 2020)			\$94,653.99

Total Due From Cayucos Sanitary District

\$94,653.99

MB/CSD Funds 599 & 930 Budget Performance - 4th Qtr 2020

Fiscal Year to Date 06/30/20

Include Rollup Account and Rollup to Account

Account	Account Description	Adopted Budget	Budget Amendments	Amended Budget	Current Month Transactions	YTD Encumbrances	YTD Transactions	Budget - YTD Transactions	% Used/ Rec'd
Fund 599 - MB/CS Waste Water Fund									
REVENUE									
Department 5255 - Wastewater Treatment									
3499	Other Rev/Current Services	2,610,832.00	.00	2,610,832.00	.00	.00	1,288,788.33	1,322,043.67	49
	<i>Revenues From Current Services Totals</i>	\$2,610,832.00	\$0.00	\$2,610,832.00	\$0.00	\$0.00	\$1,288,788.33	\$1,322,043.67	49%
	Department 5255 - Wastewater Treatment Totals	\$2,610,832.00	\$0.00	\$2,610,832.00	\$0.00	\$0.00	\$1,288,788.33	\$1,322,043.67	49%
	REVENUE TOTALS	\$2,610,832.00	\$0.00	\$2,610,832.00	\$0.00	\$0.00	\$1,288,788.33	\$1,322,043.67	49%
EXPENSE									
Department 5255 - Wastewater Treatment									
<i>Personnel Services</i>									
4110	Regular Pay	647,605.00	.00	647,605.00	32,122.41	.00	393,958.69	253,646.31	61
4120	Overtime Pay	11,000.00	.00	11,000.00	.00	.00	8,549.45	2,450.55	78
4515	Standby Pay	19,500.00	.00	19,500.00	2,019.86	.00	17,907.86	1,592.14	92
4599	Other Pay	3,500.00	.00	3,500.00	116.36	.00	11,102.19	(7,602.19)	317
4910	Employer Paid Benefits	213,173.00	.00	213,173.00	15,136.06	.00	159,947.20	53,225.80	75
4911	Pension Normal Cost	59,791.00	.00	59,791.00	3,584.04	.00	48,463.19	11,327.81	81
4912	PERS Unfunded Accrued Liability	128,355.00	.00	128,355.00	.00	.00	100,752.09	27,602.91	78
4913	Other Post Employment Benefit (OPEB) Expense	8,863.00	.00	8,863.00	.00	.00	.00	8,863.00	0
4999	Labor Costs Applied	.00	.00	.00	6,716.66	.00	81,624.07	(81,624.07)	+++
	<i>Personnel Services Totals</i>	\$1,091,787.00	\$0.00	\$1,091,787.00	\$59,695.39	\$0.00	\$822,304.74	\$269,482.26	75%
<i>Supplies</i>									
5101	Janitorial Supplies	1,500.00	.00	1,500.00	366.66	.00	822.73	677.27	55
5105	First Aide Supplies	10,000.00	.00	10,000.00	1,529.87	.00	7,513.18	2,486.82	75
5108	Communication Supplies	1,000.00	.00	1,000.00	.00	.00	.00	1,000.00	0
5109	Uniforms/Safety Equipment	10,000.00	.00	10,000.00	1,652.79	.00	5,971.34	4,028.66	60
5110	Fuel Oil & Lubricants	3,500.00	.00	3,500.00	838.28	.00	6,459.29	(2,959.29)	185
5112	Lab Supplies	5,000.00	.00	5,000.00	1,386.53	.00	5,947.03	(947.03)	119
5120	Chemical Supplies	125,000.00	.00	125,000.00	32,506.24	.00	150,255.92	(25,255.92)	120

City of Morro Bay

MB/CSD Funds 599 & 930 Budget Performance - 4th Qtr 2020

Fiscal Year to Date 06/30/20

Include Rollup Account and Rollup to Account

		Adopted	Budget	Amended	Current Month	YTD	YTD	Budget - YTD	% Used/
5175	Computer Operating Supplies	1,000.00	.00	1,000.00	81.32	.00	2,377.50	(1,377.50)	238
5199	Miscellaneous Operating Supplies	1,500.00	.00	1,500.00	121.59	.00	485.04	1,014.96	32
5201	Other Expense	.00	.00	.00	.00	.00	(12.50)	12.50	+++
5301	General Office Supplies	2,500.00	.00	2,500.00	230.36	.00	217.74	2,282.26	9
5303	Books & Manuals	200.00	.00	200.00	.00	.00	191.53	8.47	96
5305	Forms Printing	600.00	.00	600.00	104.22	.00	148.98	451.02	25
5501	Grounds Maintenance Supplies	3,500.00	.00	3,500.00	86.19	.00	399.41	3,100.59	11
5502	Building Maint. Supplies	15,000.00	.00	15,000.00	.00	.00	1,232.50	13,767.50	8
5503	Rolling Stock Supplies	3,500.00	.00	3,500.00	185.35	.00	2,570.81	929.19	73
5504	Machinery/Equip/Supplies	100,000.00	.00	100,000.00	1,650.46	.00	26,485.21	73,514.79	26
5530	Small Tools	2,000.00	.00	2,000.00	.00	.00	309.12	1,690.88	15
	<i>Supplies Totals</i>	\$285,800.00	\$0.00	\$285,800.00	\$40,739.86	\$0.00	\$211,374.83	\$74,425.17	74%
	<i>Services</i>								
6103	Financial Audits	17,150.00	.00	17,150.00	.00	.00	8,875.00	8,275.00	52
6104	Engineering Services	48,500.00	.00	48,500.00	.00	.00	.00	48,500.00	0
6105	Consulting Services	25,000.00	.00	25,000.00	.00	.00	.00	25,000.00	0
6106	Contractual Services	250,000.00	.00	250,000.00	1,406.40	.00	68,264.89	181,735.11	27
6125	Professional Development	4,000.00	.00	4,000.00	.00	.00	1,252.66	2,747.34	31
6152	Outside Laboratory Testing	20,000.00	.00	20,000.00	2,687.20	.00	32,601.20	(12,601.20)	163
6161	Licenses & Permits	40,000.00	.00	40,000.00	605.92	.00	21,882.82	18,117.18	55
6199	Other Professional Services	2,000.00	.00	2,000.00	146.08	.00	96.64	1,903.36	5
6201	Telephone	8,500.00	.00	8,500.00	2,285.33	.00	12,462.54	(3,962.54)	147
6220	Postage	4,000.00	.00	4,000.00	.00	.00	2,827.38	1,172.62	71
6301	Electricity	126,100.00	.00	126,100.00	26,345.54	.00	158,114.97	(32,014.97)	125
6302	Natural Gas	8,000.00	.00	8,000.00	926.77	.00	12,568.47	(4,568.47)	157
6303	Water	10,000.00	.00	10,000.00	4,537.03	.00	22,221.97	(12,221.97)	222
6305	Disposal	12,000.00	.00	12,000.00	3,484.65	.00	15,940.14	(3,940.14)	133
6307	Disposal of Sludge	15,000.00	.00	15,000.00	.00	.00	9,370.94	5,629.06	62
6401	General Liability	48,668.00	.00	48,668.00	11,162.75	.00	44,651.00	4,017.00	92

City of Morro Bay

MB/CSD Funds 599 & 930 Budget Performance - 4th Qtr 2020

Fiscal Year to Date 06/30/20

Include Rollup Account and Rollup to Account

	Adopted	Budget	Amended	Current Month	YTD	YTD	Budget - YTD	% Used/
6411 Property Damage Insurance	2,200.00	.00	2,200.00	1,970.75	.00	7,883.00	(5,683.00)	358
6472 Other Ins./Employee Bond	165.00	.00	165.00	.00	.00	.00	165.00	0
6473 Vehicle Insurance	389.00	.00	389.00	159.33	.00	637.32	(248.32)	164
6499 Earthquake & Flood Insurance	204,886.00	.00	204,886.00	20,913.25	.00	83,653.00	121,233.00	41
6510 Meetings & Conferences	5,000.00	.00	5,000.00	.00	.00	1,500.00	3,500.00	30
6511 Mileage Reimbursement	300.00	.00	300.00	.00	.00	69.60	230.40	23
6514 Travel Expense	3,000.00	.00	3,000.00	.00	.00	4,086.37	(1,086.37)	136
6519 Association Membership	1,500.00	.00	1,500.00	590.89	.00	1,333.91	166.09	89
6601 Outside Equipment Repair	110,000.00	.00	110,000.00	.00	.00	8,358.99	101,641.01	8
6602 Outside Structural Repair	10,000.00	.00	10,000.00	.00	.00	.00	10,000.00	0
6604 Outside Vehicle Repair/Maint	7,275.00	.00	7,275.00	.00	.00	3,766.43	3,508.57	52
6640 Maintenance Contracts	35,000.00	.00	35,000.00	.00	.00	.00	35,000.00	0
6720 Medical Examinations	.00	.00	.00	280.00	.00	305.00	(305.00)	+++
6810 Equipment Rental	8,000.00	.00	8,000.00	.00	.00	.00	8,000.00	0
<i>Services Totals</i>	\$1,026,633.00	\$0.00	\$1,026,633.00	\$77,501.89	\$0.00	\$522,724.24	\$503,908.76	51%
Department 5255 - Wastewater Treatment Totals	\$2,404,220.00	\$0.00	\$2,404,220.00	\$177,937.14	\$0.00	\$1,556,403.81	\$847,816.19	65%
Department 7710 - Interfund Transactions								
<i>Interfund Transfers</i>								
8501 Transfers Out	206,612.00	.00	206,612.00	45,890.00	.00	183,560.00	23,052.00	89
<i>Interfund Transfers Totals</i>	\$206,612.00	\$0.00	\$206,612.00	\$45,890.00	\$0.00	\$183,560.00	\$23,052.00	89%
Department 7710 - Interfund Transactions Totals	\$206,612.00	\$0.00	\$206,612.00	\$45,890.00	\$0.00	\$183,560.00	\$23,052.00	89%
EXPENSE TOTALS	\$2,610,832.00	\$0.00	\$2,610,832.00	\$223,827.14	\$0.00	\$1,739,963.81	\$870,868.19	67%
Fund 599 - MB/CS Waste Water Fund Totals								
REVENUE TOTALS	2,610,832.00	.00	2,610,832.00	.00	.00	1,288,788.33	1,322,043.67	49%
EXPENSE TOTALS	2,610,832.00	.00	2,610,832.00	223,827.14	.00	1,739,963.81	870,868.19	67%
Fund 599 - MB/CS Waste Water Fund Totals	\$0.00	\$0.00	\$0.00	(\$223,827.14)	\$0.00	(\$451,175.48)	\$451,175.48	

Halloween Party Credit posted in 1st Qtr 12.50

(451,162.98)



AGENDA ITEM: 6

DATE: September 17, 2020

CAYUCOS SANITARY DISTRICT

TO: BOARD OF DIRECTORS

**FROM: RICK KOON
DISTRICT MANAGER**

DATE: SEPTEMBER 10, 2020

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

Discussion:

The Political Reform Act requires every local government agency to review its Conflict of Interest Code biennially to determine if it is accurate or alternatively, if the code must be amended. Once a determination has been made any changes must be submitted to the code reviewing body, which is the County of San Luis Obispo Board of Supervisors. A "Local Agency Biennial Notice" indicating whether changes are being made is also required to be executed and submitted to the Board of Supervisors. Any changes are required to be submitted using a "red-line/strike out" format.

The CSD has adopted the Fair Political Practices Commission's (FPPC) model Conflict of Interest Code. The Conflict of Interest Code includes a list of designated positions, which are positions that make or participate in the making of decisions that may foreseeably have a material effect on their financial interests, as defined in State law and FPPC regulations.

Since the CSD has adopted the FPPC model Conflict of Interest Code, which includes any and all amendments duly adopted by the FPPC, the only changes required are to update the list of designated positions to reflect new positions, reclassified positions and eliminated positions that have occurred as a result of organizational changes since the last biennial review.

Recommendation:

Adopt Resolution 2020-7 amending the list of designated positions subject to the CSD's Conflict of Interest Code.

RESOLUTION 2020-7 SEPTEMBER 17, 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 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; 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 (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. 2012-8, entitled "List of Designated Positions Subject to the Provisions of the District's Conflict of Interest Code" is hereby amended by adding the positions of Administrative Services Manager and Administrative Accounting Manager, reclassifying the position of Administrative Services Officer/Clerk to the Board to Administrative Office Manager, and deleting the position of District General Co-Counsel, as set forth in Exhibit "A" attached hereto and incorporated herein by this reference.
2. 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.
3. 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 "2012 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 17th day of September, 2020.

ATTEST:

Rick Koon, District Manager

Robert B. Enns, Board President

(SEAL)

CAYUCOS SANITARY DISTRICT

LIST OF DESIGNATED POSITIONS 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.

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
-------------------------	---

Employees:

District Manager	1
------------------	---

Lead Collection Worker	1
------------------------	---

Administrative Services Manager	1
---------------------------------	---

Administrative Accounting Manager	1
-----------------------------------	---

Administrative Office Manager	1
-------------------------------	---

Consultants:

District Counsel	1
------------------	---

Engineering Advisor to Board of Directors	1
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2 CA ADC§ 18730
2 CCR§ 18730
Cal. Admin. Code tit. 2, § 18730

BARCLAYS OFFICIAL CALIFORNIA CODE OF REGULATIONS TITLE 2.
ADMINISTRATION

DIVISION 6. FAIR POLITICAL PRACTICES COMMISSION

CHAPTER 7. CONFLICTS OF INTEREST

ARTICLE 2. DISCLOSURE

This database is current through 5/30/08, Register 2008, No. 22

§ 18730. Provisions of Conflict of Interest Codes.

(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 Government Code section 87300 or the amendment of a conflict of interest code within the meaning of Government Code 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, Government Code 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 Government Code 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 (2 Cal. Code of Regs. sections 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.

Exhibit "B(i)"

(3) Section 3. Disclosure Categories.

This code does not establish any disclosure obligation for those designated employees who are also specified in Government Code 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, Government Code 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, Government Code section 87200; and
- (C) The filing officer is the same for both agencies. 1

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 these 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. 2

Exhibit "B(ii)"

(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.

(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.



AGENDA ITEM: 7

DATE: September 17, 2020

CAYUCOS SANITARY DISTRICT

TO: BOARD OF DIRECTORS

**FROM: RICK KOON
DISTRICT MANAGER**

DATE: SEPTEMBER 10, 2020

**SUBJECT: DISCUSSION AND CONSIDERATION TO ADOPT INVESTMENT
POLICY FOR FISCAL YEAR 2020/21**

Discussion:

The District's auditing firm, Moss, Levy and Hartzheim has requested that the Board revise and readopt the District's Investment Policy from 2013. In 2013, the District revised its older Investment Policy by establishing the Roles and Responsibilities of the Investment Team, consisting of two Board members and the District Manager. From 2013 to 2015, no changes to the investment program were made. However, in 2016/17 the District's longtime investment broker, Karen Shanley, retired. With her retirement and the beginning of the CSWP's initial studies, EIR, and design, the District shifted from needing an Investment Team to having the Board in charge of how the District's reserves are used, especially in the funding of the CSWP projects.

In 2018, as the CSWP shifted to construction, the Board continued the management of the District's monetary resources through CSWP related projects, the establishment of USDA loans and the USDA required construction financing with the help of Mark Sampson of Potomac Investments.

It is anticipated that the Board will continue the direct management of the District's reserves through 2025. Therefore, the adoption of the Investment Policy is just a formality.

Recommendation:

It is recommended that the Board adopt the investment policy for Fiscal Year 2020/21.

**CAYUCOS SANITARY DISTRICT
INVESTMENT POLICY**
(Revised September 17, 2020)

AGENDA ITEM: 7

DATE: September 17, 2020

Premise:

1. The State Legislature has declared the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern (Government Code (GC) § 53600.6 and § 53630.1); and,
2. Government Code Sections 53601, et seq., allow the legislative body of a local agency to invest surplus monies not required for the immediate necessities of the local agency; and,
3. The fiscal officer of a local agency is required to annually prepare and submit a statement of investment policy and such policy, and any changes thereto, is to be considered by the local agency's legislative body at a public meeting (GC § 53646(a)).
4. For these reasons, and to ensure prudent and responsible management of the public's funds, it is the policy of the District to invest funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and conforming to all statutes governing the investment of District funds.

Scope: This investment policy applies to all financial assets of the District. These funds are accounted for in the annual audited financial statements of the District and include:

- Demand Accounts
- Investments
- General Fund
- Local Agency Investment Fund (LAIF)
- Operation and Maintenance Fund
- Enterprise Funds

Objectives: As specified in GC §53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the primary objectives of the investment activities, in priority order, shall be:

1. **Safety.** Safety of principal is the foremost objective of the investment program. Investments of the District shall be undertaken in a manner that seeks to ensure the preservation of capital in the whole portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
 - a. **Credit Risk.** The District will attempt to minimize credit risk the risk of loss due to the failure of the security issuer or backer, by:
 - i. Limiting investments to the safest types of securities.
 - ii. Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the District will do business.
 - iii. Diversifying the investment portfolio so that potential losses on individual securities will be minimized.
 - b. **Interest Rate Risk.** The District will attempt to minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, by:
 - i. Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
 - ii. Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

2. **Liquidity.** The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity). A portion of the portfolio also may be placed in money market mutual funds or local government investment pools which offer same-day liquidity for short-term funds.
3. **Yield.** The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall not be sold prior to maturity with the following exceptions:
 - a. A security with declining credit may be sold early to minimize loss of principal.
 - b. A security swap that would improve the quality, yield, or target duration in the portfolio.
 - c. Liquidity needs of the portfolio require that the security be sold.

Standards of Care

1. **Prudence.** The Board and persons authorized to make investment decisions subject to these policies are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the District.

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in the next issued quarterly treasury report and appropriate actions are taken to control adverse developments. When a deviation poses a significant risk to the District's financial position, the Board shall be notified immediately.

2. **Ethics and Conflicts of Interest.** Directors, officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall provide written disclosure of any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Directors, employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the District.

For purposes of this Paragraph 2, a material interest subject to disclosure by Directors, employees and officers shall include both individual/personal financial interest in a financial institution, and any immediate family members' (wife, children, parent) financial interest in a financial institution.

3. **Delegation of Authority.** Authority to manage the investment program is derived from California Government Code § 53600, et seq. Management responsibility for the investment program is hereby

delegated to the District Manager as Investment Officer, who shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this investment policy. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures, and as provided for in Exhibit "A". The Investment Officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

Safekeeping and Custody

1. **Representatives of Authorized Financial Dealers and Institutions.** All financial institutions and broker/dealers, their representatives, Registered Investment Advisors and their representatives who desire to become qualified for investment transactions must supply the following as appropriate:
 - Audited financial statements
 - Evidence of Financial Industry Regulatory Authority (FINRA) membership and verification of Securities Investment Protection (SIPC) membership.
 - Proof of Broker-Dealer affiliation and/or State or SEC Investment Advisor Registration (Form ADV)
 - Certification of having read and understood and agreeing to comply with the District's investment policy

An annual review of the financial condition and registration of qualified financial institutions and broker/dealers will be conducted by the Investment Officer.

2. **Internal Controls.** The Investment Officer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

Accordingly, the Investment Officer shall establish a process for an annual independent review by an external auditor to assure compliance with policies and procedures.

3. **Delivery vs. Payment.** All trades where applicable will be executed electronically and/or by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds. Securities will be held by a third-party custodial as evidenced by safekeeping receipts.

Suitable and Authorized Investments

The Cayucos Sanitary District is empowered by California Government Code § 53601 et seq. to deposit and make investment of public funds. For a detailed summary of authorized investment securities, including limitations and special conditions that apply to each, refer to California Government Code § 53601 et seq. which is attached and incorporated by reference to this investment policy (Exhibit "B").

Investment Parameters

1. **Diversification.** The investments shall be diversified by:
 - a) Limiting investments to avoid over concentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities),
 - b) Limiting investment in securities that have higher credit risks,
 - c) Investing in securities with varying maturities, and
 - d) Continuously investing a portion of the portfolio in readily available funds such as local government investment pools (LGIPs), LAIF, money market funds or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

It has been the past policy and practice of the District to maintain investments and securities according to the guidelines for specific asset categories as set forth in the California Government Code unless there was a specific and special situation which warranted consideration. At all times, it has been the District's policy to weigh all risks and rewards vs. the District's prudent needs and the Government's guidelines with the

objective of avoiding undue investment risk, exposure and concentration. It is recognized that the Board may at some future date, by a duly adopted resolution, adjust this policy if an outlying opportunity becomes evident and that the Board feels justified in pursuing.

2. **Maximum Maturities.** To the extent possible, the District shall attempt to match its investments with anticipated cash flow requirements. While the California Government Code § 53601 does not specify a limitation on the term or remaining maturity at the time of the investment, no investment shall be made in any security, other than a security underlying a repurchase or reverse repurchase agreement or securities lending agreement authorized by this section, that at the time of the investment has a term remaining to maturity in excess of five (5) years, unless the legislative body has granted express authority to make that investment either specifically or as a part of an investment program approved by the legislative body no less than three (3) months prior to the investment.

Reserve funds and other funds with longer-term investment horizons may be invested in securities exceeding five (5) years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of funds.

Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds such as LGIPs, LAIF, money market funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained to meet ongoing obligations.

Reporting

1. **Quarterly Report.** The Investment Officer shall file a quarterly report (California Government Code § 53646(b)(1) with the Board of Directors showing the type of investments, institutions, the issuers, maturity dates, par values and the current market values of each component of the portfolio, including funds managed for Cayucos Sanitary District by third party contracted managers. As specified in California Government Code § 53646(e), if all funds are placed in LAIF, FDIC-insured accounts and/or in a county investment pool, or any combination of these, the foregoing report elements may be replaced by copies of the latest statements from such institutions. The report must also include a certification that:
 - a. all investment actions executed since the last report have been made in full compliance with the Investment Policy or the manner in which the investment actions are not in compliance and,
 - b. the Cayucos Sanitary District will meet its expenditure obligations for the next six months or provide an explanation as to why sufficient money shall, or may, not be available as required by California Government Code § 53646(b)(2) and (3) respectively.

The Investment Officer shall maintain a complete and timely record of all investment transactions.

Investment Strategy. Strategy refers to the ability to manage financial resources in the most advantageous manner.

1. District Reserve Policy. After formulation of the District's annual (fiscal year) budget, and based on projected cash flow forecast and analysis, a determination will be made of projected unrestricted cash reserves to be earmarked for investments (Exhibit "C").
2. Economic Forecasts. Gather economic forecasts periodically from investment brokers and other financial experts to assist in formulation of an investment strategy for the District.
3. Rapport. Maintain a close working relationship amongst the investment team members.
4. Implementing Investment Strategy. Execute investment transactions which conform with the current investment plan and anticipated interest rate trends.

Policy Consideration

1. Exemption. Any investment currently held that does not meet the guidelines of this policy shall be, for its stated duration, exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

2. Amendments. This policy shall be reviewed on an annual basis. Any changes must be approved by the Investment Officer and any other appropriate authority, as well as the individual(s) charged with maintaining internal controls.

List of Attachments

The following documents, as applicable, are attached to this policy:

1. Roles and Responsibilities of Investment Team (Exhibit "A")
2. Investments Authorized Under California Government Code § 53601 (Exhibit "B")
3. Reserve Policy (Exhibit "C")

EXHIBIT "A"

Cayucos Sanitary District Investment Policy Roles and Responsibilities of Investment Team (Revised September 17, 2020)

BOARD OF DIRECTORS

1. Shall meet bi-annually to review all data and information provided and to establish the investment or reinvestment limits for instruments and securities.
2. Shall review and approve monthly financial and investment reports.
3. Shall annually review, and if necessary, revise the Investment Policy.
4. Shall appoint the Finance Committee members annually.
5. Shall take immediate action to rectify any unlawful investment activities.

FINANCE COMMITTEE

1. This Committee shall consist of two (2) sitting Board members appointed by the Board, and the District Manager/Investment Officer. Authority to manage the investment program is vested in the Finance Committee.
2. The Finance Committee, with the advice of investment brokers and registered investment advisors, shall authorize the purchase of investments and securities within the monetary limits established by the Board of Directors.
3. The Finance Committee shall work together to receive and disseminate the information concerning investment or reinvestment.
4. Shall make recommendations to the Board as to investment strategies.
5. Is responsible for the overall management and operation of the investment program and shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with the District's Investment Policy.

DISTRICT MANAGER/INVESTMENT OFFICER

1. Shall monitor the investment activities of the District to ensure compliance with all applicable California Government Codes, law and regulations.
2. Shall stay informed of legislation and investment activity of the District to ensure that this policy, all applicable California Government Codes, laws, regulations, and the Board's directives are complied with.
3. Shall facilitate transfer of monies between funds and investment institutions, as authorized under this policy, and as directed by the Board of Directors and Finance Committee.
4. Shall monitor the budget to forecast cash flow requirements.
5. Shall inform the Board of Directors and the Finance Committee of any changes in legislation that might affect this policy, or any activity that does not conform to this policy, applicable California Government Codes, laws and regulations.
6. Shall maintain records and reports of all investment transactions and activity.
7. Shall attempt to match District investments with anticipated cash flow requirements.
8. Shall prepare an investment report at least quarterly that provides an analysis of the status of the current investment portfolio and transactions made over the last quarter.

INVESTMENT BROKERS AND REGISTERED INVESTMENT ADVISORS (OUTSIDE CONSULTANTS)

1. Shall provide recommendations to the District Manager/Investment Officer, Finance Committee and the Board of Directors to aid in investment decisions.

2. Shall ensure that all transactions handled by his or her company, on behalf of the District, are in compliance with all applicable California Government Codes, District Investment Policy, and all applicable laws and regulations.
3. Shall coordinate all activity through, and take direction from District Manager/Investment Officer, Finance Committee and Board of Directors as authorized by this policy and Board action, so long as the direction does not violate any applicable California Government Code, District Investment Policy, or any other applicable laws or regulations.
4. Shall provide comprehensive written monthly reports that reflect all activities and the status of investment under his or her control. Such reports which may be provided by the account custodian or other third party shall be delivered to the District office no later than the tenth day of the month following the reporting period.
5. Shall not self-custody any of the District's assets without the specific and explicit approval of the full Board of Directors.

AUDITOR (OUTSIDE CONSULTANT)

1. Shall examine records of the various accounts and investments of the District on an annual basis to ensure compliance with this policy and all applicable California Government Codes, and in accordance with all applicable accounting principles and auditing standards.
2. Shall notify and report to the District Manager/Investment Officer, Finance Committee and the Board of Directors of any discrepancies.

EXHIBIT “B”
(Revised September 17, 2020)

GOVERNMENT CODE – GOV

TITLE 5. LOCAL AGENCIES [50001 – 57550]

(Title 5 added by Stats. 1949, Ch 81)

DIVISION 2. CITIES, COUNTIES, AND OTHER AGENCIES [53000 – 55821]

(Division 2 added by Stats. 1949, Ch. 81)

PART 1. POWERS AND DUTIES COMMON TO CITIES, COUNTIES, AND OTHER AGENCIES [53000 – 54999.7]

(Part 1 added by Stats. 1949, Ch. 81)

CHAPTER 4. FINANCIAL AFFAIRS [53600 – 53997]

(Chapter 4 added by Stats. 1949, Ch. 81)

ARTICLE 1. Investment of Surplus [53600 – 53610]

(Article 1 added by Stats. 1949, Ch. 81)

Government Code § 53601 (2020): This section shall apply to a local agency that is a city, a district, or other local agency that does not pool money in deposits or investments with other local agencies, other than local agencies that have the same governing body. However, Section 53635 shall apply to all local agencies that pool money in deposits or investments with other local agencies that have separate governing bodies. The legislative body of a local agency having moneys in a sinking fund or moneys in its treasury not required for the immediate needs of the local agency may invest any portion of the moneys that it deems wise or expedient in those investments set forth below. A local agency purchasing or obtaining any securities prescribed in this section, in a negotiable, bearer, registered, or nonregistered format, shall require delivery of the securities to the local agency, including those purchased for the agency by financial advisers, consultants, or managers using the agency’s funds, by book entry, physical delivery, or by third-party custodial agreement. The transfer of securities to the counterparty bank’s customer book entry account may be used for book entry delivery.

For purposes of this section, “counterparty” means the other party to the transaction. A counterparty bank’s trust department or separate safekeeping department may be used for the physical delivery of the security if the security is held in the name of the local agency. Where this section specifies a percentage limitation for a particular category of investment, that percentage is applicable only at the date of purchase. Where this section does not specify a limitation on the term or remaining maturity at the time of the investment, no investment shall be made in any security, other than a security underlying a repurchase or reverse repurchase agreement or securities lending agreement authorized by this section, that at the time of the investment has a term remaining to maturity in excess of five years, unless the legislative body has granted express authority to make that investment either specifically or as a part of an investment program approved by the legislative body no less than three months prior to the investment:

- (a) Bonds issued by the local agency, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency or by a department, board, agency, or authority of the local agency.
- (b) United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.
- (c) Registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state.
- (d) Registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California.
- (e) Bonds, notes, warrants, or other evidences of indebtedness of a local agency within this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.
- (f) Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.
- (g) Bankers’ acceptances otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank. Purchases of bankers’ acceptances shall not exceed 180 days’ maturity or 40 percent of the agency’s moneys that may be invested pursuant to this section. However, no more than 30 percent of the agency’s moneys may be invested in the bankers’ acceptances of any one commercial bank pursuant to this section.

This subdivision does not preclude a municipal utility district from investing moneys in its treasury in a manner authorized by the Municipal Utility District Act (Division 6 (commencing with Section 11501) of the Public Utilities Code).

(h) Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical rating organization (NRSRO). The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or (2):

(1) The entity meets the following criteria:

- (A) Is organized and operating in the United States as a general corporation.
- (B) Has total assets in excess of five hundred million dollars (\$500,000,000).
- (C) Has debt other than commercial paper, if any, that is rated in a rating category of "A" or its equivalent or higher by an NRSRO.

(2) The entity meets the following criteria:

- (A) Is organized within the United States as a special purpose corporation, trust, or limited liability company.
- (B) Has program-wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond.
- (C) Has commercial paper that is rated "A-1" or higher, or the equivalent, by an NRSRO.

Eligible commercial paper shall have a maximum maturity of 270 days or less. Local agencies, other than counties or a city and county, may invest no more than 25 percent of their moneys in eligible commercial paper. Local agencies, other than counties or a city and county, may purchase no more than 10 percent of the outstanding commercial paper of any single issuer. Counties or a city and county may invest in commercial paper pursuant to the concentration limits in subdivision (a) of Section 53635.

(i) Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit shall not exceed 30 percent of the agency's moneys that may be invested pursuant to this section. For purposes of this section, negotiable certificates of deposit do not come within Article 2 (commencing with Section 53630), except that the amount so invested shall be subject to the limitations of Section 53638. The legislative body of a local agency and the treasurer or other official of the local agency having legal custody of the moneys are prohibited from investing local agency funds, or funds in the custody of the local agency, in negotiable certificates of deposit issued by a state or federal credit union if a member of the legislative body of the local agency, or a person with investment decision-making authority in the administrative office manager's office, budget office, auditor-controller's office, or treasurer's office of the local agency also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.

(j) (1) Investments in repurchase agreements or reverse repurchase agreements or securities lending agreements of securities authorized by this section, as long as the agreements are subject to this subdivision, including the delivery requirements specified in this section.

(2) Investments in repurchase agreements may be made, on an investment authorized in this section, when the term of the agreement does not exceed one year. The market value of securities that underlie a repurchase agreement shall be valued at 102 percent or greater of the funds borrowed against those securities and the value shall be adjusted no less than quarterly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102 percent no later than the next business day.

(3) Reverse repurchase agreements or securities lending agreements may be utilized only when all of the following conditions are met:

- (A) The security to be sold using a reverse repurchase agreement or securities lending agreement has been owned and fully paid for by the local agency for a minimum of 30 days prior to sale.
- (B) The total of all reverse repurchase agreements and securities lending agreements on investments owned by the local agency does not exceed 20 percent of the base value of the portfolio.
- (C) The agreement does not exceed a term of 92 days, unless the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity date of the same security.
- (D) Funds obtained or funds within the pool of an equivalent amount to that obtained from selling a security to a counterparty using a reverse repurchase agreement or securities lending agreement shall not be used to purchase another security with a maturity longer than 92 days from the initial settlement date of the reverse

repurchase agreement or securities lending agreement, unless the reverse repurchase agreement or securities lending agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity date of the same security.

(4)

(A) Investments in reverse repurchase agreements, securities lending agreements, or similar investments in which the local agency sells securities prior to purchase with a simultaneous agreement to repurchase the security may be made only upon prior approval of the governing body of the local agency and shall be made only with primary dealers of the Federal Reserve Bank of New York or with a nationally or state-chartered bank that has or has had a significant banking relationship with a local agency.

(B) For purposes of this chapter, "significant banking relationship" means any of the following activities of a bank:

(i) Involvement in the creation, sale, purchase, or retirement of a local agency's bonds, warrants, notes, or other evidence of indebtedness.

(ii) Financing of a local agency's activities.

(iii) Acceptance of a local agency's securities or funds as deposits.

(5)

(A) "Repurchase agreement" means a purchase of securities by the local agency pursuant to an agreement by which the counterparty seller will repurchase the securities on or before a specified date and for a specified amount and the counterparty will deliver the underlying securities to the local agency by book entry, physical delivery, or by third-party custodial agreement. The transfer of underlying securities to the counterparty bank's customer book-entry account may be used for book-entry delivery.

(B) "Securities," for purposes of repurchase under this subdivision, means securities of the same issuer, description, issue date, and maturity.

(C) "Reverse repurchase agreement" means a sale of securities by the local agency pursuant to an agreement by which the local agency will repurchase the securities on or before a specified date and includes other comparable agreements.

(D) "Securities lending agreement" means an agreement under which a local agency agrees to transfer securities to a borrower who, in turn, agrees to provide collateral to the local agency. During the term of the agreement, both the securities and the collateral are held by a third party. At the conclusion of the agreement, the securities are transferred back to the local agency in return for the collateral.

(E) For purposes of this section, the base value of the local agency's pool portfolio shall be that dollar amount obtained by totaling all cash balances placed in the pool by all pool participants, excluding any amounts obtained through selling securities by way of reverse repurchase agreements, securities lending agreements, or other similar borrowing methods.

(F) For purposes of this section, the spread is the difference between the cost of funds obtained using the reverse repurchase agreement and the earnings obtained on the reinvestment of the funds.

(k) Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated in a rating category of "A" or its equivalent or better by an NRSRO. Purchases of medium-term notes shall not include other instruments authorized by this section and shall not exceed 30 percent of the agency's moneys that may be invested pursuant to this section.

(l)

(1) Shares of beneficial interest issued by diversified management companies that invest in the securities and obligations as authorized by subdivisions (a) to (k), inclusive, and subdivisions (m) to (q), inclusive, and that comply with the investment restrictions of this article and Article 2 (commencing with Section 53630). However, notwithstanding these restrictions, a counterparty to a reverse repurchase agreement or securities lending agreement is not required to be a primary dealer of the Federal Reserve Bank of New York if the company's board of directors finds that the counterparty presents a minimal risk of default, and the value of the securities underlying a repurchase agreement or securities lending agreement may be 100 percent of the sales price if the securities are marked to market daily.

(2) Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.).

(3) If investment is in shares issued pursuant to paragraph (1), the company shall have met either of the following criteria:

(A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs.

(B) Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by subdivisions (a) to (k), inclusive, and subdivisions (m) to (q), inclusive, and with assets under management in excess of five hundred million dollars (\$500,000,000).

(4) If investment is in shares issued pursuant to paragraph (2), the company shall have met either of the following criteria:

(A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs.

(B) Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of five hundred million dollars (\$500,000,000).

(5) The purchase price of shares of beneficial interest purchased pursuant to this subdivision shall not include commission that the companies may charge and shall not exceed 20 percent of the agency's moneys that may be invested pursuant to this section. However, no more than 10 percent of the agency's funds may be invested in shares of beneficial interest of any one mutual fund pursuant to paragraph (1).

(m) Monies held by a trustee or fiscal agent and pledged to the payment or security of bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of a local agency, or certificates of participation in those bonds, indebtedness, or lease installment sale, or other agreements, may be invested in accordance with the statutory provisions governing the issuance of those bonds, indebtedness, or lease installment sale, or other agreement, or to the extent not inconsistent therewith or if there are no specific statutory provisions, in accordance with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance.

(n) Notes, bonds, or other obligations that are at all times secured by a valid first priority security interest in securities of the types listed by Section 53651 as eligible securities for the purpose of securing local agency deposits having a market value at least equal to that required by Section 53652 for the purpose of securing local agency deposits. The securities serving as collateral shall be placed by delivery or book entry into the custody of a trust company or the trust department of a bank that is not affiliated with the issuer of the secured obligation, and the security interest shall be perfected in accordance with the requirements of the Uniform Commercial Code or federal regulations applicable to the types of securities in which the security interest is granted.

(o) A mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond. Securities eligible for investment under this subdivision shall be rated in a rating category of "AA" or its equivalent or better by an NRSRO and have a maximum remaining maturity of five years or less. Purchase of securities authorized by this subdivision shall not exceed 20 percent of the agency's surplus moneys that may be invested pursuant to this section.

(p) Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (r), inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:

(1) The adviser is registered or exempt from registration with the Securities and Exchange Commission.

(2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q), inclusive.

(3) The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

(q) United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of "AA" or its equivalent or better by an NRSRO and shall not exceed 30 percent of the agency's moneys that may be invested pursuant to this section.

(r) Commercial paper, debt securities, or other obligations of a public bank, as defined in Section 57600.

(Amended by Stats. 2019, Ch. 442, Sec. 11. (AB 857) Effective January 1, 2020.)

EXHIBIT "C"

(Revised September 17, 2020)

ALLOWABLE INVESTMENT INSTRUMENTS PER STATE GOVERNMENT CODE (AS OF JANUARY 1, 2020)^A APPLICABLE TO ALL LOCAL AGENCIES^B

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

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

TABLE OF NOTES FOR FIGURE 1

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



AGENDA ITEM: 8

DATE: September 17, 2020

CAYUCOS SANITARY DISTRICT

TO: BOARD OF DIRECTORS

**FROM: RICK KOON
DISTRICT MANAGER**

DATE: SEPTEMBER 10, 2020

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

Discussion:

Longitude 123 completed the majority of the outfall work in September/October of 2019. At that time, the District requested that the diffuser check valve installation be postponed until mid-2020 and billed when the final work and reporting were completed. See the description of the Change Order work in the attached letter dated November 30, 2019.

This past June, Longitude 123 completed all the work on the outfall including the installation of the required cathodic protection system at Lift Station 5. The final report has been presented to the regulatory agencies for their approval.

Recommendation:

It is recommended that the Board approve Change Order #1 from Longitude 123, Inc. for \$56,780.00.



REMIT TO:
 Longitude 123, Inc.
 570 Poli Street
 Ventura, California, USA
 93001

AGENDA ITEM: 8
DATE: September 17, 2020

INVOICE

CLIENT:
 Cayucos Sanitary District
 200 Ash Avenue
 Cayucos, CA 93430

INVOICE DATE: August 20, 2020

INVOICE NO: 17-021-13

Rick Koon – General Manager: rkoon@cayucossd.org

REFERENCE:
 Cayucos Sustainable Water Project
 Loading Line #2 Ocean Outfall Conversion Project

L123 PROJECT NO:
 17-021

CLIENT CONTRACT NO.:
 Short Form Public Works Contract
 Reuse of Existing Ocean
 Conveyance Pipe to Dispose of
 Treated Effluent

PAYMENT TERMS:
 Net 30 days
 1.5% 10 Discount

<u>ITEM:</u>	<u>DESCRIPTION:</u>	<u>BILLING:</u>
1.	Milestone #7 -Project B 4.2.d – Assembly/Installation of Diffuser – Progress Payment <i>Original Amount:</i> \$769,290 <i>Payment on 12/12/19:</i> \$723,660 <i>Balance Remaining:</i> \$ 45,630	\$ 45,630.00
2.	Milestone #9 – Project B 4.2.g – Post-Project Surveys/Reporting – Progress Payment <i>Original Amount:</i> \$41,473 <i>Payment on 12/12/19:</i> \$37,325 <i>Balance Remaining:</i> \$ 4,148	\$ 4,148.00
3.	Milestone #10 – Project B 4.2.e – CP System Installation – Progress Payment <i>Original Amount:</i> \$143,302 <i>Payment on 12/12/19:</i> \$ 28,660 <i>Balance Remaining:</i> \$114,642	\$114,642.00
4.	Field Change Order 01 – June 2020 Additional Mobe/Demobe Charge Reference: November 30, 2019 letter to Mr. Rick Koon-attached	\$ 56,780.00

INVOICE TOTAL: \$ 221,200.00



November 30, 2019

Mr. Rick Koon
General Manager
Cayucos Sanitary District
200 Ash Avenue
Cayucos, CA. 93430
rkoon@cayucossd.org

Re: Cayucos Sustainable Water Project
L123 Project No. 17-021

Sub: Reconciliation of Outstanding Milestone Payments and Proposed Additional Work Pricing

Dear Mr. Koon:

Apologies for the delay getting this reconciliation to you. Per our discussions in October, this is to provide you with a summary of outstanding milestone payments associated with the completed work, remaining balances on incomplete work, and pricing for the change order to return to the offshore site in June 2020 to complete the duckbilled valve installations and spar marker navigation buoy system installation.

The outstanding items are as follows:

1. Payment Milestone #6 – Installation of 14” HDPE Pipeline - \$930,169.00

This milestone payment item was completed and invoiced on October 8, 2019 and is coming up on 60 days past due. This amount is due and payable, subject to agreed retainage. Please see copy of original invoice 17-021-10 attached to this letter.

2. Payment Milestone #7 – Assembly/Installation of Diffuser – \$769,290.00

The work to complete this milestone payment item was largely completed in October 2019 except for the installation of the fifty (50) Tideflex duckbilled check valves on the submerged diffuser pipe segment. The duckbilled check valve installations were deferred until June of 2020 when the onshore facilities are expected to be completed and the commissioning of the outfall is scheduled to take place. The concern behind this deferment was that if the valves were installed in October 2019 that the valves would be unused and their moving components (rubber flapper valves) static for approximately 9 months in which time crustaceous marine fouling would fuse to the static rubber components and prevent the valves from functioning properly when the outfall is activated in June 2020. L123 is in possession of these fifty-five (55) valves (50 required plus 5 replacement valves) and they are stored in Morro Bay, California. The installation of the valves will require remobilization of the dive support vessel and dive crew in Morro Bay and one day of diving to install. For purposes of this reconciliation, L123 is deferring \$45,630.00 (pricing per L123 proposal of September 2, 2019, Page 5, Section 4.1.h.) to cover the June 2020 installation of the duckbilled check valves, leaving a current amount due of \$723,660.00 which is hereby invoiced (see attached invoice 17-021-11).

3. Payment Milestone #8 – Demobilization - \$177,713.00

The work to complete this milestone payment item was completed in October 2019 and is hereby invoiced in the attached invoice 17-021-11.

4. Payment Milestone #9 – Post-Project Surveys and Reporting

The survey components of this milestone payment item were completed in October 2019 and all that remains is production of a final as-built drawing and letter report to the California State Lands Commission and the California Coastal Commission. The milestone amount for the completed task is \$41,473.00 and L123 respectfully requests a progress payment of 90% (\$37,325.00) with the balance payable on submission of the as-built reporting after the June 2020 work is completed. The proposed \$37,325.00 progress payment is hereby invoiced in the attached invoice 17-021-11.

5. Payment Milestone #10 – Cathodic Protection (CP) System Installation – 20% of \$143,302

The engineering and design of the CP system and connection of the test lead and ground wire to the 20-inch steel pipe casing, installation of the permanent reference cell and test station J-box at the 20-inch steel casing termination inside the Chevron EMT were completed in October 2019.

Remaining L123 work consists of the planned June 2020 installation of the deep anode bed (anode well) at Lift Station #5 at a location within the Lift Station #5 plot to be determined by CSD; installation of a MMC rectifier box with rectifier and J-box inside (all to be located within 15 feet of the anode well inside Lift Station #5); and installation of a direct-bury wire connection from the rectifier to the anode well.

CSD is responsible for providing a suitable location within the Lift Station #5 site for the installation of the anode well and MMC rectifier box and 110 VAC electrical service to the MMC rectifier box.

L123 and CSD share responsibility for the installation of a direct-bury ground wire from the MMC rectifier box located inside Lift Station #5 to the J-box at the 20-inch casing termination inside the Chevron EMT. L123 is responsible for providing the direct-bury single conductor cable and making all connections between the rectifier at Lift Station #5 and the J-box located over the 20-inch casing termination in the Chevron EMT site. CSD shall be responsible for the providing a trench between the MMC rectifier box constructed in the Lift Station #5 plot and the termination of the 20-inch conduit located inside the Chevron EMT and provision of an appropriate conduit crossing underneath the PCH-1 bridge at Toro Creek. L123 shall be responsible for placing the direct-bury ground wire in the CSD provided trench and bridge conduit.

The milestone amount for the completed task is \$143,302.00 and L123 respectfully requests a progress payment of 20% (\$28,660.00) with the balance payable on completion of the CP system and successful commissioning.

6. Field Change Order 01 – June 2020 Additional Mobilization/Demobilization Charge

L123 will remobilize a dive support vessel and dive crew to the project site in June 2020 to install the duckbilled check valves and a spar marker navigation buoy system, and demobilize same, for a lump sum price of \$56,780.00. This charge will be billed with the completed work in June 2020.

7. Field Change Order 02 – Spar Marker Navigation Buoy System

L123 will design, fabricate and install a spar marker navigation buoy system consisting of two PVC spar buoys with synthetic mooring risers and reinforced concrete clumps to be installed at either end of the diffuser pipe segment. This spar marker navigation buoy system was not anticipated in the L123 proposal of September 2, 2019 and has been added to the L123 scope of work at no cost to CSD.

8. Field Change Order 03 – Padre Associates, Inc. Compliance Monitoring Support

Per our earlier discussions, regulatory permits required compliance monitoring of all L123 marine work and cultural monitoring of certain portions of L123 onshore work for CSD. At CSD's direction, L123 engaged Padre Associates, Inc. to provide the necessary monitors and perform the required compliance tasks including compliance reporting to agencies.

<u>Invoice No.</u>	<u>Cost:</u>	<u>10% Markup:</u>	<u>Total Charge:</u>
Padre Invoice 2019-1972	\$15,215.00	\$1,521.00	\$16,736.00
Padre Invoice 2019-2230	\$30,118.88	\$3,011.00	\$33,129.00
Total:			\$49,865.00

9. Request for Notice of 90% Completion

This is to request that CSD issues a notice of 90% completion for the work performed under the second bond.

This concludes this reconciliation of outstanding milestone payments and proposed additional work pricing. Please contact me at (805) 223-0178 if you have any questions or need additional information.

Sincerely,

Mark Steffy
President
Longitude 123, Inc.
msteffy@longitude123.net
CSLB General Engineering License 1026719

Attachments:

1. L123 Invoice 17-021-10 dated 10/8/19
2. L123 Invoice 17-021-11 dated 11/30/19
3. Padre Invoice 2019-1972
4. Padre Invoice 2019-2230



AGENDA ITEM: 9

DATE: September 17, 2020

CAYUCOS SANITARY DISTRICT

TO: BOARD OF DIRECTORS

**FROM: RICK KOON
DISTRICT MANAGER**

DATE: SEPTEMBER 10, 2020

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

Discussion:

Pipeline Project Change Order #1 is for two items:

- Item number 1 is the purchase of the endpoint connections for each end of the HDPE.
- Item number 2 is for the installation of a conduit and pull boxes between Lift Station 5 and the WRRF to provide internet to the WRRF. The internet provider will be Spectrum, and they have provided all the pull boxes and will install the fiber line.

The amount of \$44,860.46 represents 2% of the total contract amount.

Recommendation:

It is recommended that the Board Approve Pipeline Project Change Order #1 with David CRYE General Engineering Contractor, Inc. in the amount of \$44,860.46.

AGENDA ITEM: 9
DATE: September 17, 2020

Change Order No. 1

Date of Issuance: 9/26/2020

Effective Date: 9/26/2020

Owner: Cayucos Sanitary District

Owner's Contract No.: CSWP-4 Pipeline

Contractor: David Crye General Engineering Contractor, Inc.

Contractor's Project No.: N/A

Engineer: Water Systems Consulting

Engineer's Project No.: N/A

Project:

Contract Name: CSWP Offsite Pipeline

The Contract is modified as follows upon execution of this Change Order:

Description: Mutually agreed upon lump sum to modify HDPE fittings for connections at the WRRF site and the Lift Station 5 location, Installation of conduit and pull boxes for internet service to the WRRF site.

Attachments: CCO request PCO 001 and PCO 002 David Crye Inc.,

CHANGE IN CONTRACT PRICE	CHANGE IN CONTRACT TIMES <i>[note changes in Milestones if applicable]</i>
Original Contract Price: \$ <u>2,188,850</u>	Original Contract Times: Substantial Completion: <u>150</u> Ready for Final Payment: <u>210</u> days or dates
Increase from previously approved Change Orders No. to No. <u> </u> : <u>N/A</u>	No change from previously approved Change Orders No. to No. <u> </u> : Substantial Completion: <u>0</u> Ready for Final Payment: <u>0</u> days
Contract Price prior to this Change Order: \$ <u>2,188,850</u>	Contract Times prior to this Change Order: Substantial Completion: <u>150</u> Ready for Final Payment: <u>210</u> days or dates
Increase of this Change Order: \$ <u>44,860.46</u>	No change of this Change Order: Substantial Completion: <u>0</u> Ready for Final Payment: <u>0</u> days or dates
Contract Price incorporating this Change Order: \$ <u>2,233,710.46</u>	Contract Times with all approved Change Orders: Substantial Completion: <u>150</u> Ready for Final Payment: <u>210</u> days or dates

RECOMMENDED:	ACCEPTED:	ACCEPTED:
By: _____ Engineer (if required)	By: _____ Owner (Authorized Signature)	By: _____ Contractor (Authorized Signature)
Title: _____	Title: _____	Title: _____
Date: _____	Date: _____	Date: _____

Approved by Funding Agency (if applicable)

By: _____ Date: _____
Title: _____

CHANGE ORDER

Owner: Cayucos Sanitary District **No.** 001
Contractor: David Crye General Engineering Contractor, Inc. **Issue Date:** 09/26/2020
Project: Cayucos Sustainable Water Project Offsite Pipeline and Toro Creek Crossing

ITEM NO.	DESCRIPTION OF THE CHANGE	COST INCREASE	COST DECREASE
01	Increases Price - Negotiated lump sum payment for materials to adapt end point connections in HDPE pipeline to as-built condition at the WRRF facility and to modified connection detail at the other end of the pipeline.	\$4,995.46	N/A
02	Increases Price - Negotiated lump sum payment for labor and materials to add a conduit and pull boxes between Lift Station 5 and the WRRF site to provide internet and communications connectivity to the WRRF facility.	\$39,905	N/A