



Pursuant to Government Code Section 54953(e), 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, DECEMBER 16, 2021 AT 5:00PM 200 ASH AVENUE, CAYUCOS, CALIFORNIA 93430

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1. ESTABLISH QUORUM AND CALL TO ORDER

2. PUBLIC COMMENT:

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: Recommended 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 November 18, 2021 Board of Directors Regular Meeting (Pg. 1)

B. Financial Reports: November 2021

1. Check Register – Mechanics Bank (General Checking Account) (Pg. 6)
 - a. Check Register – Wells Fargo (CIP/CSWP Checking Account) (Pg. 8)
 - b. Check Register – Wells Fargo (CSWP Construction Account) (Pg. 9)
2. Cash, Savings, and Investment Report (Pg. 10)
3. Budget vs. Actual Status Report FY 2021-2022 (Pg. 11)
4. Capital Improvement Projects Report (Pg. 12)

Pursuant to Government Code Section 54953(e), 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.

4. **STAFF COMMUNICATIONS AND INFORMATIONAL ITEMS: No Action Required**
 - A. **District Manager's Report: November 2021 (Pg. 13)**
 - B. **New Will-Serves:**
 - 780 Park Ave. / Clark / 064-133-011 / SFR Remodel
 - Extended Will-Serves:**
 - 871 N Ocean Ave. / Gottlieb / 064-484-001 / SFR New
 - 41 5th St. / Mather / 064-143-008 / SFR New
 - 3140 Studio Dr. / Pessah / 064-417-018 / SFR Remodel
 - Finalized Will-Serves:**
 - 199 H St. / WWW Properties LLC / 064-126-013 / SFR New
 - 188 I St. / Lee/Dezarn / 064-128-001 / SFR New
 - 871 N Ocean Ave. / Gottlieb / 064-484-001 / SFR New
 - Continue-to-Serves (No Will-Serve Required):**
 - None
 - Grants Of License:**
 - None
5. **PRESENTATION AND ACCEPTANCE OF THE CAYUCOS SANITARY DISTRICT FY 2020/21 FINAL AUDIT BY ADAM GUISE OF MOSS, LEVY & HARTZHEIM (Handout)**
6. **DISCUSSION AND CONSIDERATION TO ADOPT RESOLUTION 2021-08 TO AUTHORIZE REMOTE TELECONFERENCING MEETINGS IN ACCORDANCE WITH NEWLY ADOPTED GOVERNMENT CODE SECTION 54953(e) (AB 361) (Pg. 15)**
7. **DISCUSSION AND CONSIDERATION TO APPROVE THE UPDATED BOARD POLICY HANDBOOK (Pg. 18)**
8. **ELECTION OF DISTRICT OFFICERS FOR 2022 (N/A)**
9. **DISCUSSION AND CONSIDERATION OF NEW DISTRICT BOARD COMMITTEE ASSIGNMENTS FOR 2022 (Pg. 19)**
10. **BOARD MEMBER COMMENTS**

This item provides the opportunity for Board members to make brief announcements and/or briefly report on their own activities related to District business.
11. **FUTURE SCHEDULED MEETINGS**
 - January 20, 2022 – Regular Board Meeting
 - February 17, 2022 – Regular Board Meeting
 - March 17, 2022 – Regular Board Meeting
12. **ADJOURNMENT**

Pursuant to Government Code Section 54953(e), 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, staff reports or other documentation relating to each item of business referred to on the agenda can be accessed and downloaded from the District's website at <https://www.cayucossd.org/board-of-directors-meetings>

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.



CAYUCOS SANITARY DISTRICT

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

AGENDA ITEM: 3.A.1

DATE: December 16, 2021

ACTION: _____

GOVERNING BOARD

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

BOARD OF DIRECTORS

REGULAR MEETING MINUTES

THURSDAY, NOVEMBER 18, 2021 AT 5:00 P.M.
200 ASH AVENUE, CAYUCOS, CA 93430

1. ESTABLISH QUORUM AND CALL TO ORDER

President Enns called the meeting to order at 5:02 p.m.

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

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

Guests present via GoToMeeting: Brent Willey and Dale Guerra of The Cayucos-Morro Bay Cemetery District (CMBGD), Carol Florence of Oasis Associates & Katie Rollins of Cannon.

2. PUBLIC COMMENT

President Enns opened the meeting to Public Comment.

Hearing no comment, President Enns closed Public Comment.

3. CONSENT CALENDAR: Recommended to Approve

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A. Regular Meeting Minutes

1. Approval of minutes for the October 21, 2021 Board of Directors Regular Meeting

B. Financial Reports: October 2021

1. Check Register – Mechanics Bank (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 **2021-2022**
4. Capital Improvement Projects Report

President Enns opened the meeting to Public Comment.

Hearing no comment, President Enns closed Public Comment.

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

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

VOTE 5-0 Motion passed

4. STAFF COMMUNICATIONS AND INFORMATION ITEMS: No Action Required

A. District Manager's Report: October 2021

B. Monthly Customer Satisfaction Survey Submissions:

None

C. New Will Serves:

- 147 Ash Ave. / Mission Acquisitions LLC / 064-113-007 / 5 SFR New

Extended Will-Serves:

- 48 12th St. / Kaus / 064-222-014 / SFR New
- 55 Del Mar Ave. / Sullivan / 064-415-012 / SFR Remodel
- 194 6th St. / Miller / 064-133-034 / 2 SFR New

Finalized Will-Serves:

- 33 12th St. / Williams / 064-221-003 / SFR New

Continue to Serves (No Will-Serve Required):

None

Grants of License:

None

Manager Koon gave a summary of the previous month's activities.

President Enns opened the meeting to Public Comment.

Hearing no comment, President Enns closed Public Comment.

Items 4.A. – C. were received and accepted.

5. PRESENTATION FROM THE CAYUCOS-MORRO BAY CEMETERY DISTRICT

Carol Florence gave a brief history of their district and shared some statistics, followed by a verbal explanation of the two maps provided in the meeting packet, highlighting key features and buildings in their proposed site plan. She concluded her presentation by requesting permission to move forward and finalize their proposal, with their ultimate goal being an MOU, and subsequently, a PSA.

Director Lyon asked if CMBCD had made contact with the property owners in that area informing them of their intent.

Dale Guerra responded that they sent letters to all landowners on Toro Creek Rd. and have received positive responses from almost everybody. There was one request to keep the proposed site as organic as possible, and they did not receive any negative feedback. Brent Willey of CMBCD added that the letters were sent out at the beginning of the year, so there has been plenty of time for people to respond with their concerns.

Vice-President Chivens and Director Shirley expressed approval and a willingness to allow CMBCD to move forward with their proposal.

President Enns opened the meeting to Public Comment.

Hearing no comment, President Enns closed Public Comment.

President Enns affirmed to Carol and the CMBCD that the Board gives their permission to move forward and finalize their proposal.

Item 5 was received and accepted.

6. DISCUSSION AND CONSIDERATION TO ADOPT RESOLUTION 2021-07 TO AUTHORIZE REMOTE TELECONFERENCING MEETINGS IN ACCORDANCE WITH NEWLY ADOPTED GOVERNMENT CODE SECTION 54953(e) (AB 361)

Manager Koon explained that the District is required to adopt this Resolution if the Board wishes to resume with remote meetings during the COVID-19 pandemic.

Director Lyon pointed out an error in paragraph four. Instead of reading "... to further extend the time during which the legislative bodies of the *Cambria Community Services District...*" it should read "... to further extend the time during which the legislative bodies of the *Cayucos Sanitary District...*".

President Enns opened the meeting to Public Comment.

Hearing no comment, President Enns closed Public Comment.

MOTION: 1st by Miller, to adopt Resolution 2021-07 to authorize remote teleconferencing meetings in accordance with newly adopted Government Code Section 54953(e) (AB 361) with noted correction.

Motion was seconded by Frank.

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

VOTE 5-0 Motion passed

7. PUBLIC HEARING FOR ORDINANCE #30 ESTABLISHING AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE CAYUCOS SANITARY DISTRICT ADOPTING MANDATORY ORGANIC WASTE DISPOSAL REDUCTION REGULATIONS TO COMPLY WITH THE REQUIREMENTS OF SENATE BILL 1383

A. OPEN PUBLIC HEARING

B. CLOSED PUBLIC HEARING

C. CONSIDERATION TO ADOPT ORDINANCE #30 ESTABLISHING AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE CAYUCOS SANITARY DISTRICT ADOPTING MANDATORY ORGANIC WASTE DISPOSAL REDUCTION REGULATIONS TO COMPLY WITH THE REQUIREMENTS OF SB 1383

President Enns opened the Public Hearing to Public Comment.

Hearing no comment, President Enns closed the Public Hearing.

Manager Koon provided a summary of the ordinance's origin and explained his recommendation to adopt it. President Enns added that in order to receive grant money to assist in implementing the provisions of the ordinance, the District must adopt this ordinance by the end of the year.

Director Miller requested that Manager Koon make "Update on the IWMA" a standing item on his monthly Manager's Report as she would like to be aware of how the County pulling out of the IWMA will affect the District.

Director Frank asked if the 45.6% rate increase will require a Prop. 218 process and Manager Koon confirmed that it will.

Director Lyon expressed concern with the feasibility of enforcing the regulations in the Ordinance.

President Enns informed the Board that in his role on the Board of the IWMA he is determinedly pursuing a waiver for Cayucos.

President Enns opened the meeting to Public Comment.

Hearing no comment, President Enns closed Public Comment.

MOTION: 1st by Miller, to adopt Ordinance #30 establishing an Ordinance of the Board of Directors of the Cayucos Sanitary District adopting mandatory organic waste disposal reduction regulations to comply with the requirements of SB 1383. Motion was seconded by Frank.

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

VOTE 5-0 Motion passed

8. DISCUSSION AND CONSIDERATION OF INCREASING THE CONNECTION AND INSPECTION FEE

Manager Koon discussed WSC's draft Connection Fee Study with the Board.

President Enns asked how many vacant lots are left in Cayucos, to which Manager Koon responded "187". Instead of the proposed increase to the flat rate Connection/Inspection Fee, President Enns proposed increasing Vacant Lot Fees to establish a "credit" for customers with vacant lots, and that credit could go towards an increased Connection/Inspection Fee. Manager Koon responded that increasing the Vacant Lot Fees in any way would require a Prop. 218 process.

Vice-President Chivens stated that he had similar alternatives in mind, as this proposed Connection/Inspection Fee seems high to him. Since there aren't very many vacant lots left in Cayucos, and since Cayucos is experiencing a significant influx in new ADUs, perhaps the District could instead consider charging a fee in the neighborhood of \$5,000 for new ADUs.

Director Miller pointed out that new laws restricting fees that can be charged to ADUs are being implemented. ADU Connection Fees will have to be "proportionate" and cannot be as high as the Connection/Inspection Fee for a primary, single-family residence.

Director Frank mentioned commercial properties within Cayucos, and wondered how this might affect them.

Vice-President Chivens and Director Miller stated that they would like to collect more information and discuss other possibilities further before making a decision, as their initial reaction is that the proposed fee is high. President Enns concluded that this topic should be tabled and readdressed at the next meeting.

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

Item 8 was received, no action necessary.

9. DISCUSSION AND CONSIDERATION TO APPROVE AN UPDATED MISSION STATEMENT FOR CAYUCOS SANITARY DISTRICT

Manager Koon proposed the updated Mission Statement.

Director Miller suggested a revision. Instead of "...a well-maintained wastewater collection and conveyance system *in addition to the* Water Resource Recovery Facility...", it should read "...a well-maintained wastewater collection and conveyance system *and the* Water Resource Recovery Facility...".

MOTION: 1st by Chivens, to approve an updated Mission Statement for Cayucos Sanitary District, with suggested revision. Motion was seconded by Lyon.

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

VOTE 5-0 Motion passed

10. BOARD MEMBER COMMENTS

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

None

11. FUTURE SCHEDULED MEETINGS

- December 16, 2021– Regular Board Meeting
- January 20, 2022 – Regular Board Meeting
- February 17, 2022– Regular Board Meeting

12. ADJOURNMENT

The meeting adjourned at 6:11 p.m.

Minutes Respectfully Submitted By:

X Amy Lessi

Amy Lessi
Administrative Services Manager

**Cayucos Sanitary District
General Checking Account
(Payments Only)
November 2021**

AGENDA ITEM: 3.B.1

DATE: Dec 16, 2021

Date	Num	Name	Amount
11/01/2021	22592	AERZEN USA CORP.	-119.75
11/01/2021	22593	EXXONMOBIL	-588.81
11/01/2021	22594	GRAINGER	-80.12
11/01/2021	22595	KITZMAN WATER	-38.95
11/01/2021	22596	NEGRANTI CONSTRUCTION	-1,078.88
11/01/2021	22597	QUICK TECH COMPUTERS	-1,834.40
11/01/2021	22598	STREAMLINE	-200.00
11/01/2021	22559	POSTMASTER	-675.36
11/02/2021	22599	CAYUCOS SANITARY DISTRICT WELLS FARGO ACT	-1,548.25
11/02/2021	22600	ROBERT SHALWITZ	-163.00
11/02/2021	22601	ABALONE COAST ANALYTICAL, INC.	-2,732.90
11/02/2021	22602	CAYUCOS SANITARY DISTRICT	-294.00
11/02/2021	22603	CHARTER INTERNET	-934.05
11/02/2021	22604	MINER'S ACE HARDWARE	-291.85
11/02/2021	22605	MISSION UNIFORM SERVICE	-249.60
11/02/2021	22606	MORRO ROCK MUTUAL WATER CO. UTILITY 782	-84.68
11/02/2021	22607	WELLS FARGO VENDOR FIN SERV	-213.43
11/05/2021	HLTH110521	CALPERS (HEALTH)	-13,233.70
11/05/2021	B2130620891	ALLIED ADMINISTRATORS FOR DELTA DENTAL	-707.47
11/08/2021		QuickBooks Payroll Service	-2,225.51
11/09/2021	22608	STATE BOARD OF EQUALIZATION	-2,000.00
11/09/2021	22609	RONALD GOEBEL	-183.82
11/10/2021		QuickBooks Payroll Service	-16,526.77
11/10/2021	22610	LAKEY, NICK E	-11.03
11/12/2021	DD11122110	COLLINS, JONATHAN W	0.00
11/12/2021	DD11122102	GOOD, GAYLE	0.00
11/12/2021	DD11122103	HOOPER, SARAH L	0.00
11/12/2021	DD11122104	KOON, RICHARD L	0.00
11/12/2021	DD11122105	LAKEY, NICK E	0.00
11/12/2021	DD11122106	LESSI, AMY M	0.00
11/12/2021	DD11122107	OWENS, JUSTIN D	0.00
11/12/2021	DD11122108	WINN, CHRISTOPHER M	0.00
11/12/2021	EDD11122021	EDD	-1,670.84
11/12/2021	FED11122021	US TREASURY	-6,762.08
11/12/2021	22611	CALNET3	-406.68
11/12/2021	22612	CARMEL & NACCASHA, LLP	-3,864.84
11/12/2021	22613	COASTAL ROLL OFF SERVICE	-2,005.07
11/12/2021	22615	PG&E LS#1	-385.54
11/12/2021	22616	PG&E LS#2	-691.17
11/12/2021	22617	PG&E LS#3	-112.86
11/12/2021	22618	PG&E LS#4	-351.32
11/12/2021	22619	PG&E LS#5 - NEW	-1,313.01
11/12/2021	22620	PG&E OFFICE	-162.05
11/12/2021	22621	PG&E TORO - PLANT	-12,981.16
11/12/2021	22622	PG&E WELL	-9.88
11/12/2021	22623	STAPLES ADVANTAGE (Gov. Acct)	-168.95

Date	Num	Name	Amount
11/12/2021	22624	UNITED RENTALS	-775.00
11/12/2021	22625	GRAINGER	-37.92
11/12/2021	22628	PATHIAN ADMINISTRATORS	-186.15
11/12/2021	PERS111221	CALPERS (RETIREMENT)	-3,029.03
11/12/2021	DEF111221	CALPERS (RETIREMENT)	-1,375.00
11/15/2021	22629	FIRSTNET (AT&T)	-371.20
11/15/2021	22630	WATER SYSTEMS CONSULTING, INC.	-25,561.20
11/22/2021	22631	COASTAL COPY, INC	-32.43
11/22/2021	22632	EXECUTIVE JANITORIAL	-225.00
11/22/2021	22633	FLOW N CONTROL, INC.	-999.57
11/23/2021	22637	BUSINESS CARD 4841	-748.16
11/23/2021	22638	BUSINESS CARD 8913	-479.36
11/23/2021	22639	ENVIRONMENTAL HEALTH LS#1	-512.00
11/23/2021	22640	ENVIRONMENTAL HEALTH LS#2	-512.00
11/23/2021	22641	ENVIRONMENTAL HEALTH LS#3	-512.00
11/23/2021	22642	ENVIRONMENTAL HEALTH LS#5	-512.00
11/23/2021	22643	ENVIRONMENTAL HEALTH WRRF	-971.00
11/24/2021		QuickBooks Payroll Service	-18,952.53
11/24/2021	22644	COASTAL COPY, INC	-7.18
11/24/2021	22645	ENVIRONMENTAL HEALTH LS#4	-512.00
11/26/2021	22636	LYON, SHIRLEY A	-91.15
11/26/2021	DD111262101	COLLINS, JONATHAN W	0.00
11/26/2021	DD111262103	GOOD, GAYLE	0.00
11/26/2021	DD111262104	HOOPER, SARAH L	0.00
11/26/2021	DD111262105	KOON, RICHARD L	0.00
11/26/2021	DD111262106	LAKEY, NICK E	0.00
11/26/2021	DD111262107	LESSI, AMY M	0.00
11/26/2021	DD111262109	OWENS, JUSTIN D	0.00
11/26/2021	DD111262110	WINN, CHRISTOPHER M	0.00
11/26/2021	22634	CHIVENS, DAN P	-91.15
11/26/2021	22635	ENNS, ROBERT	-136.72
11/26/2021	DD111262102	FRANK, ROBERT W	0.00
11/26/2021	DD111262108	MILLER, HANNAH P	0.00
11/26/2021	EDD11262021	EDD	-1,670.13
11/26/2021	FED11262021	US TREASURY	-6,878.64
11/26/2021	DEF112621	CALPERS (RETIREMENT)	-1,375.00
11/26/2021	PERS112621	CALPERS (RETIREMENT)	-3,057.31
11/30/2021	8068045732	COLONIAL LIFE INSURANCE PREMIUMS	-52.58
Total Operating Expenses			-\$146,565.19

**Cayucos Sanitary District
CIP/CSWP Account
(Payments Only)
November 2021**

AGENDA ITEM: <u>3.B.1a</u>
DATE: <u>Dec.16, 2021</u>

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Amount</u>
11/12/2021	11496	CARMEL & NACCASHA, LLP	-2,780.78
11/12/2021	11497	WATER SYSTEMS CONSULTING, INC.	-6,806.25
11/12/2021		Wells Fargo Bank Fee	-32.03
11/22/2021	11498	MBS LAND SURVEYS	-3,108.62
11/23/2021	11499	BUSINESS CARD 4841	-325.16
		Total CIP Expenses	<u>-\$13,052.84</u>

**Cayucos Sanitary District
CSWP Construction Account
(Payments Only)
November 2021**

AGENDA ITEM: 3.B.1b

DATE: Dec. 16, 2021

Date	Num	Name	Amount
11/12/2021	5316	HARVEY'S HONEY HUTS (reissue check)	-420.36
11/13/2021		Wells Fargo - Oct. bank fee	-57.09
Total CSWP Construction Expenses			-\$477.45

Cayucos Sanitary District Cash, Savings and Investment Report November 2021

AGENDA ITEM: 3.B.2
DATE: Dec. 16, 2021

Bank Accounts	Current Balance	
Mechanic's Bank Checking	\$394,107	
Wells Fargo CIP	\$870,303	
Wells Fargo Savings (CFF)	\$206,806	
Mechanic's Bank - USDA	\$416,808	
Petty Cash	\$175	
LAIF	\$8,469	
Total	\$1,896,669	
CSWP Project/Asset Accounts		
WF CSWP Constr. Oper. Acct.	\$25,732	
WF CSWP Constr. Impound Acct.	\$0	
Total	\$25,732	
Investments		
CalTrust	\$1,678,049	
Cetera Cash/MM	\$748,191	
Cetera Treasury/Securities	\$68,488	(Fixed Income)
Total	\$2,494,728	
Grand Total	\$4,417,130	
MCD Rabobank Deposit CD	\$25,000	Franchise Deposit on Hold

**Cayucos Sanitary District
FY 21/22 Financial Report
November 2021**

AGENDA ITEM: 3.B.3

DATE: Dec. 16, 2021

	Current Month	YTD Actual Rev/Exp	YTD Budget	Approved Budget 21/22	% of Budget
Ordinary Income/Expense					
Income					
4000 · SEWER INCOME	254,810	1,310,879	1,275,479	3,061,150	43%
4100 · WILL SERVE INCOME	350	25,730	14,667	35,200	73%
4200 · RENTAL INCOME			16,167	38,800	0%
4300 · SOLID WASTE INCOME	12,857	43,423	37,333	89,600	48%
4400 · SLOCO TAX ASSESSMENTS	113,142	227,067	424,333	1,018,400	22%
4500 · SAVINGS INTEREST INCOME	2	24	42	100	24%
4600 · INVESTMENT INTEREST	824	3,847	7,708	18,500	21%
4700 · OTHER INCOME			1,917	4,600	0%
Total Income	<u>381,986</u>	<u>1,610,969</u>	<u>1,777,646</u>	<u>4,266,350</u>	<u>38%</u>
Expense					
5000 · PAYROLL EXPENSES					
5100 · ADMINISTRATIVE PAYROLL	27,488	149,639	146,208	350,900	43%
5200 · COLLECTIONS PAYROLL	11,234	60,049	81,438	195,450	31%
5300 · TREAT PAYROLL	18,427	100,188	83,438	200,250	50%
5400 · DIRECTOR PAYROLL	550	3,050	3,333	8,000	38%
5500 · VESTED PAYROLL BENEFITS	429	2,145	2,250	5,400	40%
5600 · ADMIN PAYROLL TAXES & BENEFITS	7,808	61,330	57,792	138,700	44%
5700 · COLL PAYROLL TAXES & BENEFITS	7,466	56,155	47,375	113,700	49%
5800 · TREAT PAYROLL TAXES & BENEFITS	4,512	41,489	30,625	73,500	56%
5900 · DIRECTOR PAYROLL TAXES & BENEFITS	42	233	208	500	47%
Total 5000 · PAYROLL EXPENSES	<u>77,956</u>	<u>474,279</u>	<u>452,667</u>	<u>1,086,400</u>	<u>44%</u>
6000 · OPERATING EXPENSES					
6050 · SPECIAL PROJECTS	-	-	5,417	13,000	0%
6100 · ADMIN OPERATING EXPENSES	11,836	381,050	546,750	1,312,200	29%
6500 · COLLECTIONS OPERATING EXPENSES	7,666	37,867	88,833	213,200	18%
7000 · TREATMENT OPERATING EXPENSES	22,467	288,290	599,292	1,438,300	20%
Total 6000 · OPERATING EXPENSES	<u>41,968</u>	<u>707,206</u>	<u>1,240,292</u>	<u>2,976,700</u>	<u>24%</u>
Total Expense	<u>119,924</u>	<u>1,181,485</u>	<u>1,692,958</u>	<u>4,063,100</u>	<u>29%</u>
Net Ordinary Income	<u>262,062</u>	<u>429,484</u>	<u>84,687</u>	<u>203,250</u>	
Net Income	<u><u>262,062</u></u>	<u><u>429,484</u></u>	<u><u>84,687</u></u>	<u><u>203,250</u></u>	

**Cayucos Sanitary District
Capital Improvement Projects Report
FY 21/22
November 2021**

AGENDA ITEM: <u>3.B.4</u>
DATE: <u>Dec. 16, 2021</u>

	Current Month	YTD Actual Rev/Exp	Approved Budget 21/22 Amended Aug 19, 2021	Percent Used YTD
CAPITAL IMPROVEMENTS				
1601 - Sewer Main Replacements	0.00	0.00	25,000.00	0%
1601.02 - Chaney to LS #5	0.00	0.00	35,000.00	0%
1615 - Outfall Tie-In	0.00	3,932.50	45,000.00	9%
1616 - RWQCB Recycled Water Program	0.00	0.00	20,000.00	0%
1650 - WRRF Improvements				
1650.1 - Forklift	0.00	77,668.31	75,000.00	104%
Total 1600 CAPITAL IMPROVEMENTS	\$0.00	\$81,600.81	\$200,000.00	41%



AGENDA ITEM: 4.A

DATE: December 16, 2021

CAYUCOS SANITARY DISTRICT

TO: BOARD OF DIRECTORS

**FROM: RICK KOON
DISTRICT MANAGER**

SUBJECT: MONTHLY MANAGERS REPORT: NOVEMBER 2021

DATE: DECEMBER 07, 2021

ADMINISTRATIVE:

- The District continues with COVID -19 protection protocols for all employees as! required by Cal-OSHA, state and local directives.
- Staff is working with WSC to finalize the Connection Fee Study based on any Board! member comment.
- Staff is continuing to research and identify easement encroachments.
- Collections and treatment staff increased their jetting of the mains this past month in! preparation for the holidays and winter flows. We are also preparing to deploy flow! meters to monitor any inflow. Collections staff were able to get the District's flow!meters to work with new programming.
- In order to comply with AB 361 the Board will need to pass another resolution at its! December meeting to continue with remote meetings. Additionally, the Board will have! to hold a Special meeting prior to the regularly scheduled January meeting so as not to! exceed the 30-day provision of AB 361.
- The IWMA saga continues with little progress on the Joint Powers Agreement. The! District's consultant is still reviewing the proposed rate increase from MCD.

CAPITAL PROJECTS:

- The WRRF continues to function well. Souza Construction will complete the outfall line bypass in December.

OPERATIONS AND MAINTENANCE

November 2021

CIP:

Daily Operations of Note:

- Pump down, scrape, and bleach wet wells, test backup generators
- Wash bio basins, clean screw press
- Test all alarms at lift stations
- Exercise generators
- Target Solutions Training for SDRMA
- Respond to 41 Underground Service Alerts
- Jet 6828 ft
- Troubleshoot eyewash heaters at WRRF
- Pull silt fence and mow WRRF property
- Replace Jetter lead hose
- Add shelving and organize maintenance building
- Dukes root treatment
- Repair Jetter water directional valve
- Rodent control LS 1
- Repair LS 5 ATS cabinet door
- Investigate odor complaint on Old Creek due to high temperatures and kelp
- Test, troubleshoot flowmeters for upcoming I/I study
- Confined space certification training
- Retrieve fallen sampling bottle from pre-MBR basin

Call Outs:

AGENDA ITEM: 5

DATE: December 16, 2021

CAYUCOS SANITARY DISTRICT

BASIC FINANCIAL STATEMENTS

June 30, 2021

CAYUCOS SANITARY DISTRICT
TABLE OF CONTENTS
June 30, 2021

FINANCIAL SECTION

Independent Auditors' Report 1
Management's Discussion and Analysis 3

BASIC FINANCIAL STATEMENTS

Statement of Net Position – Enterprise Fund 11
Statement of Revenues, Expenses, and Changes
in Net Position – Enterprise Fund 13
Statement of Cash Flows – Enterprise Fund 14
Notes to Basic Financial Statements 16

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of Net Pension Liability 31
Schedule of Net Pension Contributions 32

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Cayucos Sanitary District
Cayucos, California

Report on the Financial Statements

We have audited the accompanying basic financial statements of the Cayucos Sanitary District (District) as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Cayucos Sanitary District, as of June 30, 2021, and the respective changes in financial position and cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10, Schedule of Proportionate Share of Net Pension Liability on page 31, and the Schedule of Net Pension Contributions on page 32, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Summarized Comparative Information

We have previously audited the Cayucos Sanitary District's 2020 financial statements, and our report dated October 29, 2020, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2021 on our consideration of the Cayucos Sanitary District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Moss, Remy & Hartgrain LLP

Santa Maria, California

November 2, 2021

Cayucos Sanitary District Management's Discussion and Analysis

This section of the financial statements is a highlight of the financial condition and activities for the 2020-2021 fiscal year (FY). The discussion and analysis of the Cayucos Sanitary District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should review the discussion and analysis in conjunction with the basic financial statements as well as the notes to the basic financial statements to enhance their understanding of the District's financial performance.

The District accounting system is an Enterprise Fund. This is similar to the private sector accounting system. The revenue is primarily generated by service charges with the exception of property tax revenue, investment revenue, and other income. Expenses include operating expenses and interest expense. Capital expenditures are capitalized and depreciated over the lives of the capital assets.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year (FY) 2020-2021 are as follows:

Gross wages increased overall by \$250,984 or 64%. Wages ordinarily will increase with regular employee longevity/merit/COLA increases, however, the notable increase is due to staffing needs of the new Water Resource Recovery Facility and the transition of the District Manager's employment status from contracted to full-time employee.

SOURCES OF REVENUES

The District's total revenue for the fiscal year was \$4,240,142 inclusive of the following:

Sewer Service (User) Charge

The major source of revenue for the District is the sewer service charge assessed to all customers who are users of the District's sewerage facilities. Sewer service charges generated \$3,059,047 in annual revenue to the District, equal to 72% of total revenues.

Sewer Standby (Service Availability) Fee

The District charges its customers who are owners of vacant lots \$7.50 monthly per each vacant, buildable parcel (lot) for the expense of maintaining a sewer system available to vacant properties. Sewer standby (service availability) fees generated \$16,494 in annual revenue to the District, less than 1% of total revenues.

Property Tax

The District receives a pro rata share of property tax (ad valorem) revenues collected by the County of San Luis Obispo for properties located within the District's service boundaries. This portion of revenue includes secured, unsecured, unitary, and supplemental property taxes. The secured property tax increases 2% per year. The District's property tax revenue this year was \$967,174 representing 23% of total revenues.

Sewer Connection and Permit Fees

The District currently charges a sewer connection fee of \$7,960 for connecting to the District's sewerage facilities. Of the \$7,960, \$100.00 represents the charge for the sewer connection inspection fee. In FY 2020-2021, the District generated \$23,480 in combined sewer connection

CAYUCOS SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

Other permit fees of \$4,000 (see pg.13) include charges for processing and issuance of Sewer Will-Serves. District staff reviews all plans for new construction and remodel projects and inspects all sewer tie-ins occurring within the District's boundaries.

Interest Income

The District invests surplus monies not required for immediate necessity of the District in accordance with the provisions of California Government Code Sections 5921 and 53601 et. seq. For this purpose, the District maintains two investment accounts, one with Corestone, Inc., working through Cetera Advisor Networks, LLC and the second with CalTrust, a state agency administered through Ultimus Fund Solutions. The District's investments are primarily in U.S. Treasury Securities, Certificates of Deposit, and Mortgage-Backed Securities such as GNMA's and FNMA's. In addition, the District maintains an account with the State of California's Local Agency Investment Fund (LAIF).

The District manages its exposure to interest rate risk by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Interest from investment holdings generated \$12,255 in interest or less than 1% of total revenues.

Rental Income

The District derives rental income from long term leases it jointly holds with the City of Morro Bay on parcels of real property adjacent to the Morro Bay-Cayucos Wastewater Treatment Plant that are not needed for current operations. The rental income generated in FY 2020-2021 was \$56,365 in annual revenue to the District or less than 2% of total revenues.

Solid Waste Franchise Fee

The District derives a 10% franchise fee based on gross solid waste and recycling receipts of the franchisee, Mission Country Disposal (a subsidiary of Waste Connections, Inc.) which brought in revenues of \$84,625 or approximately 2% of total revenues.

Miscellaneous Income

In FY 2020-2021 the District received \$16,702 in miscellaneous income derived from various sources. The District received \$9,068 from the County of SLO for ESMF/EDF proceeds from SB 1090. In addition, the District received \$7,599 representing annual revenue from Mission Country Disposal for the AB-939 recycling development program. The balance was made up of bank fees reimbursed by customers.

SOURCES OF EXPENSES

The total expenses of the District in FY 2020-2021 were \$3,078,052. There was an overall increase of \$441,549 equal to a 17% increase from prior FY 2019-2020 as shown below.

CATEGORY	FY 2021	FY 2020	\$ CHANGE	% CHANGE
Gross Wages	\$644,723	\$393,739	\$250,984	64%
Payroll taxes and Benefits	\$167,732	\$169,577	-\$1,845	-1%
Directors' Fees	\$6,800	\$9,518	-\$2,718	-29%
Office Expense	\$28,756	\$24,952	\$3,804	15%
Dues and Subscriptions	\$8,074	\$6,695	\$1,379	21%
Business Expense	\$11,513	\$3,799	\$7,714	203%
Permits and Licenses	\$9,038	\$3,234	\$5,804	179%
Professional Services	\$63,972	\$94,773	-\$30,801	-32%
Insurance	\$206,554	\$141,056	\$65,498	46%
Taxes & Assessments	\$38,350	\$33,055	\$5,295	16%
Utilities	\$93,949	\$53,559	\$40,390	75%
Telephone	\$9,061	\$5,633	\$3,428	61%
Vehicle Expense	\$9,466	\$7,794	\$1,672	21%
Maintenance and Operations	\$94,448	\$37,134	\$57,314	154%
Wastewater Treatment Plant O&M (Includes MMRP Funding)	\$379,767	\$361,711	\$18,056	5%
Lab	\$26,840	\$0	\$26,840	100%
Depreciation	\$376,445	\$377,719	-\$1,274	Less than 1%
Total Operating Expenses	\$2,175,488	\$1,723,948	\$451,540	26%
Interest Expense	\$902,564	\$912,555	-\$9,991	-1%
Total Non-Operating Expenses	\$902,564	\$912,555	-\$9,991	-1%
Total Expenses	\$3,078,052	\$2,636,503	\$441,549	17%

CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of fiscal year 2020-2021, the District held \$50,004,683 in capital assets with nearly \$43 million invested in the Cayucos Sustainable Water Project (which includes property purchase, engineering studies and design, EIR documents, Water Resource Recovery Facility, Lift Station 5 rebuilding, new influent and effluent pipelines, sliplining and connection of the ocean outfall) with the balance attributed primarily to sewer related infrastructure. This amount represents a net increase (including additions, deletions and accumulated depreciation) of \$13,480,342.

	FY 2021	FY 2020	CHANGE
Land	\$3,769,048	\$3,769,048	\$0
Construction in Progress	\$42,605,038	\$28,762,745	\$13,842,293
Construction in Progress - WWTP	\$55,825	\$55,825	\$0
CWSP	\$46,883	\$46,883	\$0
Total Non-Depreciable	\$46,476,794	\$32,634,501	\$13,842,293
Facility - Office	\$1,243,019	\$1,243,019	\$0
Conveyance System	\$4,900,734	\$4,900,734	\$0
Subsurface Lines	\$2,098,642	\$2,098,642	\$0
Sewage Collection Facilities	\$1,878,589	\$1,878,589	\$0
Sewage Treatment Facilities	\$5,542,407	\$5,542,407	\$0
Trucks	\$109,212	\$109,212	\$0
Office Equipment	\$65,822	\$65,822	\$0
Collection Equipment	\$584,055	\$584,055	\$0
Treatment Equipment	\$14,494	\$0	\$14,494
Total Depreciable	\$16,436,974	\$16,422,480	Less than 1%
TOTAL CAPITAL ASSETS	\$56,851,968	\$51,654,680	\$5,197,288
Less: Accumulated Depreciation	(\$12,909,085)	(\$12,532,640)	(\$376,445)
NET CAPITAL ASSETS	\$50,004,683	\$36,524,341	\$13,480,342

The major capital projects, equipment purchases and asset acquisitions for this fiscal year are explained below:

CONSTRUCTION IN PROGRESS (CIP)

In the District's continuing upkeep and upgrade of its wastewater collection system, \$78,429 was invested in a Lift Station 4 replacement pump, and a new SCADA monitoring systems for all lift stations, which ties into the WRRF.

The District's main focus this past fiscal year has been the Cayucos Sustainable Water Project (CSWP). The CSWP includes construction of the Water Resource Recovery Facility (WRRF), rebuilding of Lift Station 5, tie-in to the ocean outfall, and new pipelines. On-going construction costs stand at \$40 million as of June 30, 2021.

Long Term Debt:

On February 1, 2021, the District entered into an Installment Sale Agreement with the Public Property Financing Corporation through the USDA Department of Rural Development to finance the CSWP facilities for a principal amount of \$24,301,500 at an interest rate of 1.75% over 60 years. These funds were utilized to pay off the Western Alliance Series A (2018) bridge loan of \$22,000,000, and partially pay off the Western Alliance Series A-1 (2019) bridge loan of \$6,804,844. The balance of the Series A-1 loan will be paid off when the USDA grants are received in August of 2021.

In addition, the Western Alliance Series B (2018) line of credit contract was amended to increase the available funds from \$5 million to \$9 million. \$2,793,405 has been repaid to date.

CURRENT FINANCIAL ISSUES AND CONCERNS

The District is financially stable and able to meet any increasing operating costs and capital improvement projects.

Morro Bay-Cayucos Sanitary District Wastewater Treatment Plant (WWTP) Project:

In 2005, the Morro Bay City Council and Cayucos Sanitary District Board (MBCSD) adopted an eight (8) year full secondary compliance schedule for upgrading the treatment process at their jointly owned wastewater treatment plant to comply with full secondary treatment standards by no later than March 31, 2014. Carollo Engineers completed the Facility Master Plan for the WWTP Upgrade in final draft form.

On May 28, 2008, a contract was let for environmental review to Environmental Science Associates (ESA) for a not to exceed amount of \$288,770. Their work was progressing at fiscal year-end. A flood analysis was performed by Wallace Group Engineers as a component of the environmental review. As a result of the flood analysis, it was determined that the flood mitigation costs to complete the upgrade of the current WWTP were prohibitive and the Upgrade would need to take place adjacent to the existing plant. December 4, 2008, the City and District were granted a final 5 year 301(h) modified NPDES Permit from the State Water Resources Control Board for continued discharge from the WWTP to the ocean outfall. This permit was to cover the majority if not all of the WWTP Project when full secondary treatment standards were achieved.

On January 11, 2011, the Morro Bay City Council conditionally approved a Coastal Development Permit (CDP) for MBCSD's request to upgrade the existing WWTP and certified the Environmental Impact Report (EIR) for the proposed project. The City's approval of the CDP was appealed to the California Coastal Commission (CCC). As a result of the appeal, the CCC asserted

jurisdiction over the project's CDP. Per CCC Staff direction, MBCSD conducted an additional WWTP Alternatives Analysis to evaluate whether there is a more appropriate site to locate the WWTP.

On January 10, 2013, at the CCC meeting, the CCC voted to deny the CDP for construction of an upgraded wastewater treatment plant at its existing location. The denial was based in part on inconsistency with the Local Coastal Plan - Zoning, the failure of a major Public Works Infrastructure Project to avoid coastal hazards, the lack of project design to include a reclaimed water component and that the project is located within an LCP-designated sensitive view area. As a result of the CCC denial, the project was abandoned and all expenditures to date written off the Capital Asset schedule.

Cayucos Sustainable Water Project (CSWP):

In February 2013, the District contracted with Water Systems Consultants (WSC) to prepare a Wastewater Treatment Alternatives Development Study to examine locations and treatment possibilities for the District. In June 2013 WSC completed their study and the District accepted the final draft. The District then began discussions with the regulatory agencies for review of the concepts outlined in the WSC study.

In February 2015, the City of Morro Bay presented the District with a Memorandum of Understanding (MOU) detailing the payment and governance structure of a new Wastewater Treatment Facility at the City of Morro Bay chosen facility site Rancho Colina. At a JPA meeting, the Cayucos Sanitary District staff and Board presented a revised MOU to the City of Morro Bay based on the principals of the existing JPA's cooperative coownership and governance structure. The District was informed by the City of Morro Bay that the MOU terms were non-negotiable. Presented with a non-negotiable MOU, the District held a town hall open public meeting on April 23, 2015 to discuss options with the community. There was overwhelming support for the CSD to pursue options for the creation of a community treatment facility with the ability to produce reclaimed wastewater in order to help provide a sustainable water supply for the community's future.

On April 30, 2015, the CSD Board unanimously passed resolution 2015-1, "**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CAYUCOS SANITARY DISTRICT DECLARING ITS INTENTION TO INDEPENDENTLY PURSUE ALTERNATIVES FOR WASTEWATER TREATMENT AND WATER RECLAMATION**" ceasing all participation with City of Morro Bay in respect to their new wastewater treatment facility. In June 2015, the CSD initiated contracts with WSC and Firma for beneficial use analysis, side constraints and wastewater characterization studies. These studies were presented to the public at a town hall meeting in January 2016.

In February 2016, the Comparative analysis was presented to the Board. After some discussion, the Board directed staff to pursue two sites for the location of the treatment facility. The sites were the Toro Creek Road site and the Montecito Creek Road site, with the Toro Creek site the preferred alternative.

On April 1st, 2016, the CSD opened escrow on the Toro Creek property and on July 26th escrow closed. The Toro Creek property was purchased for \$3.6 million and consists of two lots, Lot 8, 76 acres and Lot 10, 141 acres.

In January 2017 Firma finished the CSWP Draft EIR for presentation and review.

On February 9, 2017, the CSD held a Town Hall meeting to present the DEIR, inform the public of CSWP's current progress, and upcoming Proposition 218 proposed rate increase. At the regular February 16, 2017, Board meeting, the Board authorized the Proposition 218 notice that put in motion the five-year rate increase to establish the monthly sewer charges.

On April 20, 2017, the Board held a Proposition 218 hearing. A formal count of forty-one (41) protest letters were received, far below the more than 1,200 protests necessary for the proposition to fail. The proposition established a 5-year rate increase effective each July 1, beginning in 2017. Also, during the April 20, 2017, meeting, by unanimous roll call vote, the Board approved Resolution 2017-3 certifying the CSWP FEIR (Final Environmental Impact Report).

On June 22, 2017, the San Luis Obispo County Planning Commission accepted the District's FEIR and officially adopted Planning Commission Resolution No. 2017-008 approving the land use permits for the construction of the CSWP.

In July of 2017, the District secured \$24,946,000 from the USDA Rural Development Program for the construction of the District's new wastewater treatment facility. Of this amount, \$2.81 million is in grant monies and \$22,136,000 is a low interest, 40-year loan from the same USDA program. As a term of conditions of the USDA loan, the District received an interim construction loan from Western Alliance Bank to provide the funding during construction. Western Alliance also provided the District with an additional \$5.0 million dollar line of credit, not subject to the USDA take out monies.

In October of 2018, the District began grading operations.

On April 25, 2019, after a competitive bidding process, construction of the Cayucos Sustainable Water Project was awarded to Cushman Contracting Corporation.

In May of 2019, the USDA Rural Development Program granted the District an additional \$1.6 million in grant money and an additional \$2.2 million to the loan amount. With this supplementary funding the District increased its interim construction loan through Western Alliance by an additional \$6,804,844. In total, the District has now secured \$28.8 million in loans of which \$4.5 million is in grants from the USDA Rural Development Program.

In June 2019, construction of the Cayucos Sustainable Water Project began.

During the summer of 2019, the District acquired portions of property adjacent to Lift Station 5 and a loading line for outfall from Chevron Land and Development. In September 2019, the District received its Coastal Development Permit from the California Coastal Commission to proceed with this property acquisition and permitted use of the outfall.

The Cayucos Sanitary District Water Resource Recovery Facility was dedicated to the community of Cayucos in June 2021.

District's Investment Portfolio and Financial Management Strategy:

The CSD continues to have long term investments in the US Treasury bond market for safety and liquidity in an effort to protect the District's cash holdings from any economic downturns.

CAYUCOS SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

Contacting the District's Financial Management:

This report is a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information please contact Rick Koon, District Manager at (805) 995-3290 or address: P.O. Box 333, 200 Ash Avenue, Cayucos, CA, 93430.

CAYUCOS SANITARY DISTRICT
STATEMENT OF NET POSITION - ENTERPRISE FUND
June 30, 2021
With Comparative Totals for June 30, 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets:		
Cash and investments - cash equivalents (Note 3)	\$ 2,184,263	\$ 3,443,862
Cash and investments - cash equivalents, restricted (Note 3)	20,011	7,054,085
Cash and investments - non cash equivalents (Note 3)	1,791,016	1,793,526
Accounts receivable	81,936	75,144
Interest receivable	577	577
Other receivables	26,077	19,740
Land held for resale	2,743,405	2,743,405
	<u>6,847,285</u>	<u>15,130,339</u>
Capital Assets (Note 4):		
Non depreciable		
Land	3,769,048	3,769,048
Construction in progress	42,605,038	28,762,745
Construction in progress - CSWP alternatives analysis	55,825	55,825
Construction in progress - WWTP alternatives analysis	46,883	46,883
Depreciable		
Subsurface lines	2,098,642	2,098,642
Sewage collection facilities	1,878,589	1,878,589
Conveyance system	4,900,734	4,900,734
Sewage treatment facilities	5,542,407	5,542,407
Trucks	109,212	109,212
Office equipment	65,822	65,822
Collection equipment	584,055	584,055
Office building	1,243,019	1,243,019
Treatment equipment	14,494	
	<u>62,913,768</u>	<u>49,056,981</u>
Accumulated depreciation	<u>(12,909,085)</u>	<u>(12,532,640)</u>
Net capital assets	<u>50,004,683</u>	<u>36,524,341</u>
Total assets	<u>56,851,968</u>	<u>51,654,680</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	<u>166,490</u>	<u>157,691</u>
Total deferred outflows of resources	<u>166,490</u>	<u>157,691</u>

The notes to basic financial statements are an integral part of this statement.

CAYUCOS SANITARY DISTRICT
STATEMENT OF NET POSITION - ENTERPRISE FUND
June 30, 2021
With Comparative Totals for June 30, 2020

	<u>2021</u>	<u>2020</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 37,356	\$ 2,191,110
Payable to the City of Morro Bay - operations and maintenance	107,568	94,654
Accrued payroll	24,376	14,986
Accrued interest	174,325	273,254
Customer deposits	325	325
Security deposit - MCD	25,000	25,000
Current portion of compensated absences (Note 7)	21,670	9,947
Current portion of construction loans payable (Note 5)	5,074,619	28,804,844
	<hr/>	<hr/>
Total current liabilities	5,465,239	31,414,120
Long-Term Liabilities:		
Compensated absences (Note 7)	43,340	19,895
Net pension liability (Note 8)	689,373	636,106
Construction loans payable (Note 5)	5,635,320	
Certificates of participation	24,301,500	
	<hr/>	<hr/>
Total liabilities	36,134,772	32,070,121
DEFERRED INFLOWS OF RESOURCES		
Pensions	25,268	45,922
	<hr/>	<hr/>
Total deferred inflows of resources	25,268	45,922
NET POSITION		
Net investment in capital assets	14,993,244	7,719,497
Restricted for construction	11	4,904,415
Unrestricted	5,865,163	7,072,416
	<hr/>	<hr/>
Total net position	<u>\$ 20,858,418</u>	<u>\$ 19,696,328</u>

The notes to basic financial statements are an integral part of this statement.

CAYUCOS SANITARY DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
ENTERPRISE FUND

For the Fiscal Year Ended June 30, 2021

With Comparative Totals for the Fiscal Year Ended June 30, 2020

	<u>2021</u>	<u>2020</u>
Operating Revenues:		
Sewer services fees	\$ 3,059,047	\$ 2,878,421
Permit fees	4,000	3,350
	<u>3,063,047</u>	<u>2,881,771</u>
Operating Expenses:		
Gross wages	644,723	393,739
Payroll taxes and benefits	167,732	169,577
Directors' fees	6,800	9,518
Office expense	28,756	24,952
Dues and subscriptions	8,074	6,695
Miscellaneous business expense	11,513	3,799
Permits and licenses	9,038	3,234
Professional services	63,972	94,773
Insurance	206,554	141,056
Taxes and assessments	38,350	33,055
Utilities	93,949	53,559
Telephone	9,061	5,633
Vehicle expense	9,466	7,794
Maintenance and operations	94,448	37,134
Treatment plant	379,767	361,711
Lab	26,840	
Depreciation	376,445	377,719
	<u>2,175,488</u>	<u>1,723,948</u>
Total operating expenses		
Net operating income (loss)	<u>887,559</u>	<u>1,157,823</u>
Non-Operating Revenues (Expenses):		
Rent income	56,365	38,708
Taxes and assessments	967,174	908,152
Investment income	12,255	112,937
Franchise fees	84,625	78,320
Interest expense	(902,564)	(912,555)
Other revenue	16,702	51,436
Stand by fees	16,494	20,779
	<u>251,051</u>	<u>297,777</u>
Total non-operating revenues (expenses)		
Capital Contributions:		
Connection fees	<u>23,480</u>	<u>23,580</u>
Change in net position	<u>1,162,090</u>	<u>1,479,180</u>
Net position:		
Net position, beginning of fiscal year	19,696,328	18,346,917
Prior-period adjustment		(129,769)
Net position, beginning of fiscal year, restated	<u>19,696,328</u>	<u>18,217,148</u>
Net position, end of fiscal year	<u>\$ 20,858,418</u>	<u>\$ 19,696,328</u>

The notes to basic financial statements are an integral part of this statement.

CAYUCOS SANITARY DISTRICT
STATEMENT OF CASH FLOWS - ENTERPRISE FUND
For the Fiscal Year Ended June 30, 2021
With Comparative Totals for the Fiscal Year Ended June 30, 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 3,049,918	\$ 2,873,052
Payments to vendors	(3,165,655)	(943,954)
Payments to employees	(750,883)	(537,544)
	<u>(866,620)</u>	<u>1,391,554</u>
Net cash provided (used) by operating activities		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property taxes	967,174	908,152
Franchise fees	84,625	78,320
Stand by fees	16,494	20,779
Other revenue	16,702	51,436
	<u>1,084,995</u>	<u>1,058,687</u>
Net cash provided by noncapital financing activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(13,851,365)	(18,279,536)
Proceeds from construction loan payable	6,206,595	15,294,524
Proceeds from 2021 certificates of participation	24,301,500	
Principal paid on long-term debt	(24,301,500)	(50,000)
Interest paid on long-term debt	(1,001,493)	(771,372)
Connection fees	23,480	23,580
	<u>(8,622,783)</u>	<u>(3,782,804)</u>
Net cash used by capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	12,255	112,989
Rent	56,365	38,708
Purchase of land held for resale		(2,743,405)
Sale/purchase of investments	42,115	(783,301)
	<u>110,735</u>	<u>(3,375,009)</u>
Net cash provided (used) by investing activities		
Net decrease in cash and cash equivalents	(8,293,673)	(4,707,572)
Cash and cash equivalents, July 1	<u>10,497,947</u>	<u>15,205,519</u>
Cash and cash equivalents, June 30	<u>\$ 2,204,274</u>	<u>\$ 10,497,947</u>
Reconciliation to Statement of Net Position:		
Cash and investments - cash equivalents	\$ 2,184,263	\$ 3,443,862
Cash and investments - cash equivalents, restricted for capital projects	<u>20,011</u>	<u>7,054,085</u>
Total cash and investments- cash equivalents	<u>\$ 2,204,274</u>	<u>\$ 10,497,947</u>

The notes to basic financial statements are an integral part of this statement.

CAYUCOS SANITARY DISTRICT
STATEMENT OF CASH FLOWS - ENTERPRISE FUND
For the Fiscal Year Ended June 30, 2021
With Comparative Totals for the Fiscal Year Ended June 30, 2020

	<u>2021</u>	<u>2020</u>
Reconciliation of operating income to net cash provided		
by operating activities:		
Operating income	\$ 887,559	\$ 1,157,823
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	376,445	377,719
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
Accounts receivable	(6,792)	(18,269)
Other receivables	(6,337)	9,550
Deferred outflows	(8,799)	2,181
Payable to the City of Morro Bay	12,914	(1,255)
Accounts payable	(2,198,781)	(169,304)
Accrued payroll	9,390	7,237
Compensated absences	35,168	(2,440)
Net pension liability	53,267	51,792
Deferred inflows	(20,654)	(23,480)
Net cash provided (used) by operating activities	<u>\$ (866,620)</u>	<u>\$ 1,391,554</u>

The notes to basic financial statements are an integral part of this statement.

NOTE 1 - REPORTING ENTITY

The reporting entity is the Cayucos Sanitary District, which began operations in 1942, under the authorization of Section 6400 et. seq. of the Health and Safety Code of the State of California. The District operates under the direction of a board of directors who are elected by the residents of Cayucos. The District provides wastewater disposal services.

The District is a Sanitary District as defined under State Code Section: 61000. A Sanitary District is a public agency (State Code Section: 12463.1) which is a State instrumentality (State Code Section: 23706). State instrumentalities are exempt from federal and state income taxes.

There are no component units included in this report which meet the criteria of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statements No. 39, No. 61 and No. 80.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Accounting Policies - The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are generally followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

- B. Accounting Method - The District is organized as an Enterprise Fund and follows the accrual method of accounting, whereby revenues are recorded as earned, and expenses are recorded when incurred.

- C. Fund Financial Statements - The fund financial statements provide information about the District's proprietary fund.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

GASB Statement No. 34, defines major funds and requires that the District's major business-type fund be identified and presented separately in the fund financial statements.

Major funds are defined as funds that have either assets, liabilities, revenues or expenses equal to ten percent of their fund-type total and five percent of the grand total. The District maintains one proprietary fund.

Proprietary Fund Type

Enterprise Fund

Enterprise fund is used to account for operations that are (a) financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The District reported its enterprise fund as a major fund in the accompanying basic financial statements.

Sewer Utility Fund is used to account for the provision of sewer services to residents of Cayucos.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- D. Cash and Cash Equivalents - For purposes of the statement of cash flows, cash and cash equivalents include restricted and unrestricted cash and restricted and unrestricted certificates of deposit with original maturities of three months or less.
- E. Property, Plant, and Equipment – The District uses a \$5,000 minimum capitalization threshold. Capital assets purchased by the District are recorded at cost. Contributed or donated capital assets are recorded at fair value when acquired.
- F. Depreciation – Capital assets owned by the District are depreciated over their estimated useful lives (ranging from 5-40 years) under the straight-line method of depreciation.
- G. Receivables - The District did not experience any significant bad debt losses; accordingly, no provision has been made for doubtful accounts, and accounts receivable are shown at full value.
- H. Unearned Revenue - The District bills customers in advance, thus amounts received prior to services being rendered by the District are recorded as unearned revenue.
- I. Encumbrances - Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not utilized by the District.
- J. Compensated Absences - Accumulated unpaid employee vacation and sick leave benefits are recognized as liabilities of the District. Unused vacation is paid in full upon termination end of an employee’s employment for up to 30 days accrual and unused sick leave is paid out for one half of accumulated time up to 90 days accrued. The amounts are included in current liabilities.
- K. Property Taxes - Property taxes in the State of California are administered for all local agencies at the county level, and consist of secured, unsecured, and utility tax rolls. The following is a summary of major policies and practices relating to property taxes:
- Property Valuations - Are established by the Assessor of the County of San Luis Obispo for the secured and unsecured property tax rolls; the utility property tax roll is valued by the State Board of Equalization. Under the provisions of Article XIII of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978), properties are assessed at 100% of full value. From the base assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations and is subject to annual reappraisal.
- Tax Collections - Are the responsibility of the county tax collector. Taxes and assessments on secured and utility rolls which constitute a lien against the property, may be paid in two installments: the first is due on November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the county for late payments.
- Tax Levy Apportionments - Due to the nature of the District-wide maximum levy, it is not possible to identify general purpose tax rates for specific entities. Under State legislation adopted subsequent to the passage of Proposition 13, apportionments to local agencies are made by the county auditor-controller based primarily on the ratio that each agency represented of the total District-wide levy for the three years prior to fiscal year 1979.
- Property Tax Administration Fees - The State of California FY 90-91 Budget Act, authorized counties to collect an administrative fee for collection and distribution of property taxes. Property taxes are recorded as net of administrative fees withheld during the fiscal year.
- Tax Levies - Are limited to 1% of full value which results in a tax rate of \$1.00 per \$100 assessed valuation, under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.
- Tax Levy Dates - Are attached annually on January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property as it exists at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Restricted Net Position – Restricted net position are financial resources segregated for a special purpose such as construction of improvements and financing of debt obligations. These financial resources are for the benefit of a distinct group and as such are legally or contractually restricted.

M. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the AICPA, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

N. Net Position

GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

Net position that is net investment in capital assets consist of capital assets, net of accumulated depreciation, and reduced by the outstanding principal of related debt. Restricted net position is the portion of net position that has external constraints placed on it by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

O. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Cayucos Sanitary District's California Public Employee's Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

P. Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*," and GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*," the District recognizes deferred outflows and inflows of resources.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. The District has one item which qualifies for reporting in this category; refer to Note 8 for a detailed listing of the deferred outflows of resources the District has reported.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the District that is applicable to a future reporting period. The District has one item which qualifies for reporting in this category; refer to Note 8 for a detailed listing of the deferred inflows of resources the District has reported.

CAYUCOS SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Future Accounting Pronouncements

GASB Statements listed below will be implemented in future financial statements:

Statement No. 87	"Leases"	The provisions of this statement are effective for fiscal years beginning after June 15, 2021.
Statement No. 89	"Accounting for Interest Cost Incurred before the End of a Construction Period"	The provisions of this statement are effective for fiscal years beginning after December 15, 2020.
Statement No. 91	"Conduit Debt Obligations"	The provisions of this statement are effective for fiscal years beginning after December 15, 2021.
Statement No. 92	"Omnibus 2020"	The provisions of this statement are effective for fiscal years beginning after June 15, 2021.
Statement No. 93	"Replacement of Interbank Offered Rates"	The provision of this statement except for paragraphs 11b, 13, and 14 are effective for fiscal years beginning after June 15, 2020. Paragraph 11b is effective for fiscal years beginning after December 31, 2021. Paragraphs 13 and 14 are effective for fiscal years beginning after June 15, 2021.
Statement No. 94	"Public-Private and Public-Public Partnerships and Availability Payment Arrangements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2022.
Statement No. 96	"Subscription-Based Information Technology Arrangements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2022.
Statement No. 97	"Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32"	The provision of this statement except for paragraphs 6-9 are effective for fiscal years beginning after December 15, 2019. Paragraph 6-9 is effective for fiscal years beginning after June 15, 2021.

NOTE 3 - CASH AND INVESTMENTS

Investments are carried at fair value in accordance with GASB Statement No. 72. On June 30, 2021 and June 30, 2020, the District had the following cash and investments on hand:

	<u>2021</u>	<u>2020</u>
Cash on hand	\$ 175	\$ 175
Cash in banks	2,204,088	3,165,539
Investments	1,791,027	9,125,759
Total	<u>\$ 3,995,290</u>	<u>\$ 12,291,473</u>

CAYUCOS SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 3 - CASH AND INVESTMENTS (Continued)

Cash and investments listed above are presented on the accompanying basic financial statements, as follows:

	2021	2020
Cash and investments-cash equivalents	\$ 2,184,263	\$ 3,443,862
Cash and investments-cash equivalents restricted for capital projects and debt service	20,011	7,054,085
Cash and investments-non cash equivalents	1,791,016	1,793,526
Total	<u>\$ 3,995,290</u>	<u>\$ 12,291,473</u>

The District categorizes its fair value measurements within the fair value hierarchy established by the U.S. Generally Accepted Accounting Principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2021:

		Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Investments by fair value level</u>				
Debt securities				
	\$ 72,568	\$ 72,568	\$ -	\$ -
Mortgage pass-through securities				
Total investments measured at fair value	72,568	<u>\$ 72,568</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at amortized cost				
	11			
Money market funds				
CalTrust medium term fund	1,684,991			
Certificate of deposit	25,000			
LAIF	8,457			
Total investments	<u>\$ 1,791,027</u>			

Investments Authorized by the California Government Code

The table below identifies the investment types that are authorized for the District by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
Federal Agency Securities	N/A	None	None
Bankers' Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase and Reverse Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	5 years	15%	10%
Money Market Mutual Funds	N/A	None	None
Mortgage Pass-Through Securities	N/A	20%	None
County Pooled Investment Fund	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
State Registered Warrants, Notes, or Bonds	5 years	None	None
Notes and Bonds of other Local California Agencies	5 years	None	None

CAYUCOS SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 3 - CASH AND INVESTMENTS (Continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

Investment Type	Carrying Amount	2021			
		Remaining Maturity (in Months)			
		12 Months Or Less	13-24 Months	25-60 Months	More than 60 Months
Mortgage pass-through securities	\$ 72,568	\$ 46	\$ 1,165	\$ -	\$ 71,357
CalTrust medium term fund	1,684,991	1,684,991			
Certificate of deposit	25,000	25,000			
State investment pool (LAIF)	8,457	8,457			
Money market funds	11	11			
	<u>\$ 1,791,027</u>	<u>\$ 1,718,505</u>	<u>\$ 1,165</u>	<u>\$ -</u>	<u>\$ 71,357</u>

Investment Type	Carrying Amount	2020			
		Remaining Maturity (in Months)			
		12 Months Or Less	13-24 Months	25-60 Months	More than 60 Months
Mortgage pass-through securities	\$ 80,880	\$ -	\$ 136	\$ 2,343	\$ 78,401
CalTrust medium term fund	1,679,260	1,679,260			
Certificate of deposit	25,000	25,000			
State investment pool (LAIF)	8,386	8,386			
Money market funds	7,332,233	7,332,233			
	<u>\$ 9,125,759</u>	<u>\$ 9,044,879</u>	<u>\$ 136</u>	<u>\$ 2,343</u>	<u>\$ 78,401</u>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code and the District's investment policy, and the actual rating as of fiscal year end for each investment type.

Investment Type	Carrying Amount	Minimum Legal Rating	2021			
			Rating as of Fiscal Year End			
			AAA	AA+	AA-	Not Rated
Mortgage pass-through securities	\$ 72,568	N/A	\$ 72,568	\$ -	\$ -	\$ -
CalTrust medium term fund	1,684,991	N/A				1,684,991
Certificate of deposit	25,000	N/A				25,000
State investment pool (LAIF)	8,457	N/A				8,457
Money market funds	11	N/A				11
	<u>\$ 1,791,027</u>		<u>\$ 72,568</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,718,459</u>

CAYUCOS SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 3 - CASH AND INVESTMENTS (Continued)

Disclosures Relating to Credit Risk (Continued)

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Minimum Legal Rating</u>	<u>2020 Rating as of Fiscal Year End</u>			
			<u>AAA</u>	<u>AA-</u>	<u>Baa</u>	<u>Not Rated</u>
			Mortgage pass-through securities	\$ 80,880	N/A	\$ 80,880
CalTrust medium term fund	1,679,260	N/A				1,679,260
Certificate of deposit	25,000	N/A				25,000
State investment pool (LAIF)	8,386	N/A				8,386
Money market funds	7,332,233	N/A				7,332,233
	<u>\$ 9,125,759</u>		<u>\$ 80,880</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,044,879</u>

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments.:

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2021, none of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. As of June 30, 2021, the District's investments in the following types were held by the same broker-dealer (counterparty) that was used by the District to buy securities:

<u>Investment Type</u>	<u>Reported Amount</u>	
	<u>2021</u>	<u>2020</u>
Mortgage pass-through securities	\$ 72,568	\$ 80,880
Money market funds	-	7,332,233

Investment in State Pool (LAIF)

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

CAYUCOS SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 4 - SCHEDULE OF CAPITAL ASSETS

A schedule of changes in capital assets and depreciation for the fiscal year ended June 30, 2021, is shown below:

	Balance		Deletions		Balance
	July 1, 2020	Additions			June 30, 2021
Non-depreciable					
Land	\$ 3,769,048	\$ -	\$ -	\$ -	\$ 3,769,048
Construction in progress	28,762,745	13,881,898	(39,605)		42,605,038
Construction in progress-CSWP alternatives analysis	55,825				55,825
Construction in progress-WWTP alternatives analysis	46,883				46,883
Total non depreciable	<u>\$ 32,634,501</u>	<u>\$ 13,881,898</u>	<u>\$ (39,605)</u>		<u>\$ 46,476,794</u>
Depreciable					
Office building	\$ 1,243,019	\$ -	\$ -	\$ -	\$ 1,243,019
Subsurface lines	2,098,642				2,098,642
Sewage collection facilities	1,878,589				1,878,589
Conveyance system	4,900,734				4,900,734
Sewage treatment facilities	5,542,407				5,542,407
Collection equipment	584,055				584,055
Office equipment	65,822				65,822
Treatment equipment		14,494			14,494
Trucks	109,212				109,212
	16,422,480	14,494			16,436,974
Less accumulated depreciation	12,532,640	376,445			12,909,085
Total depreciable	<u>\$ 3,889,840</u>	<u>\$ (361,951)</u>	<u>\$ -</u>		<u>\$ 3,527,889</u>
Net capital assets	<u>\$ 36,524,341</u>	<u>\$ 13,519,947</u>	<u>\$ (39,605)</u>		<u>\$ 50,004,683</u>

A schedule of changes in capital assets and depreciation for the fiscal year ended June 30, 2020, is shown below:

	Balance		Deletions /		Prior-period	Balance
	July 1, 2019	Additions	Transfers		Adjustment	June 30, 2020
Non-depreciable						
Land	\$ 3,768,848	\$ 200	\$ -	\$ -	\$ -	\$ 3,769,048
Construction in progress	8,502,268	20,407,534	(97,057)		(50,000)	28,762,745
Construction in progress-CSWP alternatives analysis	55,825					55,825
Construction in progress-WWTP alternatives analysis	46,883					46,883
Total non depreciable	<u>\$ 12,373,824</u>	<u>\$ 20,407,734</u>	<u>\$ (97,057)</u>		<u>\$ (50,000)</u>	<u>\$ 32,634,501</u>
Depreciable						
Office building	\$ 1,243,019	\$ -	\$ -	\$ -	\$ -	\$ 1,243,019
Subsurface lines	2,098,642					2,098,642
Sewage collection facilities	1,878,589					1,878,589
Conveyance system	4,900,734					4,900,734
Sewage treatment facilities	5,542,407					5,542,407
Collection equipment	489,804		94,251			584,055
Office equipment	106,930	21,472	(62,580)			65,822
Trucks	109,212					109,212
	16,369,337	21,472	31,671			16,422,480
Less accumulated depreciation	12,220,307	377,719	(65,386)			12,532,640
Total depreciable	<u>\$ 4,149,030</u>	<u>\$ (356,247)</u>	<u>\$ 97,057</u>		<u>\$ -</u>	<u>\$ 3,889,840</u>
Net capital assets	<u>\$ 16,522,854</u>	<u>\$ 20,051,487</u>	<u>\$ -</u>		<u>\$ (50,000)</u>	<u>\$ 36,524,341</u>

NOTE 5 - LOANS AND CERTIFICATES OF PARTICIPATION PAYABLE

On March 1, 2018, the District entered into a loan agreement with Public Property Financing Corporation of California for two loans, Series A loan, can be drawn down from \$22,000,000 and a Series B loan can be drawn down from \$5,000,000. On October 5, 2019, the District entered into the first amendment to the agreement for an additional \$6,804,844. The purpose of the loans was for bridge financing for the construction of the Wastewater Treatment Plant until long-term financing can be secured.

As of June 30, 2020, the District had drawn down \$22,000,000 from Series A and \$50,000 from Series B, however, the \$50,000 from Series B was repaid in the 2019 Installment Purchase Contract Series A-1 issuance for a total drawn down total of \$6,804,844. On February 1, 2021, the District secured an Installment Sale Agreement with the Public Property Financing Corporation of California for Certificates of Participation in the principal amount of \$24,301,500, secured by a pledge of net revenues of the District. The interest rate is 1.75% and the proceeds were used to pay off the 2018 Western Alliance construction loan Series A in full for \$22,000,000 and make a payment of \$2,301,500 of principal to pay down the 2019 Series A-1 construction loan. In addition, also on February 1, 2021, the second amendment to the 2018 Installment Purchase Contract with the Public Property Financing Corporation of California amended the original 2018 contract to increase the Series B loan for construction to increase the amount available up to \$9,000,000 at 4.64% interest and revising the payment schedule. Future debt service payments on the existing debt are as follows:

2019 Series A-1

Fiscal Year	Principal	Interest	Total
Ending			
2022	\$ 4,503,344	\$ 25,294	\$ 4,528,638
Total	<u>\$ 4,503,344</u>	<u>\$ 25,294</u>	<u>\$ 4,528,638</u>

2021 Series B

Fiscal Year	Principal	Interest	Total
Ending			
2022	\$ 571,275	\$ 281,155	\$ 852,430
2023	597,784	261,479	859,263
2024	625,519	233,741	859,260
2025	654,545	204,718	859,263
2026	684,917	174,347	859,264
2027-2030	\$ 3,072,555	\$ 364,494	\$ 3,437,049
Total	<u>\$ 6,206,595</u>	<u>\$ 1,519,934</u>	<u>\$ 7,726,529</u>

2021 Certificates of Participation

Fiscal Year	Principal	Interest	Total
Ending			
2022	\$ -	\$ 212,638	\$ 212,638
2023	425,000	421,557	846,557
2024	432,000	414,058	846,058
2025	440,000	406,428	846,428
2026	447,000	398,667	845,667
2027-2031	2,357,000	1,872,110	4,229,110
2032-2036	2,571,000	1,656,598	4,227,598
2037-2041	2,804,000	1,421,565	4,225,565
2042-2046	3,058,000	1,165,276	4,223,276
2047-2051	3,335,000	885,775	4,220,775
2052-2056	3,637,000	580,942	4,217,942
2057-2061	3,967,000	248,445	4,215,445
2062	\$ 828,500	\$ 7,249	\$ 835,749
Total	<u>\$ 24,301,500</u>	<u>\$ 9,691,308</u>	<u>\$ 33,992,808</u>

CAYUCOS SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2021

NOTE 6 - LONG-TERM DEBT

The changes in long-term debt at June 30, 2021, is as follows:

	July 1, 2020	Additions	Retirements	June 30, 2021	Due within one year
Construction loans payable	\$ 28,804,844	\$ 6,206,595	\$ 24,301,500	\$ 10,709,939	\$ 5,074,619
2021 certificates of participation		24,301,500		24,301,500	
Compensated absences	29,842	63,570	28,402	65,010	21,670
Net pension liability	636,106	65,435	12,168	689,373	
	<u>\$ 29,470,792</u>	<u>\$ 30,637,100</u>	<u>\$ 24,342,070</u>	<u>\$ 35,765,822</u>	<u>\$ 5,096,289</u>

	July 1, 2019	Additions	Retirements	June 30, 2020	Due within one year
Construction loans payable	\$ 13,560,320	15,294,524	\$ 50,000	\$ 28,804,844	\$ 28,804,844
Compensated absences	32,282	25,327	27,767	29,842	9,947
Net pension liability	584,314	220,749	168,957	636,106	
	<u>\$ 14,176,916</u>	<u>\$ 15,540,600</u>	<u>\$ 246,724</u>	<u>\$ 29,470,792</u>	<u>\$ 28,814,791</u>

NOTE 7 - COMPENSATED ABSENCES

As of June 30, 2021, it is estimated that the District's employees have \$65,010 of accumulated vested vacation time and sick leave. Accumulated unpaid employee vacation and sick leave benefits are recognized as liabilities of the District. The accumulated benefits will be liquidated in future years as employees elect to use them.

NOTE 8 - DEFINED BENEFIT PENSION PLAN

A. General Information about the Pension Plans

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for nonduty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

NOTE 8 - DEFINED BENEFIT PENSION PLAN (Continued)

A. General Information about the Pension Plans (Continued)

The Plans' provisions and benefits in effect at June 30, 2021, are summarized as follows:

	<u>Miscellaneous</u>	
	<u>Prior to January 1, 2013</u>	<u>On or after January 1, 2013</u>
Hire Date		
Benefit formula	2.5% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-63	52-67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8.00%	6.75%
Required employer contribution rates	12.361% + \$44,843	7.732% + \$1,900

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Contributions to the pension plan from the District was \$91,965 for the fiscal year ended June 30, 2021.

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2021, the District reported a liability of \$689,373 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, actuarially determined. The District's proportionate share of net pension liability for the miscellaneous plan as of June 30, 2019, and 2020 was as follows:

	<u>Miscellaneous</u>
Proportion-June 30, 2019	0.01588%
Proportion-June 30, 2020	0.01634%
Change-Increase (Decrease)	<u>0.00046%</u>

For the year ended June 30, 2021, the District recognized pension expense of \$115,780. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

NOTE 8 - DEFINED BENEFIT PENSION PLAN (Continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 91,965	\$ -
Differences between expected and actual experience	35,525	
Changes in assumptions		4,917
Net difference between projected and actual earnings on retirement plan investments	20,480	
Adjustment due to differences in proportions	18,520	1,037
Difference in actual contributions and proportionate share of contributions		19,314
	<u>\$ 166,490</u>	<u>\$ 25,268</u>

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

\$91,965 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expenses as follows:

<u>Fiscal Year Ended June 30</u>	<u>Amount</u>
2022	\$ 5,090
2023	18,600
2024	15,745
2025	9,822
Total	<u>\$ 49,257</u>

NOTE 8 - DEFINED BENEFIT PENSION PLAN (Continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.0% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

- (1) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using 90% Scale MP 2016 published by the Society of Actuaries. For more details on this table please refer to the 2017 experience study report.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for public agency plans (including PERF C), CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate, and the use of municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund, including PERF C. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB No. 68 section.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2022. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB No. 67 and No. 68 calculations through at least the 2021-22 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as it has changed its methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

NOTE 8 - DEFINED BENEFIT PENSION PLAN (Continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10(a)</u>	<u>Real Return Years 11+(b)</u>
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	<u>100.0%</u>		

(a) An expected inflation of 2.00% used for this period.

(b) An expected inflation of 2.92% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	<u>1% Decrease 6.15%</u>	<u>Discount Rate 7.15%</u>	<u>1% Increase 8.15%</u>
District's proportionate share of the net pension plan liability	\$ 1,029,786	\$ 689,373	\$ 408,100

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

C. Payable to the Pension Plan

At June 30, 2021, the District had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2021.

NOTE 9 - CONTINGENCIES

According to the District's attorney, no contingent liabilities are outstanding, and no lawsuits are pending of any real financial consequence.

NOTE 10 - SUBSEQUENT EVENTS

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Cayucos Sanitary District’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, Cayucos Sanitary District is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity as of the date of issuance of these financial statements.

The District received grant funding from the USDA for a total of \$4,503,344 on August 13, 2021 and used the grant to pay off the remaining principal of the 2019 Installment Purchase Agreement Series A-1 loan on August 17, 2021 in full.

REQUIRED SUPPLEMENTARY INFORMATION

CAYUCOS SANITARY DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
Last 10 Years*
As of June 30, 2021

The following table provides required supplementary information regarding the District's Pension Plan.

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Proportion of the net pension liability	0.00634%	0.00621%	0.00606%	0.00598%
Proportionate share of the net pension liability	\$ 689,373	\$ 636,106	\$ 584,314	\$ 592,893
Covered payroll	\$ 365,219	\$ 309,496	\$ 296,478	\$ 287,078
Proportionate share of the net pension liability as percentage of covered payroll	188.8%	205.5%	197.1%	206.5%
Plan's total pension liability	\$ 43,702,930,887	\$ 41,426,453,489	\$ 38,944,855,364	\$ 37,161,348,332
Plan's fiduciary net position	\$ 32,822,501,335	\$ 31,179,414,067	\$ 29,308,589,559	\$ 27,244,095,376
Plan fiduciary net position as a percentage of the total pension liability	75.10%	75.26%	75.26%	73.31%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	
Proportion of the net pension liability	0.00590%	0.00569%	0.00469%	
Proportionate share of the net pension liability	\$ 510,398	\$ 390,527	\$ 291,955	
Covered payroll	\$ 283,428	\$ 252,538	\$ 257,826	
Proportionate share of the net pension liability as percentage of covered payroll	180.1%	154.6%	113.2%	
Plan's total pension liability	\$ 33,358,627,624	\$ 31,771,217,402	\$ 30,829,966,631	
Plan's fiduciary net position	\$ 24,705,532,291	\$ 24,907,305,871	\$ 24,607,502,515	
Plan fiduciary net position as a percentage of the total pension liability	74.06%	78.40%	79.82%	

Notes to Schedule:

Changes in assumptions

In 2018, inflation was changed from 2.75 percent to 2.50 percent and individual salary increases and overall payroll growth was reduced from 3.00 percent to 2.75 percent.

In 2017, as part of the Asset Liability Management review cycle, the discount rate was changed from 7.65 percent to 7.15 percent.

In 2016, the discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

In 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected ages of general employees.

*- Fiscal year 2015 was the 1st year of implementation, thus only seven years are shown.

CAYUCOS SANITARY DISTRICT
SCHEDULE OF NET PENSION CONTRIBUTIONS
Last 10 Years*
As of June 30, 2021

The following table provides required supplementary information regarding the District's Pension Plan.

	2021	2020	2019	2018
Contractually required contribution (actuarially determined)	\$ 91,965	\$ 70,877	\$ 58,972	\$ 57,084
Contribution in relation to the actuarially determined contributions	91,965	70,877	58,972	57,084
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 535,380	\$ 365,219	\$ 309,496	\$ 296,478
Contributions as a percentage of covered payroll	17.18%	19.41%	19.05%	19.25%
	2017	2016	2015	
Contractually required contribution (actuarially determined)	\$ 51,948	\$ 50,972	\$ 40,776	
Contribution in relation to the actuarially determined contributions	51,948	50,972	40,776	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	
Covered payroll	\$ 287,078	\$ 283,428	\$ 252,538	
Contributions as a percentage of covered payroll	18.10%	17.98%	16.15%	

Notes to Schedule

Valuation Date:

6/30/2014

Actuarial cost method
Asset valuation method
Amortization method

Entry Age Normal
5-year smoothed market
The unfunded actuarial accrued liability is amortized over an open 17 year period as a level percentage of payroll.

Discount rate
Payroll growth rate
Price inflation
Salary increases

7.50%
3.00%
2.75%
2.75% plus merit component based on employee classification and years of service

Mortality

Sex distinct RP-2000 Combined Mortality projected to 2010 using Scale AA with a 2 year setback for males and a 4 year setback for females.

Valuation Date:

6/30/2015

Discount Rate

7.65%

Valuation Date:

6/30/2016

Discount Rate

7.375%

Valuation Date:

6/30/2017

Discount Rate

7.150%

Valuation Date:

6/30/2018

Payroll growth rate

2.75%

Price inflation

2.50%

*- Fiscal year 2015 was the 1st year of implementation, thus only seven years are shown.



AGENDA ITEM: 6

DATE: December 16, 2021

CAYUCOS SANITARY DISTRICT

TO: BOARD OF DIRECTORS

FROM: RICK KOON, DISTRICT MANAGER

DATE: DECEMBER 07, 2021

SUBJECT: DISCUSSION AND CONSIDERATION TO ADOPT RESOLUTION 2021-08 TO AUTHORIZE REMOTE TELECONFERENCING MEETINGS IN ACCORDANCE WITH NEWLY ADOPTED GOVERNMENT CODE SECTION 54953(e) (AB 361)

DISCUSSION:

AB 361 has amended Government Code Section 54953, adding a new subsection (e) that permits legislative bodies, when there is a proclaimed State of Emergency declared by the Governor pursuant to Government Code Section 8625, to make a determination to authorize meeting remotely via teleconferencing as a result of the emergency. To do so, a resolution would need to be adopted in which the legislative body finds that meeting in person would present imminent risks to the health or safety of attendees, or that State or local officials have imposed or recommended measures to promote social distancing.

The resolution is valid for thirty (30) days after teleconferencing for the first time pursuant to Government Code section 54953(e). If the State of Emergency remains active after that 30 day period, the local agency may act to renew its resolution authorizing remote teleconferenced meetings by passing another resolution which includes findings that the State of Emergency declaration remains active, the local agency has reconsidered the circumstances of the State of Emergency, and the local agency has either identified: A) ongoing, direct impacts to the ability to meet safely in-person, or B) active social distancing measures as directed by relevant State or local officials.

A draft resolution has been prepared for Board consideration. It includes findings based upon a determination that as a result of the proclaimed State of Emergency in California due to the COVID-19 pandemic, and its continued spread in San Luis Obispo County and Cayucos through the Delta variant of SARS-CoV-2, which is far more transmissible than prior variants of the virus, may cause more severe illness, and can be spread to others even by fully vaccinated individuals, holding meetings in person would present imminent risks to the health or safety of attendees.

RECOMMENDATION:

Staff recommends that the Board of Directors discuss and consider adoption of Resolution 2021-08 pursuant to newly adopted Government Code Section 54953(e) (AB 361), to permit continued remote teleconferenced meetings.

RESOLUTION 2021-08

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE CAYUCOS SANITARY DISTRICT MAKING
FINDINGS IN ACCORDANCE WITH AB 361 AND GOVERNMENT
CODE SECTION 54953(e), AUTHORIZING REMOTE TELECONFERENCE MEETINGS
OF THE LEGISLATIVE BODIES OF THE CAYUCOS SANITARY DISTRICT**

WHEREAS, on March 4, 2020 Governor Newsom declared a State of Emergency in the State of California pursuant to Government Code Section 8625 as a result of the threat of the Coronavirus (COVID-19) pandemic; and

WHEREAS, subsequently, in March 2020, in response to the COVID-19 pandemic, Governor Newsom issued Executive Orders N-25-20 and N-29-20. These orders suspended certain elements of the Brown Act and specifically allowed for legislative bodies as defined by the Brown Act to hold their meetings entirely electronically with no physical meeting place. On June 11, 2021, Governor Newsom issued Executive Order N-08-21, which provided that the provisions in Executive Order N-29-20 suspending certain elements of the Brown Act would continue to apply through September 30, 2021; and

WHEREAS, on September 16, 2021 Governor Newsom signed AB 361, which added subsection (e) to Government Code section 54953 of the Brown Act, and makes provision for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the requirements of Government Code section 54953(b)(3), subject to the existence of certain conditions; and

WHEREAS, a required condition of AB 361 is that a state of emergency is declared by the Governor pursuant to Government Code section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the State caused by conditions as described in Government Code section 8558; and

WHEREAS, there has been a significant increase in COVID-19 cases in San Luis Obispo County due primarily to the Delta variant of SARS-CoV-2, the virus that causes COVID-19. Emerging evidence indicates that the Delta variant is far more transmissible than prior variants of the virus, causes more severe illness, and that even fully vaccinated individuals can spread the virus to others; and

WHEREAS, the Board of Directors now desires to adopt a Resolution finding that the requisite conditions exist for the legislative bodies of the Cayucos Sanitary District, as defined in the Brown Act, to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of Government Code section 54953.

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

1. The above recitals are true, correct and are incorporated herein by this reference.

2. In accordance with the requirements of Government Code Section 54953(e)(3), the Board of Directors of the Cayucos Sanitary District hereby finds and determines that it has reconsidered the circumstances of the State of Emergency and that the State of Emergency continues to exist and to directly impact the ability of the members to meet safely in person due to the COVID-19 pandemic, and its continued spread in San Luis Obispo County and Cayucos through the Delta and Omicron variants of SARS-CoV-2, which are both far more transmissible than prior variants of the virus, and that even fully vaccinated individuals can spread the virus to others, and therefore holding meetings in person would present imminent risks to the health or safety of attendees.
3. The District Manager and legislative bodies of the Cayucos Sanitary District are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution including, continuing to conduct open and public remote teleconferencing meetings in accordance with the requirements of Government Code section 54953(e) and other applicable provisions of the Brown Act.
4. This Resolution shall take effect immediately upon its adoption and shall be effective for thirty (30) days after its adoption, subject to being extended for an additional 30 day period by the Board of Directors adoption of a subsequent resolution in accordance with Government Code section 54953(e)(3) to further extend the time during which the legislative bodies of the Cayucos Sanitary District may continue to teleconference without compliance with paragraph (3) of subdivision (b) of Government Code section 54953.

PASSED AND ADOPTED this 16th day of December, 2021.

Ayes:
Nays:
Absent:
Abstain:

Robert Enns, President
Board of Directors

ATTEST:

APPROVED AS TO FORM:

Rick Koon
District Manager

Timothy J. Carmel
District Counsel



AGENDA ITEM: 7

DATE: December 16, 2021

CAYUCOS SANITARY DISTRICT

TO: BOARD OF DIRECTORS

**FROM: RICK KOON
DISTRICT MANAGER**

DATE: DECEMBER 07, 2021

**SUBJECT: DISCUSSION AND CONSIDERATION TO APPROVE THE
UPDATED BOARD POLICY HANDBOOK**

DISCUSSION:

Over this past year, staff has worked on updating the District's Board Policy Handbook. Many of these policies dated as far back as 1997.

Staff used the CSDA recommended policies for Board Directors as an outline for the sections that were missing or needed updating. Other sections were modified to incorporate many of the District's specific requirements and to align with the District's Employee Handbook that was approved last year. In some cases, the policies did not change.

The District's Legal Counsel has reviewed and approved this document.

RECOMMENDATION:

Staff recommends that the Board approve the updated Board Policy Handbook.

2021

AGENDA ITEM: 7

DATE: December 16, 2021

DRAFT



BOARD OF DIRECTORS POLICY HANDBOOK

Table of Contents

INTRODUCTION..... 6

- Mission Statement - modified6
- Contract Disclaimer6
- District History.....7

MEMBERS OF THE BOARD OF DIRECTORS10

- Members of the Board of Directors - updated..... 11
- Duties of the Board President - updated..... 13
- Overview of the District Manager’s Role - new..... 15
- Duties of Board Clerk - new 15
- Legal Counsel and Auditor - new..... 16
- Committees of the Board of Directors - updated..... 17
- Guiding Principles – previously Code of Ethics 4010..... 18
- Code of Ethics & Values – approved in 2020 – see Employee Handbook..... 20
- Receipt of Gifts – approved in 2020 – see Employee Handbook 22
- Ethics Training - new 23
- Attendance at Meetings - new 23
- Education & Conferences – updated to current standards..... 24
- Travel Policy – approved in 2020 – see Employee Handbook..... 25

BOARD MEETINGS32

- The Ralph M. Brown Act - new 33
- Meeting Agenda - new 33
- Types of Board Meetings - new..... 34
- Board Actions and Decisions - new 35
- Keeping of the Minutes - updated 36
- Meeting Conduct - new 37
- Rules of Order for Conduct of Board and Committee Meetings - new..... 39

EMPLOYMENT PRACTICES.....42

- Accommodations for Disability – approved in 2020 – see Employee Handbook 43
- Disciplinary Action/Demotion – approved in 2020 – see Employee Handbook 43
- Equal Opportunity – approved in 2020 – see Employee Handbook 47

Grievance Procedure – approved in 2020 – see Employee Handbook 48

Inclusive Workplace Policy – approved in 2020 – see Employee Handbook 50

Smoke-Free Workplace – approved in 2020 – see Employee Handbook 52

Substance Abuse/Drug-Free Workplace – approved in 2020 – see Employee Handbook 53

Unlawful Harassment – approved in 2020 - see Employee Handbook 56

Whistleblowing Policy – approved in 2020 – see Employee Handbook 59

FINANCIAL MANAGEMENT64

Asset Protection and Fraud in the Workplace – approved in 2020 – see Employee Handbook..... 65

Employment of Outside Contractors and Consultants – approved in 2020 – see Employee Handbook..... 69

Expense Disbursements – approved in 2020 – see Employee Handbook..... 70

Financial Management and Capital Program – approved in 2020 – see Employee Handbook 71

Investment of District Funds – approved in 2020 – see Employee Handbook 73

Remuneration and Expenditure Reimbursement – approved in 2020 – see Employee Handbook 77

GENERAL INFORMATION80

Basis of Authority - new 81

Board/Staff Communications - new 81

Conflict of Interest - new 83

Correspondence to the Board - new 84

District Web Page – approved in 2020 – see Employee Handbook 84

Emergency Preparedness – approved in 2020 – see Employee Handbook 84

Emergency Response Guideline for Hostile or Violent Incidents – approved in 2020 – see Employee Handbook 86

Press Relations – approved in 2020 – see Employee Handbook..... 88

Public Complaints – approved in 2020 – see Employee Handbook 88

Social Media Use – revised 89

GOVERNING ORDINANCES94

ORDINANCE NO. 5 95

ORDINANCE NO. 6 109

ORDINANCE NO. 11 110

ORDINANCE NO. 19 111

ORDINANCE NO. 21 113

ORDINANCE NO. 25 123

ORDINANCE NO. 26 125

ORDINANCE NO. 27 130

ORDINANCE NO. 28 135

ORDINANCE NO.29 138

ORDINANCE NO. 30 139

APPENDICES..... 142

Organizational Chart – Revision approved May 2021 143

District Rate History - new 144

Authorized Investments – approved in 2020 – see Employee Handbook 145

Roles and Responsibilities of Investment Team – approved in 2020 – see Employee Handbook..... 149

Reserve Policy – approved in 2020 – see Employee Handbook..... 151

Website Privacy Policy – approved in 2020 – see Employee Handbook..... 153

Confirmation of Receipt Acknowledgement Form 158

The Table of Contents and Sections are annotated for ease of review for anticipated approval at the December 16, 2021 BOD meeting. Following approval, the Table and Sections will revert to normal headings (i.e., removal of “new” and “see Employee Handbook”).

Any non-sequential policy numbers are intentional. The Board Policy Handbook and the Employee Policy Handbook share some policies and in order to avoid confusion, the policy numbers remain the same in both.

Introduction

Welcome! As a Board Member of the Cayucos Sanitary District (CSD) you are an important member of a team effort. We hope that you will find your time with CSD rewarding, challenging, and productive.

This handbook summarizes the policies and practices in effect at the time of publication. This handbook supersedes all previously issued handbooks and any policy of benefit statements or memoranda that are inconsistent with the policies described herein. If you have any questions about the policies and practices that are not answered by this handbook, please feel free to ask the District Manager or President of the Board.

Any written changes to this handbook will be distributed to all Board Members so that Board Members will be aware of the new policies or procedures. No oral statements or representations can in any way alter the provisions of this handbook.

Mission Statement - modified

The Cayucos Sanitary District strives to serve the public by operating a well-maintained wastewater collection and conveyance system in addition to the Water Resource Recovery Facility for the protection of public health and safety, and when doing so, to take the necessary steps to protect the environment. The District is committed to preserving the community's capital investment and to being a good steward of the community's assets.

Contract Disclaimer

This Board Member Handbook is not a contract. Accordingly, it should not be interpreted to create any expressed or implied contractual rights between CSD and any Board Member. It is expressly understood that the contents of this Handbook do not constitute the terms of a contract of employment or benefits. Any verbal or written representations to the contrary are invalid and should not be relied upon by current or prospective Board Members.

CSD reserves the right to revise, modify, delete or add to any and all policies and procedures stated in this handbook or in any other document. However, any such changes must be in writing and must be signed by the District Manager or President of the Board. The Board of Directors approves certain policy-related sections, and the District Manager approves operation-related sections.

District History

The Cayucos Sanitary District was formed on March 2, 1942 for the purpose of constructing and operating a sewer collection system and a treatment plant. The District is an independent special district established pursuant to the Sanitary District Act of 1923 (Health & Safety Code §6400, et seq).

Cayucos Sanitary District (CSD) is a state-mandated Special District that is neither a regulatory authority nor a county entity. We are a “political subdivision” of the State of California, not funded by the State. We are a not-for-profit, federally tax-exempt organization under Section 170(c)(1) of the Internal Revenue Service code and can accept donations as tax-free contributions.

Sanitary districts are empowered to acquire, maintain and operate sewer, drainage and/or refuse collection facilities. We may incur bond indebtedness, enter into contracts, borrow money and charge service rates. Cayucos Sanitary District provides wastewater service to the community of Cayucos which entails collecting wastewater within the community and conveying it through a main line to the Water Resource Recovery Facility located on Toro Creek Road. The District’s wastewater system encompasses five lift (pump) stations and approximately 23.1 miles of gravity collection sewers.

The District is governed by a Board of Directors consisting of five members who are elected by popular vote for terms of four years. Administration is carried out through a staff of eight: three field personnel, two office staff, two plant operators and led by a District Manager. As a complement to the staff, the District maintains Legal Counsel and auditing services (see Organizational Chart “Appendix A”).

District Creation

Cayucos Sanitary District was formed by democratic election held on February 17, 1942 with fifty five (55) votes in favor and one (1) opposed, and certified by the Board of Supervisors of San Luis Obispo County on March 2, 1942. The first official record of any activity is that of a special meeting of the governing board, consisting of D.R. Pereira, A.K. Hardie, L. Molinari, Howard Hilton and Al Brewer on January 4, 1951, with Periera presiding.

On March 17, 1953 voters approved a bond issue of \$171,000.00 for construction of mains, trunks, pump stations, etc., and to pay Cayucos’ share of the cost of a treatment plant to be located on Atascadero Road and to be jointly owned by the Morro Bay Sanitary District and Cayucos Sanitary District.

On October 22, 1953, the District advertised for bids for construction of a collection system designed by Daniel, Mann, Jonson & Mendenhall, and as the successful bidder, Coastal Pipeline Contractors was awarded a contract at a special meeting on December 29, 1953.

By means of a quitclaim deed from the County of San Luis Obispo dated May 18, 1953, the Cayucos Sanitary District became owners of 40% and the Morro Bay Sanitary District 60% of Blocks 28A and 28B and 28C on Atascadero Beach Road as a site for a sewage treatment plant.

A joint construction and operating agreement was executed on June 16, 1953, authorizing Morro Bay Sanitary District to act as agent for both Districts in the construction and operation on the treatment plant, outfall and the common trunk line which extends from a point just north of Yerba Buena Avenue south to Atascadero Road, then west to the plant. In 1954 the District constructed the sewer system and treatment plant under a Joint Powers Agreement (JPA) with the Morro Sanitary District (now the City of Morro Bay). That JPA was subsequently amended in 1969 and 1973.

In 1982 the District and City of Morro Bay renegotiated the Joint Powers Agreement governing their jointly owned wastewater treatment plant facility and agreed to reconstruct and expand the wastewater treatment plant at an estimated cost of \$13,000,000. Additionally, the ownership percentage was reconfigured to provide Cayucos Sanitary District with 35% ownership and the City of Morro Bay 65%, however, the District retained 40% ownership in all jointly owned real property (Parcels 1, 2, 4, 5A & 5C).

Morro Bay-Cayucos Sanitary District Wastewater Treatment Plant (WWTP) Project

In 2005, the Morro Bay City Council and Cayucos Sanitary District (MBCSD) Board adopted an eight (8) year full secondary compliance schedule for upgrading the treatment process at their jointly-owned wastewater treatment plant to comply with full secondary treatment standards by no later than March 31, 2014. Carollo Engineers completed the Facility Master Plan for the WWTP Upgrade in final draft form.

On May 28, 2008, a contract was let for environmental review to Environmental Science Associates. A flood analysis was performed by Wallace Group Engineers as a component of the environmental review. As a result of the flood analysis, it was determined that the flood mitigation costs to complete the upgrade of the current WWTP were prohibitive and the upgrade would need to take place adjacent to the existing plant. On December 4, 2008, the City and District were granted a final 5 year 301(h) modified NPDES permit from the State Water Resources Control Board for continued discharge from the WWTP to the ocean outfall. This permit was to cover the majority, if not all, of the WWTP Project when full secondary treatment standards were achieved.

On January 11, 2011, the Morro Bay City Council conditionally approved a Coastal Development Permit (CDP) for MBCSD's request to upgrade the existing WWTP and certified the Environmental Impact Report (EIR) for the proposed project. The City's approval of the CDP was appealed to the California Coastal Commission (CCC). As a result of the appeal, the CCC asserted jurisdiction over the project's CDP. Per CCC Staff direction, MBCSD conducted an additional WWTP Alternatives Analysis to evaluate whether there would be a more appropriate site to locate the WWTP.

In January 2013, the California Coastal Commission voted to deny the Coastal Development Permit for a proposed upgrade at the existing MBCSD WWTP. The CCC recommended that a new facility should be located outside the coastal zone and provide a sizable reclaimed water component. Due to the CCC's decision to deny the CDP to build an upgraded WWTP at the location of the current MBCSD WWTP, the District opted to move forward with the study toward development of an independently owned and operated WRRF (Wastewater Resources Reclamation Facility) rather than continue partnering with the City of Morro Bay for treatment of its wastewater.

Cayucos Sustainable Wastewater Project

In February 2015, the City of Morro Bay presented the District with a Memorandum of Understanding (MOU) detailing the payment and governance structure of a new Wastewater Treatment Facility at the City of Morro Bay chosen facility site, Rancho Colina. At a JPA meeting, the Cayucos Sanitary District staff and Board presented a revised MOU to the City of Morro Bay based on the principals of the existing JPA's cooperative co-ownership and governance structure. The District was informed by the City of Morro Bay that the MOU terms were non-negotiable.

Presented with a non-negotiable MOU, the District held a town hall open public meeting on April 23, 2015 to discuss options with the community. There was overwhelming support for the CSD to pursue options for the creation of a community treatment facility with the ability to produce reclaimed wastewater in order to help provide a sustainable water supply for the community's future.

On April 30, 2015, the CSD Board unanimously passed Resolution 2015-1 ceasing all participation with City of Morro Bay with respect to their new wastewater treatment facility. In June 2015, the CSD initiated contracts for beneficial use analysis, site constraints and wastewater characterization studies. These studies were presented to the public at a town hall meeting in January 2016.

On April 20, 2017, the Board held a Proposition 218 hearing that put into motion the five-year rate increase to establish the monthly sewer charges. The proposition established a five-year rate increase effective each July 1, beginning in 2017 (see Rate History “Appendix B”). Also, during the April 20, 2017 meeting, by unanimous roll call vote, the Board approved Resolution 2017-3 certifying the CSWP FEIR (Final Environmental Impact Report).

The CSD broke ground in August 2018 on the aptly named Cayucos Sustainable Water Project. The CSWP includes a new \$25M sewer treatment plant at 800 Toro Creek Road featuring a Membrane Bioreactor (MBR) treatment facility, infrastructure to convey plant discharge to the ocean outfall, reconfiguration of the pipeline system controlling inflow and outflow through Lift Station 5, and a solar field to mitigate electrical costs. Reclaimed water is to be available for onsite and local agricultural uses. Future plans include diverting the reclaimed water into Whale Rock Reservoir, thereby increasing the availability of water available to Cayucos by approximately 350-acre feet annually.

The Cayucos Sanitary District Water Resource Recovery Facility was dedicated to the Community of Cayucos and its sustainable water supply in June of 2021. Pumping to the Morro Bay Waste Water Treatment Plant ceased on September 14, 2021.

Waste Collection Franchise

In addition to wastewater collection services, the CSD is also empowered to provide solid waste collection and disposal, including recycling. While we are administratively responsible for this program, we contract out the services to Mission Country Disposal (MCD) (Waste Connections, Inc.) under a franchise agreement extending through August of 2041.

In consideration for the grant of an exclusive franchise, the District receives franchise fees from MCD for revenues generated from garbage collection. The fee is established as ten (10) percent of the gross solid waste collection revenues from the services provided. The revenue is subject to periodic rate increases as the contractor adjusts rates for such factors as inflation and increases in landfill disposal fees.

Rent Income

The District receives rental income for the use of excess property surrounding the site at the Morro Bay Wastewater Treatment Plant. The District retains a 40 (forty) percent ownership of the jointly-held properties with revenue being received from Morro Dunes RV Park, Morro Bay Corporate Yard and Hanson Aggregates, and is remitted quarterly from the City of Morro Bay.

Taxes & Assessments

The District receives a portion of the taxes and assessments collected by the County for properties within its boundaries. The District projects future taxes and assessments to increase 4% annually.



Section 1:

MEMBERS OF THE BOARD OF DIRECTORS

Members of the Board of Directors - updated

1200.1 Duties:

1200.1.1 Directors are expected to familiarize themselves with the District when they are first seated on the Board and should undertake a continuing educational process, including orientation with management-level staff, attending association conferences, seminars, visits to other Districts, etc.

1200.1.2 Directors are expected to attend regular monthly meetings and special meetings of the Board for their designated term. Board contemplation, deliberation and decision making are processes which require wholeness, collaboration and participation.

1200.1.3 Directors are expected to act in the best interest of the District and excuse themselves from discussions where there may be a conflict of interest.

1200.1.4 Directors are responsible to select, appoint and support a District Manager as chief executive to whom responsibility for the administration and management of the organization is delegated.

1200.1.5 Directors are responsible for evaluating the District Manager's performance regularly on the basis of a specific job description and objective, agreed upon performance data including executive relations with the Board, leadership in the organization, in-program planning and implementation and in management of the organization and its personnel.

1200.1.6 Directors are expected to participate in planning and policymaking, and to take responsibility for making decisions on issues, policies and other Board matters. The Board makes all policy determinations through enactment of ordinances and resolutions and has final authority in the implementation of those policies.

1200.1.7 Directors are responsible for monitoring the District's progress in attaining its goals and objectives, while pursuing its mission and purpose.

1200.1.8 Directors are responsible for ensuring sufficient resources are available for District operations and to finance the services adequately, and for providing financial oversight and fiscal accountability. The Directors determine how the District will obtain and spend funds and annually review and approve the District's budget.

1200.1.9 Directors are responsible for authorizing agency debt.

1200.1.10 Directors are expected to stay informed about occurrences within the District and community.

1200.1.11 Directors shall maintain awareness of current laws and regulations as they pertain to the District and to become acquainted with both the legislative process and with the local representatives.

1200.2 Procedures: Directors shall practice the following procedures: *(combined from Code of Ethics 4010)*

1200.2.1 In seeking information routinely collected and maintained by the District, Directors may directly approach District staff to obtain such information needed to supplement, upgrade, or enhance their knowledge. Requests by individual Directors for substantive information, investigation and/or research should be channeled through the

District Manager to determine the amount of time and available staff resources necessary to complete the task and then delegate such task accordingly.

1200.2.2 In handling complaints from residents and property owners of the District, said complaints should be referred directly to the District Manager. Depending upon the nature of the complaint, the District Manager may refer the matter to the appropriate staff level for handling.

1. If resolution of the matter is achieved at the staff level, an information report to the Board will be made at the next Board meeting.
2. Should attempts to rectify the matter at the staff level prove unsuccessful, then the District Manager will schedule the matter for handling by the relevant Committee of the Board. The Committee will make its recommendation for resolution of the matter to the full Board. Final disposition will be made by the District Board.

1200.2.3 Concerns for safety or hazards should be reported to the District Manager and/or the Safety Officer of the District. Emergency situations should be dealt with all speed, consistent with the nature of the safety matter or hazard issue, and in accordance with governing policy, laws or regulations.

1200.2.4 The primary interface of the Board of Directors with the District staff should be the District Manager, to whom most staff-related issues should be formally delegated.

1200.2.5 In seeking clarification for policy-related concerns, especially those involving personnel, legal action, land acquisition and development, finances, and programming, said concerns should be referred directly to the District Manager. The District Manager shall report any outcome or resolution to the Director who raised the issue or concern. Depending upon the nature of the policy issue or concern, the District Manager may choose to refer the matter to the relevant Board Committee or refer the matter altogether for handling and disposition by the full Board.

1200.2.6 When approached by District personnel concerning specific District policy, Directors should direct inquiries to the appropriate supervisory and management personnel. The chain of command should be respected and followed.

1200.2.7 The work of the District is a team effort. All individuals should work together in the collaborative process, assisting each other in conducting the affairs of the District.

1200.2.7.1 When responding to constituent requests and concerns, Directors should be courteous; responding to individuals in a positive manner and routing their questions through appropriate channels to the District Manager

1200.2.7.2 Directors should develop a working relationship with the District Manager wherein current issues, concerns and District projects can be discussed comfortably and openly.

1200.2.7.3 Directors should function as a part of the whole. Issues should be brought to the attention of the Board as a whole, rather than to individual members selectively.

1200.2.7.4 Directors are responsible for monitoring the District's progress in attaining its goals and objectives, while pursuing its mission.

1200.3 Meeting Preparation: (new)

1200.3.1 Directors are expected to prepare for Board and committee meetings and will participate productively in discussions, always within the boundaries of discipline established by the Board. Each member will contribute their own knowledge and expertise to the Board's efforts to fulfill their responsibilities.

1200.3.2 Directors may request information from staff before meetings.

- a) Requests by individual Directors for substantive information and/or research from District staff will be channeled through the District Manager.
- b) The District Manager shall be responsible for providing the requested information and shall make all information equally available to all Directors.
- c) If writings are distributed to a majority of the Board in connection with an agenda item, those writings shall be made available to the public in the manner required by law.

1200.4 Meeting Decorum: (new)

1200.4.1 Directors shall, at all times, conduct themselves with courtesy to each other, to staff, and to members of the audience present at Board meetings.

1200.4.2 Directors shall defer to the presiding officer for conduct of meetings of the Board but shall be free to question and discuss items on the agenda. All comments should be brief and confined to the matter being discussed by the Board.

1200.4.3 Directors may request for inclusion into the meeting minutes brief comments pertinent to an agenda item only at the meeting at which that item is discussed (including, if desired, a position on abstention or dissenting vote).

1200.5 Abstentions and Failure to Vote: (new)

1200.5.1 Directors are expected to act in the best interest of the District and recuse themselves from participating in an item in the manner required by law where there may be a conflict of interest.

1200.5.2 Directors should not abstain from the Board's decision-making responsibilities unless a personal or financial conflict of interest exists.

- a) Directors abstaining due to a disqualifying conflict of interest will not be counted as part of a quorum and will be considered absent for the purposes of determining the outcome of a vote on the matter.
- b) Directors who fail to vote in the absence of a declared conflict of interest will be counted as part of a quorum and in effect consent that a majority of the quorum will determine the outcome of a vote on the matter.

Duties of the Board President - updated

1250.1 Presiding Officer: The President of the Board of Directors shall serve as the presiding officer at all Board meetings.

In the absence or disability of the President, the Vice-President of the Board of Directors shall serve as the presiding officer over all meetings of the Board. If the President and Vice-President of the Board are both absent or disabled, the remaining members present shall select one of themselves to act as temporary presiding officer of the meeting.

The presiding officer shall have the same rights as the other members of the Board in voting, introducing motions, resolutions and ordinances, and any discussion of questions that follow said actions. The presiding officer may move, second, debate, and vote from the chair.

1250.2 Duties Regarding Meetings: (new) The President shall preside over and conduct all meetings of the Board of Directors, shall carry out the resolution and orders of the Board of Directors, and shall exercise such other powers and perform such other duties as the Board of Directors shall prescribe including, but not limited to, the following:

1. Call the meeting to order at the appointed time
2. Announce the business to come before the Board in its proper order
3. Enforce the Board's policies in relation to the order of business and the conduct of meetings
4. Recognize persons who desire to speak, and protect the speaker who has the floor from disturbance or interference
5. Explain what the effect of a motion would be if it is not clear to every member
6. Restrict discussion to the question when a motion is before the Board
7. Rule on parliamentary procedure
8. Put motions to a vote, and state clearly the results of the vote
9. Preserve order and decorum

1250.3 In the event of an emergency situation involving matters upon which prompt action is necessary due to the disruption or threatened disruption of public facilities, the Board of Directors may hold an emergency special meeting without complying with the 24-hour advance notice rule pursuant to Government Code Section 54956.5. An emergency situation means a crippling disaster which severely impairs public health, safety or both, as determined by the District Manager, Board President or Vice-President in the President's absence.

1250.4 Responsibilities: (new) Responsibilities of the President include, but are not limited to, the following:

1. Sign all instruments, act, and carry out stated requirements and the will of the Board
2. Appoint and disband all committees, subject to Board ratification
3. Call such meetings of the Board as they may deem necessary, giving notice as prescribed by law
4. Coordinate the preparation of meeting agendas with the District Manager
5. Confer with the District Manager or designee on crucial matters which may occur between Board of Directors meetings
6. Be responsible for the orderly conduct of all Board meetings
7. Be the spokesperson for the Board
8. Perform other duties as authorized by the Board or required by law

1250.5 Financial Responsibilities:

1250.5.1 The Board President, and in their absence or unavailability, the Vice-President, shall be designated signers on all District checking, savings, trust accounts, money market and investment accounts.

Overview of the District Manager's Role - new

1300.1 The District Manager is an employee of the District and has an employment agreement which specifies their terms of employment. The District Manager is the administrative head of the District under the direction of the Board of Directors (see Organization Chart "Appendix A"). They shall be responsible for the efficient administration of all the District's affairs which are under the District Manager's control. The District Manager plans, organizes, directs, coordinates and evaluates all District operations, programs, and resources in accordance with short- and long-range goals, policy statements, and directives from the Board.

1300.2 The District Manager's Duties

The District Manager shall be responsible for:

1. The implementation of policies established by the Board of Directors for the operation of the District
2. The planning, direction, and coordination of the day-to-day operations of the District through the appropriate department heads or managers including administration, financing, maintenance, engineering, human resources, and others to effect operational efficiency
3. The appointment, supervision, discipline, and dismissal of the District's employees, consistent with the employment policies established by the Board of Directors
4. Attending and participating in District Board meetings, preparing and presenting reports as necessary, representing the Board before external organizations including other agencies, governmental and regulatory entities, business and community groups
5. The supervision of the District's facilities and services
6. The supervision of the District's finances
7. In cooperation with the Board President, shall prepare an agenda for each regular and special meeting of the Board of Directors

1300.3 The District Manager serves at the pleasure of the Board. The Board will provide policy direction and instruction to the District Manager on matters within the authority of the Board during duly convened board meetings. Members of the Board will deal with matters within the authority of the District Manager through the District Manager and not through other District employees.

Duties of Board Clerk - new

1350.1 The Board Clerk performs a variety of professional and administrative duties in accordance with the Ralph M. Brown Act (open meetings), California Public Records Act, Political Reform Act of 1974 (conflict of interest), Elections Code, California Government Code, Health and Safety Code and District Regulations.

1350.2 Duties of the Clerk

The Clerk of the Board shall have the following duties:

1. Certify or attest to actions taken by the Board when required
2. Sign the minutes of the Board meeting following their approval

3. Sign the documents as directed by the Board, and sign all other items which require the signature of the Clerk
4. Manage the retention, retrieval and information requests for official documents ensuring compliance with the Public Records Act
5. Ensure ethics training requirement (AB 1234) compliance of District elected officials
6. Maintain compliance of the Brown Act through proper scheduling, notification and posting of meetings
7. Perform any other duties assigned by the Board or the District Manager
8. Perform any other duties required under law

1350.3 Responsibilities of the Clerk

The Clerk of the Board shall have the following responsibilities:

1. Respond to routine correspondence.
2. Prepare for Board meetings, including preparing meeting agendas and committee meeting agendas with the advice of the District Manager and the Board President, and providing public notice of Board meetings in accordance with state law.
3. Attend all Board meetings and ensure accurate minutes of each Board meeting are prepared and maintained.
4. Manage the processing/follow-up of all items approved by the District Board, through coordination with the District Manager and administrative staff, including minutes, resolutions, ordinances, contracts and agreements, deeds, grants of license affecting real property, etc., and provide for attestation of District signers and notary services, when required.
5. In coordination with San Luis Obispo County, act as District filing official for the District Board, 87200 filers and designated employees for the filing of Form 700 Statement of Economic Interests, ensuring compliance with the Fair Political Practices Commission.
6. Coordinate with San Luis Obispo County regarding elections requirements, including Notice of Elective Office(s) to be Filled, Notice of Election, Certificate of Appointment and Oath of Office, and Officeholder and Candidate Campaign Statement (Form 470).
7. Coordinate legal and compliance review of resolutions, ordinances, contracts and agreements with District Counsel. Maintain the codification of District ordinances, resolutions and policies.
8. Manage the history index of District Board actions undertaken by ordinances and resolutions and act as the custodian of the District Seal. Maintain the archive of District minutes, agendas, records and files.
9. Accept claims/subpoenas filed against the District, coordinate response through District Legal Counsel and insurance claim administrators, and fills public records requests.
10. Maintain Board records and other documents and reports as required by law.
11. Disseminate correspondence to Board directors.
12. Maintain the District website.

Legal Counsel and Auditor - new

1400.1 The Board of Directors shall appoint a Legal Counsel to assist the Board and District in all applicable issues and activities.

1400.1.1 Legal Counsel shall be the legal adviser of the District, including the Board as a whole and the District Manager. Legal Counsel shall perform such duties as may be prescribed by the Board of Directors. Such duties include, but are not limited to, providing legal assistance necessary for formulation and implementation of legislative

policies and projects; representing the District's interests, as determined by the District, in litigation, administrative hearings, negotiations and similar proceedings; and to keep the Board and District staff apprised of court rulings and legislation affecting the legal interest of the District. Legal Counsel is required to review and approve as to form District legal documents (i.e., ordinances, resolutions, agreements, etc.). The Legal Counsel shall present and report on all legal issues and closed session items before the Board. The Legal Counsel shall serve at the pleasure of the Board and shall be compensated for services as determined by the Board.

1400.1.2 Legal Counsel reports to the Board as a whole but is available to each Director for consultation regarding legal matters particular to that Board Member's participation. No Board Member may request a legal opinion of Legal Counsel without concurrence by the Board, except as such requests relate to questions regarding that member's participation. The Legal Counsel shall be available to the District Manager for consultation on applicable issues and activities.

1400.2 The District Auditor shall be appointed by the Board by a majority vote in a public meeting. The Board shall determine the duties and compensation of the Auditor. The Auditor shall serve at the pleasure of the Board. Selection of the Auditor shall be done in a noticed public meeting and at least every five years.

1400.2.1 The Board may appoint a committee to oversee the work of an independent auditor, who will report to the Board, to conduct an annual audit of the District's books, records, and financial affairs in accordance with state law and the Finance Committee Charter for Audit Compliance. The District Manager will install and maintain an accounting system that will completely, and at all times, show the financial condition of the District.

Committees of the Board of Directors - updated

1450.1 Committees: Committees may be established when it is apparent that issues are too complex and/or numerous to be handled by the entire Board. For ongoing major activities, standing committees may be established. For short-term activities, special (ad hoc) committees may be established and cease when the activities are completed. Committees recommend policy for approval by the entire Board. Committees make full use of Board Members' expertise, time and commitment, and ensure diversity of opinions on the Board. They do not supplant responsibility of each Board Member; they operate at the Board level and not the staff level.

There are situations that arise of significant import or consequence to the District or are time sensitive which require research, investigation, fact-finding or oversight from the Board and therefore can't await a regularly scheduled Board meeting. In such instances, the District Manager may convene a standing committee meeting, subject to affirmation of the Board President, and informing the full Board that a meeting is being scheduled. Such report of the meeting shall appear on the next regular Board meeting agenda with a written or oral report, and then appear in the Board minutes.

The Board, through its Board President, shall appoint members to committees as may be deemed necessary or advisable by themselves and/or the majority of the Board. The Board President shall publicly announce the members of the standing committees for the ensuing year no later than the Board's regular meeting in January. Committee appointments shall be ratified by the Board.

All matters referred to a committee will be thoroughly investigated by the committee. A committee will not have the power to act for the Board, except as the Board has specifically authorized an action, but will make recommendations to the Board. Any recommendations resulting from said review should be submitted to the Board via a written or oral report and shall be considered at a public meeting of the Board and appear in the Board minutes.

1450.2 Temporary (Ad Hoc) Advisory Committees: (new) The Board President shall appoint any such temporary advisory committees as may be deemed necessary or advisable by the President or the Board. The purpose of a temporary advisory committee and the time allowed to accomplish that purpose shall be outlined at the time of appointment. A temporary advisory committee shall be considered dissolved when its purpose has been accomplished or when the timeframe for its existence has expired, whichever occurs first.

1. A temporary advisory committee shall be comprised solely of members of the Board and shall consist of less than a majority of Board Members.
2. A temporary advisory committee may make recommendations to the Board. The Board may not delegate any decision-making power to a temporary advisory committee.
3. A temporary advisory committee shall meet on an as needed basis and shall not have a meeting schedule fixed by charter, ordinance, resolution, or formal action of the Board.

1450.3 Standing Committees: The following shall be standing committees of the Board: Budget, Finance, and Operations & Maintenance (O&M). The Board President shall appoint, and the Board shall ratify the members of the standing committees for the ensuing year no later than the Board's regular meeting in January. Standing committees may be assigned to review District functions, activities, and operations pertaining to their designated concerns, as specified below. Said assignment may be made by the Board President, a majority vote of the Board, or on their own initiative. Any recommendations from standing committees shall be submitted to the Board via a written or oral report. All meetings of standing committees are subject to the requirements of all applicable open meeting laws, including but not limited to the Brown Act.

1. **The Budget Committee** shall be concerned with overseeing the development of the budget.
2. **The Finance Committee** shall ensure accurate tracking/monitoring/accountability for funds, ensure adequate financial controls, and review major grants, loans and associated terms.
3. **The Operations & Maintenance (O&M) Technical Advisory Committee** shall be concerned with functions, activities and operations related to District sewer service including:
 - a. District sewer easements
 - b. Sewer encroachment applications
 - c. Project applications for District Will-Serves

All meetings of standing committees shall conform to all open meeting laws (e.g., "Brown Act") that pertain to regular and special meetings of the Board of Directors.

Guiding Principles – previously Code of Ethics 4010

1500.1 The Board of Directors of Cayucos Sanitary District is committed to providing excellence in legislative leadership resulting in the provision of the highest quality of services to its constituents. In order to assist in the orderly conduct and professional behaviors between and among members of the Board of Directors, the following rules shall be observed:

1. The dignity, style, values and opinions of each Director shall be respected.
2. Responsiveness and attentive listening in communication is encouraged.
3. The needs of the District's constituents should be the priority of the Board of Directors.
4. The primary responsibility of the Board of Directors is the formulation and evaluation of policy. Routine matters concerning the operational aspects of the District are to be delegated to the District Manager.
5. Directors should commit themselves to emphasizing the positive, avoiding double-talk, hidden agendas, gossip, backbiting, and other negative forms of interaction.
6. Directors should commit themselves to focusing on issues and not personalities. The presentation of the opinions of others should be encouraged. Cliques and voting blocs based on personalities rather than issues should be avoided.
7. Differing viewpoints are healthy in the decision-making process. Individuals have the right to disagree with ideas and opinions, but without being disagreeable. Once the Board of Directors takes action, Directors should commit to supporting said action and not creating barriers to implementation.

1500.2 Individual Member Attitudes:

1. I represent the needs of all citizens in the community.
2. I understand that authority is only with the Board as a whole and work hard to build and sustain an effective governance team.
3. I understand that our committees allow us to focus on one aspect and report our findings to the full Board.
4. I understand that manner and behavior make a difference.
5. I respect the diversity of perspective and styles on the Board, among the staff, and in the community.
6. I understand the roles and responsibilities of the Board.
7. I keep confidential material confidential.
8. I will follow and understand the District's mission, policies and guidelines.
9. I work hard and commit the time and energy required to be effective.

1500.3 Collective Attitudes:

1. We focus and remain on-task and consistent.
2. We communicate a common vision.
3. We operate with integrity and trust.
4. We treat everyone with respect and dignity.
5. We govern within Board policies, standards and ethics.
6. We take collective responsibility for the Board's performance.
7. We ensure that the multiple voices of the community inform Board deliberations.

1500.4 Board Responsibilities:

1. We set the direction.
2. We establish the structure.
3. We provide the support to the whole staff.
4. We ensure accountability.
5. We act as community leaders.

Code of Ethics & Values – approved in 2020 – see Employee Handbook

6110.1 Background Information: Cayucos Sanitary District designed its Code of Ethics & Values (the “Code”) to provide clear, positive statements of ethical behavior reflecting the core values of the District and the community it serves. The Code includes practical strategies for addressing ethical questions and a useful framework for decision-making and handling the day-to-day operations of the District. The Code is developed to reflect the issues and concerns of today's complex and diverse society.

6110.2 Goals of the Code of Ethics & Values:

1. To make Cayucos Sanitary District a better District built on mutual respect and trust.
2. To promote and maintain the highest standards of personal and professional conduct among all involved in District government, District staff, volunteers and members of the District's Board. All elected and appointed officials, officers, employees, members of advisory committees, and volunteers of the District are herein called “Officials” for the purposes of this policy.
3. The Code is a touchstone for members of District Board and staff in fulfilling their roles and responsibilities.

6110.3 Preamble:

1. The proper operation of democratic government requires that decision-makers be independent, impartial and accountable to the people they serve. The District has adopted this Code to promote and maintain the highest standards of personal and professional conduct in the District's government.
2. All officials, and others, who participate in the District's government are required to subscribe to this Code, understand how it applies to their specific responsibilities and practice its eight core values in their work. Because we seek public confidence in the District's services and public trust of its decision-makers, our decisions and our work must meet the most demanding ethical standards and demonstrate the highest levels of achievement in following this Code.

6110.4 Applicability:

This Code shall apply to all District Officials as defined in 6110.2 (2).

6110.5 Core Values:

As participatory Officials in the District's government, we subscribe to the following Core Values:

6110.5.1 As a representative of Cayucos Sanitary District, I will be ethical.

In practice, this value looks like:

- a) I am trustworthy, acting with the utmost integrity and moral courage. I am truthful. I do what I say I will do. I am dependable.
- b) I make impartial decisions, free of bribes, unlawful gifts, narrow political interests, financial, and other personal interests that impair my independence of judgment or action.
- c) I am fair, distributing benefits and burdens according to consistent and equitable criteria.

- d) I extend equal opportunities and due process to all parties in matters under consideration. If I engage in unilateral meetings and discussions, I do so without making voting decisions or any improper or unauthorized representations on behalf of the District.
- e) I show respect for persons, confidences, and information designated as "confidential."
- f) I use my title(s) only when conducting official District business for information purposes or as an indication of background and expertise, carefully considering whether I am exceeding or appearing to exceed my authority.
- g) I will avoid actions that might cause the public or others to question my independent judgment.
- h) I maintain a constructive, creative, and practical attitude toward the District's affairs and a deep sense of social responsibility as a trusted public servant.

6110.5.2 As a representative of Cayucos Sanitary District, I will be professional.

In practice, this value looks like:

- a) I apply my knowledge and expertise to my assigned activities and to the interpersonal relationships that are part of my job in a consistent, confident, competent and productive manner.
- b) I approach my job and work-related relationships with a positive, collaborative attitude.
- c) I keep my professional education, knowledge, and skills current and growing.

6110.5.3 As a representative of Cayucos Sanitary District, I will be service-oriented.

In practice, this value looks like:

- a) I provide friendly, receptive, courteous service to everyone.
- b) I attune to and care about the needs and issues of citizens, public officials and District workers.
- c) In my interactions with constituents, I am interested, engaged and responsive.

6110.5.4 As a representative of Cayucos Sanitary District, I will be fiscally responsible.

In practice, this value looks like:

- a) I make decisions after prudent consideration of their financial impact, taking into account the long-term financial needs of the District; especially its financial stability.
- b) I demonstrate concern for the proper use of District assets (e.g., personnel, time, property, equipment, funds) and follow established procedures.
- c) I make good financial decisions that seek to preserve programs and services for District residents.
- d) I have knowledge of and adhere to the District's policies

6110.5.5 As a representative of Cayucos Sanitary District, I will be organized.

In practice, this value looks like:

- a) I act in an efficient manner, making decisions and recommendations based upon research and facts, taking into consideration short- and long-term goals.
- b) I follow through in a responsible way, keeping others informed and responding in a timely fashion.
- c) I am respectful of established District processes and guidelines.

6110.5.6 As a representative of Cayucos Sanitary District, I will be communicative.

In practice, this value looks like:

- a) I positively convey the District's care for and commitment to its citizens.
- b) I communicate in various ways that I am approachable, open-minded, and willing to participate in dialog.
- c) I engage in effective two-way communication by listening carefully, asking questions, and determining an appropriate response which adds value to conversations.

6110.5.7 As a representative of Cayucos Sanitary District, I will be collaborative.

In practice, this value looks like:

- a) I act in a cooperative manner with groups and other individuals, working together in a spirit of tolerance and understanding.
- b) I work towards consensus building and gain value from diverse opinions.
- c) I accomplish the goals and responsibilities of my individual position, while respecting my role as a member of a team.
- d) I consider the broader regional and state-wide implications of the District's decisions and issues.

6110.5.8 As a representative of Cayucos Sanitary District, I will be progressive.

In practice, this value looks like:

- a) I exhibit a proactive, innovative approach to setting goals and conducting the District's business.
- b) I display a style that maintains consistent standards; but is also sensitive to the need for compromise, "thinking outside the box" and improving existing paradigms when necessary.
- c) I promote intelligent and thoughtful innovation in order to forward the District's policy agenda and District services.

6110.6 Enforcement: Any Official found to be in violation of this Code may be subject to censure by the District Board. Any member of any advisory committee found in violation may be subject to dismissal from the committee. In the case of an employee, appropriate action shall be taken by the District Manager or by an authorized designee.

Receipt of Gifts – approved in 2020 – see Employee Handbook

6150.1 An employee or his/her immediate family may not accept from, or provide to, individuals or companies doing or seeking to do business with the District, gifts, entertainment, and/or other services or benefits unless the transaction meets all of the following guidelines:

- It is customary and gives no appearance of impropriety and does not have more than a nominal value
- It does not impose any sense of obligation on either the giver or the receiver
- It does not result in any kind of special or favored treatment
- It cannot be viewed as extravagant, excessive, or too frequent considering all the circumstances including the ability of the recipient to reciprocate at District expense
- It is given and received with no effort to conceal the full facts by either the giver or receiver

Ethics Training - new

1540.1 All Directors, designated staff, and members of all commissions, committees and other bodies that are subject to the Brown Act shall receive two hours of training in general ethics principles and ethics laws relevant to public service within six months of election or appointment to the Board of Directors and at least once every two years thereafter, pursuant to Government Code §53234 and §53235, et seq., (AB 1234) as may be amended from time to time.

1540.1.1 All ethics training shall be provided by providers whose curricula have been approved by the California Attorney General and the Fair Political Practices Commission.

1540.1.2 Ethics training may consist of either a training course or a set of self-study materials with tests, and may be taken at home, in person, or online.

1540.1.3 Attendees shall obtain proof of participation after completing the ethics training. Applicable costs for attending the training shall be reimbursed by the District.

1550.1.3.1 District staff shall maintain records indicating both the dates that attendees completed the ethics training and the name of the provider that provided the training. These records shall be maintained for at least five years after the date of training and may be public records subject to disclosure under the California Public Records Act.

1540.1.4 District staff shall provide the prospective attendees with information on available training that meets the requirements of this policy at least once every year.

1540.1.5 A single training course may be used to satisfy the obligation to receive training for multiple agencies or positions.

Attendance at Meetings - new

1550.1 Members of the Board of Directors are expected to and shall attend all regular and special meetings of the Board unless there is good cause for absence.

1550.1.1 To be counted as present for any meeting, Board Members must be present for the duration of the meeting.

1550.1.2 Good cause for absence, including late arrivals or early departures, includes temporary illness or other unavoidable circumstances of which the President of the Board is notified prior to the meeting. Good cause also includes Board authorized meeting absences such as attendance at a conference directly related

to the functions and interests of the District or at the meeting of another public agency in order to participate in an official capacity.

1550.1.3 A Board Member who will be absent for good cause may notify the President by electronic transmission (email), telephone communication, or letter. The President shall notify the District Manager and the Board of all absences that are excused for good cause. The minutes shall indicate whether an absence was excused.

Education & Conferences – updated to current standards

1600.1 Members of the Board of Directors are encouraged to attend educational conferences, seminars, trainings and professional meetings when the purpose of any such activity is to improve District operation. There is no limit as to the number of Directors attending a particular activity when it is apparent that attendance is beneficial to the District, as long as a majority of the members of a body do not discuss issues related to their local agency's business. Directors shall not attend a conference or training event when it is apparent that there is no significant benefit to the District. Directors shall not attend or engage in any tour or journey for pleasure at public expense (e.g. "junkets" or other such events that are not beneficial to the District).

1600.2 It is the policy of the District to encourage Board development and excellence of performance by reimbursing actual expenses incurred for tuition, travel, lodging and meals as a result of training, educational courses, participation with professional organizations, and attendance at local, state and national conferences associated with the interests of the District. Cash advances or use of District credit cards for these purposes are not permitted.

1600.2.1 The District shall reimburse Directors for conference tuition and registration expenses, and for per diem expenses. Per diem expenses, when appropriate, shall include meals, lodging, and travel pursuant to District Travel Policy §4210. All expenses for which reimbursement is requested by Directors, or which are billed to the District by Directors, shall be submitted to the Administrative Accounting Manager, together with validated receipts. All reimbursements shall be made in accordance with applicable State and Federal law, including but not limited to Internal Revenue Service Guidelines.

1600.2.2 Attendance by Directors at seminars, workshops, courses, professional organization meetings, and conferences shall be approved by the Board of Directors prior to the District incurring any reimbursable costs.

1600.2.3 Expenses to the District for Board of Directors' training, education, and conferences should be kept to a minimum by utilizing recommendations for transportation and housing accommodations recommended by the District, and by:

- a) Utilizing hotel(s) recommended by the event sponsor in order to obtain discounted rates
- b) Traveling together whenever feasible and economically beneficial
- c) Requesting reservations sufficiently in advance, when possible, to obtain discounted air fares and hotel rates

1600.3 A Director shall not be reimbursed for expenses incurred at any educational conference, seminar, training, or professional meeting event if such event occurs after the District has announced that Director's pending resignation, or if such event occurs after an election in which it has been determined that the Director will not retain his or her seat on the Board.

1600.4 Upon returning from educational conferences, seminars, trainings, and professional meetings where expenses are reimbursed by the District, Directors will either prepare a written or verbal report for presentation at the next regular meeting of the Board. Said report shall detail what was learned at the session(s) that will be of benefit to the District. Materials from the session(s) may be delivered to the District office to be included in the District library for the future use of other Directors and staff.

Travel Policy – approved in 2020 – see Employee Handbook

4210.1 The purpose of these rules is to prescribe the procedures by which the District business traveler, that is Board Members and employees, hereinafter referred to as “travelers” shall report and be reimbursed for expenses incurred in connection with authorized travel on behalf of the District. The following policies are set forth to improve control and minimize cost.

4210.2 General Provisions:

1. Travel will be authorized only when the travel is necessary and in the best interest of the District. Reimbursement will be for actual, reasonable and necessary expenses incurred while on District business, but not to exceed established guidelines.
2. The most economical means of transportation will be used unless unusual circumstances require other alternatives.
3. Travelers should neither enrich themselves nor be required to utilize their own funds while traveling on District business unless they exceed the established guidelines.
4. Any alcoholic beverages consumed shall be paid for by the traveler and shall not be reimbursed.
5. All travel arrangements, including airline and rail ticketing, car rental and lodging reservation for District business travelers shall be made through the District Administration Office.
6. To the extent possible, the least expensive, most appropriate mode of transportation consistent with time and attendance requirements will be utilized.
7. To the extent possible, accommodations that are of good quality and in reasonable proximity to the traveler's destination shall be utilized.

4210.3 Administrative Responsibilities:

1. **District Manager Responsibility:** The District Manager is responsible for the administration of this Travel Policy and shall establish administrative procedures dealing with travel on District business. The District Manager shall authorize travel in accordance with the procedures set forth in this Policy. The District Manager shall recommend an amount to the District Board for inclusion in the annual budget. The District Manager shall retain the option to review travel expense records for approval or rejection.
2. **Administrative Accounting Manager's Responsibility:** The Administrative Accounting Manager shall audit and pay travel claims in accordance with this Travel Policy, subject to certification that the travel is

related to District business and approval of the District Manager of the travel expense records; and that the expenses are within limitations of this Policy and appropriated for said purpose in the annual District budget.

4210.4 Meals

4210.4.1 General:

- a) Meal expenses shall be those charges for food and non-alcoholic beverages actually purchased and consumed while on official District business provided the charges are not provided or complimentary with other expenses (i.e., conference, lodging, etc.).
- b) Meal expenses incurred will be reimbursed on an actual cost basis, which includes service gratuities. Each meal is to be accounted for separately. No cost in excess of the per-meal guideline amount shall be offset by another meal claimed at less than the established guideline amount.
- c) Under special circumstances, reimbursement may be allowed for meal costs exceeding the established guidelines, provided justification and copies of the restaurant bills are submitted, subject to the approval of the District Manager.

4210.4.2 Meal Rates:

- a) The following travel reimbursement rates are to be used effective as of July 1, 2021, for all individuals traveling under the District Travel Policy. These rates shall remain in effect until modified by the Board of Directors.
- b) Meals and incidentals must be claimed at the actual amount spent by a traveler on official District business. The District is not on a per diem system, but rather reimburses for each meal on an individual basis. Reimbursement shall be in accordance with the following rates:

MEALS AND INCIDENTAL EXPENSE (M&IE) BREAKDOWN	
Breakfast	\$17
Lunch	\$18
Dinner	\$31
Incidentals	\$5
*Based on FY 2021 Domestic Per Diem Rates Published by U.S. General Services Administration	

4210.4.3 Meals Purchased Within the County of San Luis Obispo:

- a) Normally, travelers will not be reimbursed within the County of San Luis Obispo while the traveler is engaged in his/her usual job duties. However, reimbursement may be allowed, at the discretion of the District Manager, under the following circumstances:
 - i. Attendance at a job-related conference, seminar, business meeting or workshop held within the County which extends over a mealtime and/or the business of the conference or meeting will be conducted during the meal. This presumes that a meal is not included nor provided at the conference, seminar or workshop.
 - ii. A District traveler will be reimbursed for meals purchased for non-District personnel when acting as an official representative of the District in hosting a business meeting which extends over a mealtime or when the business of the meeting will be conducted during the meal.

4210.5 Lodging

4210.5.1 General:

- a) Lodging expenses consist of those charges for overnight sleeping or dwelling accommodations required during travel for the conduct of official District business.
- b) Lodging is an allowable expense for the evening preceding an out-of-county meeting or business event when the traveler would have to leave his or her residence before 6:00 a.m. to arrive at the destination at the designated time and the duration of travel time is more than four (4) hours one way.
- c) Lodging is an allowable expense for the evening subsequent to an out-of-county meeting or business event when the duration of travel combined with the duration of the event for the same day would be more than eight (8) hours and the traveler would arrive at his or her residence after 8:00 p.m.

4210.5.2 Lodging Rates:

- a) Actual expense for lodging on authorized travel will be reimbursed up to a maximum guideline amount established by the Board, subject to the approval of the District Manager.
- b) A valid hotel receipt must accompany the reimbursement claim.
- c) In order to save time and local transportation and parking costs, this rate may also be appropriate for employees staying at conference host hotels.
- d) The maximum room (lodging) rates allowed in any area within California for a traveler on official District business will be in accordance with the per diem rates established annually by the U.S. General Services Administration and will depend upon the travel location.

4210.5.3 Shared Lodging:

- a) Family Member or Friend:
Where expense for a family member or friend is included on the receipt, the rate claimed must be the single occupancy rate. The double or multiple room rate is applicable only when all individuals sharing the room are authorized travelers eligible for reimbursement.
- b) Guests of Friends or Relatives:
When an employee remains overnight as a guest of friends or relatives while traveling on behalf of the District, no amount may be claimed for lodging expense.

4210.6 Transportation

4210.6.1 General:

- a) Transportation expenses are the direct costs related to movement of the traveler from the authorized point of departure to destination of travel and to the authorized point of return.
- b) Other transportation expenses include taxi, bus and streetcar fares; road, bridge and ferry tolls, parking fees and any other incidental costs directly related to transporting the traveler from his or her normal work location to temporary work location and return.
- c) Transportation expenses not covered include traffic and parking violations, emergency repairs on private or commercial automobiles, and travel for purposes of personal entertainment, sightseeing or pleasure.

4210.6.2 Travel by Automobile: When traveling by private vehicle, mileage reimbursement will be calculated based on the following criteria:

- a) During scheduled workdays, travel reimbursement is based upon the distance from the traveler's residence or normal designated workstation to his or her destination, whichever is less.

- b) During non-scheduled workdays, travel reimbursement is based upon the distance from the traveler's residence to his or her destination and return.
- c) Travel to and from a common carrier terminal or station is based upon the same criteria as in (1.) and (2.) above.

4210.6.3 Emergency Repair to and Fuel Costs for District Vehicles:

- a) Emergency repairs to District vehicles are defined as those repairs required when the vehicle is not operable in a safe manner.
- b) When emergency repairs are required on a District vehicle being operated within the county during normal business hours, the immediate supervisor and/or District Manager should be contacted prior to making any repair to the vehicle.
- c) When emergency repairs are required on a District vehicle being operated outside the county or at times other than normal business hours, persons may be reimbursed for the cost of emergency repairs or towing costs. For emergency towing or repairs in excess of \$75, the traveler shall attempt to obtain the prior approval of the employee's immediate supervisor (if available), otherwise, the District Manager.
- d) When a District vehicle must be refueled at a service station, the traveler must pay for the fuel with the credit card provided with the District vehicle and retain a receipt.

4210.6.4 Mileage Rates:

- a) District business travelers will be reimbursed for travel mileage incident to the authorized use of a privately owned vehicle on District business. Such reimbursement will be at the rate prescribed by IRS regulations, unless otherwise provided by Board resolution.
- b) Such reimbursement will be considered complete payment of actual and necessary expenses incident to the use of a privately owned vehicle, including insurance, repair and all other transportation related costs.
- c) Individuals shall not receive reimbursement for gasoline purchases in place of, or in addition to, the per mile reimbursement rate for private vehicles.

4210.6.5 Commercial Auto Rental:

- a) The size of the auto rented shall be the least expensive appropriate to the use required by the employee.
- b) Rental vehicles should be refueled before being returned to the rental agency if at all possible. A District credit card may be used for this expense.

4210.6.6 Taxi, Rideshare and Other Local Transportation:

- a) The cost of taxi, rideshare, or car fare to and from places of business, hotels, airports or railroad station in connection with business activities will be reimbursed by the District. Use of taxi or rideshare is permitted only when suitable, and more economical services are not reasonably available. Whenever available, a traveler must attempt to utilize existing hotel/motel van, shuttle or car services.
- b) Neither taxi nor rideshare will be used for travel to restaurants unless food service is not available at the hotel or motel of stay.
- c) All local transportation expenses must be accompanied by a receipt to be considered a legitimate reimbursable charge.

4210.6.7 Air Travel:

- a) The advance purchase of airline tickets shall be made through the District Administration Office and may be handled via a travel agency or directly through the individual airline.
- b) Travel using commercial airlines shall be by air coach using the lowest airline rates available.
- c) Reservations should be made as far in advance as possible to take advantage of any discounts available.
- d) Travel via commercial charter aircraft shall be investigated and limited to instances in which travel via scheduled airlines is impractical, more expensive or multiple District travelers are bound for the same destination.
- e) When making claims for reimbursement, the traveler should submit the last portion of his or her airline ticket.

4210.7 Business Expenses:

- 1. Actual and necessary business expenses are all expenses incidental to official travel other than transportation, lodging and meals. Receipts shall be required for all business expenses.
- 2. Business expenses shall not include the cost of discretionary items intended for the personal benefit or pleasure of the traveler, such as entertainment, barber and beauty shop charges or valet services. Business expenses normally include, but are not limited to, expenditures for the following:
 - a) Conference registration fees (when not paid in advance).
 - b) Telephone, fax and computer charges deemed necessary for transacting official District business.
 - c) Reasonable amounts paid to baggage handlers, porters and other service personnel.

4210.8 Reimbursement Claims, Credit Cards, Expenses Advances:

4210.8.1 Reimbursement Claims:

- a) **General:** Claims for reimbursement of authorized travel expenses must be submitted on a District Travel Reimbursement Form within five (5) workdays of completion of travel. All claims must be filled out completely and signed by the traveling individual and approved by the District Manager.
- b) **Expenses Not Requiring Receipts:** Parking fees, taxi fares, streetcar, bus, ferryboat and tolls for roads and bridges of less than \$10.00 each, however, there should be itemization on the District Travel Reimbursement Form.

4210.8.2 District Credit Cards:

- a) District credit cards may be used only for those necessary and allowable expenses contained in this Policy and properly claimed. District credit cards may not be used to obtain cash. Any penalty or excessive charges against the District due to unauthorized, misuse or negligence by the user of the card shall be borne by that individual.
 - i. Credit card vouchers (receipts/drafts) should contain a general description as to the nature of the purchase, including such items as motel or hotel room, transportation fares, breakfast, lunch, dinner, etc. Detailed receipts, as required by this Policy, must be attached.
 - ii. Credit card vouchers are essential for reconciling purchases with the credit card billing. When a voucher is lost, a duplicate must be ordered from the bank or the vendor. The charge to the District for this service may be charged to the traveler if determined that such traveler has a history or incidence of misplacing or losing receipts.
 - iii. The traveler must sign his or her name plainly on the credit card voucher, not "Cayucos Sanitary District".
- b) Should a credit card be lost or stolen, notify the District office and the credit card company immediately.

4210.8.3 Expense Advances:

- a) A traveler may receive expense advances for reimbursable travel expenses, in lieu of use of a District credit card, except for mileage.
- b) Travel advance requests must be signed by the traveler and immediate supervisor and be accompanied by all pertinent documentation which supports the need for the requested travel advance. The maximum advance shall be \$71.00 for each anticipated full day of meals (including incidentals) plus cost of lodging and conference registration fee, if not already prearranged and prepaid through the District Administrative Office.
- c) So they may be processed in a timely fashion, such requests are to be submitted to the District Administration Office at least five (5) business days before the intended date of departure to allow sufficient time for processing. Exception will be made when the need for the travel was unanticipated or arose with short notice.
- d) In all cases, once an expense advance has been made, the traveler must complete and submit an approved District Travel Reimbursement Form (along with all supporting vouchers and receipts) within five (5) business days following the completion of travel. If the advance exceeds the actual expense, a refund to the District must accompany the completed claim. If the trip is cancelled, the advance must be returned immediately.

4210.8.4 All documents related to reimbursable agency expenditures are public records subject to disclosure under the California Public Records Act.



Section 2:

BOARD MEETINGS

The Ralph M. Brown Act - new

2400.1 The California State Legislature adopted the Ralph M. Brown Act, commonly referred to as the Brown Act, in 1953. The Brown Act is contained in Government Code §54950, et seq. and is intended to provide public access to meetings of California government agencies. The Brown Act is broadly construed, and compliance is constitutionally mandated.

2400.2 All meetings of the Board of Directors shall comply with the Brown Act.

2400.2.1 Meetings occur whenever the majority of the Board of Directors meets to discuss District business.

2400.2.2 “Member of the Board” includes newly elected and appointed officials prior to assuming office.

2400.2.3 All Board meetings shall be open and freely accessible to the public, including those with disabilities.

2400.2.4 Meetings through the use of intermediaries, serial communications, or emails are prohibited.

2400.2.5 The Board shall only take action during a properly noticed meeting.

2400.3 Committees created by formal action of the Board shall comply with the Brown Act.

Meeting Agenda - new

2450.1 Agenda Preparation: The District Manager, in cooperation with the President of the Board and the Administrative Services Manager, shall prepare an agenda for each regular and special meeting of the Board of Directors in accordance with the Brown Act (California Government Code §54950).

2450.2 Agenda Descriptions: All Board agendas shall include an unambiguous description of each item on the agenda to be discussed, including closed session items. The District Manager shall ensure that the description gives notice to the public of the essential nature of business to be considered.

2450.3 Agenda Posting: Agendas for regular meetings shall be posted at least 72 hours in advance of the meeting and agendas for special meetings shall be posted at least 24 hours in advance of the meeting. The posting must occur in a place that is freely accessible to the public and on the District’s website. Internet posting shall occur on the District’s primary website homepage through a prominent, direct link to the current agenda.

2450.4 Agenda Packages: When distributing agenda packages and other materials to members of the Board of Directors, those materials shall be provided to all members at the same time. Agenda packages, except for closed session materials, shall also be made available to the public once distributed to the Board.

2450.5 Public Comment:

2450.5.1 For regular meetings the Board shall provide the public with an opportunity to address not only any item on the agenda, but any item within the subject matter jurisdiction of the District.

2450.5.2 For special meetings, the Board shall provide the public with an opportunity to address any item on the agenda.

2450.5.3 The Board may not prohibit public criticism, but shall control the order of the proceedings, including placing reasonable time limits on public comment.

2450.5.4 The Board may not require members of the public to give names or sign a register as a condition of attendance or speaking.

2450.6 Closed Sessions: The Board may conduct a closed session during a noticed meeting for certain matters, as identified on the agenda, where it is necessary to conduct business in private. Major reasons for permissible closed sessions, as authorized by the Brown Act, include real property transactions, labor negotiations, and pending litigation. The Board shall allow public comment on any closed session item before going into closed session.

2450.7 Items Not on the Agenda: The Board shall not discuss or take action on any item that does not appear on the posted agenda except that the Board may act on items not on the agenda to address emergency situations, subsequent need items, and hold-over items from a continued previous meeting held within the prior five days, pursuant to the Brown Act. The Board may also respond to public comments and make announcements.

Types of Board Meetings - new

2500.1 Regular Meetings: Regular meetings of the Board of Directors shall be held on the third Thursday of each calendar month at 5:00 pm in the Cayucos Sanitary District office, 200 Ash Avenue, Cayucos. The date, time and place of regular Board meetings may be reconsidered annually at the annual organizational meeting of the Board, or such other time as the Board may determine due to a change in District needs and circumstances.

2500.2 Special Meetings: Special meetings of the Board of Directors may be called by the Board President or by a majority of the Board.

2500.2.1 All Directors shall be notified of the special Board meeting and the purpose or purposes for which it is called. Notice of the meeting shall be in writing, received by them at least 24 hours prior to the meeting.

2500.2.2 An agenda shall be prepared and posted at least 24 hours before the meeting, as specified in Policy §2450 et. seq., and shall be delivered with the notice of the special meeting to the Board of Directors.

2500.2.3 Notice of the meeting shall be provided to any media outlet or person who has requested to receive notices of meetings by serving a copy of the agenda at least 24 hours before the meeting.

2500.2.4 Only those items of business listed in the call for the special meeting shall be considered by the Board at any special meeting.

2500.3 Emergency Meetings: In the event of an emergency situation involving matters upon which prompt action is necessary due to the disruption or threatened disruption of public facilities, the Board of Directors may hold an emergency special meeting without complying with the 24-hour notice requirement pursuant to Government Code Section 54956.5. An emergency situation means a crippling disaster which severely impairs public health, safety, or both, as determined by a majority of the Board.

2500.3.1 When possible, notice shall be provided to media outlets by telephone at least one hour before the meeting.

2500.3.2 Actions taken during an emergency meeting shall be by roll call vote.

2500.3.3 The Board may meet in closed session if agreed to by two-thirds vote of the members present, or if less than two-thirds are present, by unanimous vote.

2500.3.4 Following an emergency meeting, the minutes of the meeting, a list of persons notified or attempted to be notified of the meeting, and actions taken must be posted for ten (10) days in the District office.

2500.4 Adjourned Meetings: A majority vote of the quorum of the Board of Directors may adjourn any Board meeting at any place in the agenda to a time and place specified in the order of adjournment, except that if no quorum is present or no Directors are present at any regular or adjourned regular meeting, the Board president or District Manager may declare the meeting adjourned to a stated time and place. Notice of the adjourned meeting shall be posted on or near the location of the meeting within twenty-four (24) hours after the adjournment, and the adjourned meeting shall be noticed in the same manner as a special meeting.

2500.5 Annual Organizational Meeting: The Board of Directors shall hold an annual organizational meeting at its regular meeting in December. At this meeting, the Board will elect a President and Vice-President from among its members to serve during the coming calendar year, and will appoint the District Manager as the Board's Secretary.

Board Actions and Decisions - new

2550.1 Actions by the Board of Directors include but are not limited to the following:

1. Adoption or rejection of regulations or policies
2. Adoption or rejection of a resolution
3. Adoption or rejection of an ordinance
4. Approval or rejection of any contract or expenditure
5. Approval or rejection of any proposal which commits District funds or facilities, including employment and dismissal of personnel

6. Approval or disapproval of matters that require or may require the District or its employees to take action and/or provide services

2550.2 Action can only be taken by the vote of the majority of the Board of Directors. Three (3) Directors represent a quorum for the conduct of business.

2550.3 A member abstaining in a vote is considered as absent for that vote. A member abstaining due to a conflict of interest does not count towards a quorum.

1. Example: If three of five Directors are present at a meeting, a quorum exists, and business can be conducted unless the abstention is due to a conflict of interest. However, if one Director abstains on a particular action and the other two cast "aye" votes, no action is taken because a "majority of the Board" did not vote in favor of the action.
2. Example: If an action is proposed requiring a two-thirds vote and two Directors abstain, the proposed action cannot be approved because four of the five Directors would have to vote in favor of the action.
3. Example: If a vacancy exists on the Board and a vote is taken to appoint an individual to fill said vacancy, three Directors must vote in favor of the appointment for it to be approved. If two of the four Directors present abstain, the appointment is not approved.

2550.4 The Board may give directions that are not formal action. Such directions do not require formal procedural process. Such directions include the Board's directives and instructions to the District Manager.

2550.4.1 The President shall determine by consensus a Board directive and shall state it for clarification. Should any two Directors challenge the statement of the President, a voice vote may be requested.

2550.4.2 A formal motion may be made to place a disputed directive on a future agenda for Board consideration, or to take some other action (such as refer the matter to the District Manager for review and recommendation, etc.).

2550.4.3 Informal action by the Board is still Board action and shall only occur regarding matters that appear on the agenda for the Board meeting during which said informal action is taken.

2550.4.4 Nothing in this Policy prevents the Board from providing direction to the District Manager in response to public comments or under Board Member or District Manager comments, as allowed under the Brown Act. No vote or action shall be taken.

Keeping of the Minutes - updated

2600.1 Duty to Keep Minutes: The Secretary of the Board of Directors or their designee shall keep minutes of all regular and special meetings of the Board.

2600.1.1 Copies of a meeting’s minutes shall be distributed to Directors as part of the information packet for the next regular meeting of the Board, at which time the Board will consider approving the minutes as presented or with modifications. Once approved by the Board, the official minutes shall be kept in a fireproof vault or in a fire-resistant, locked cabinet.

2600.1.2 Unless directed otherwise, the District does not routinely audio or video tape record its regular and special meetings of the Board of Directors.

2600.1.3 Motions, resolutions or ordinances shall be recorded in the minutes as having passed or failed. The motion makers and individual votes will be recorded. A unanimous vote shall be recorded as a vote in favor by each member.

2600.1.4 All resolutions and ordinances adopted by the Board shall be numbered consecutively, starting anew at the beginning of each year.

2600.1.5 In addition to other information that the Board may deem to be of importance, the following information (if relevant) shall be included in each meeting’s minutes:

- Date, place and type of each meeting
- Directors present and absent by name
- Administrative staff present by name
- Call to order
- Time and name of late arriving Directors
- Time and name of early departing Directors
- Names of Directors absent during any agenda item upon which action was taken
- Approval of the minutes or modified minutes of preceding meetings
- Approval of financial reports
- Record of the vote of each Director on every action item for which the vote was not unanimous
- Record of all contracts and agreements, and their amendment, approved by the Board
- Approval of the annual budget
- Approval of all polices, rules and/or regulations
- Approval of all dispositions of District assets
- Approval of all purchases of District assets
- Time of meeting’s adjournment

Meeting Conduct - new

2650.1 Rules of Order: Meetings of the Board of Directors shall be conducted by the President in a manner consistent with District Policy §2700 “Rules of Order for Board and Committee Meetings” which shall be used as a general guideline for meeting protocol.

2650.2 Agenda Timing: All Board meetings shall commence at the time stated on the agenda and shall be guided by same. The placement of an item on the agenda shall not be deemed a requirement that the items proceed in any particular order. The Board President, with concurrence of a majority of the Board, may alter the order in which agenda items shall be considered for discussion and/or action by the Board.

2650.3 Conduct of Meetings: The following concepts shall be applied to Board meetings:

1. The meetings shall be conducted in an open and fair manner.
2. The public shall be given ample opportunity to participate in the meetings.
3. Due process principles shall apply to quasi-judicial proceedings, or as otherwise required by law.
4. The meetings shall proceed in a manner that enables the Board to consider problems to be solved and make wise decisions intended to solve the problems.
5. The Board may receive, consider and take any needed action with respect to reports of accomplishment of District operations.
6. Noticed public hearings shall be conducted in an orderly fashion, with the Board President establishing the order of the proceedings.
7. The Board may weigh and determine the credibility of evidence and public comment.

2650.4 Public Comment: Public comment on items on the agenda, and general public comment at a regular Board meeting for matters within the jurisdiction of the Board of Directors, shall be as follows:

2650.4.1 The Board President shall establish the time allotted to speakers and to each matter.

2650.4.2 No disruptive conduct shall be permitted at any Board meeting. Persistence in disruptive conduct shall be grounds for summary termination, by the Board President, of that person's privilege of address.

2650.5 Disruption of Meetings: Willful disruption of any of the meetings of the Board of Directors shall not be permitted. If the President finds that there is willful disruption of any meeting of the Board, they may do the following:

2650.5.1 Notify the disrupting parties to immediately stop the conduct and that they will be asked to leave the meeting if the behavior continues.

2650.5.2 If the behavior continues after notice, order the disrupting parties out of the room and conduct the Board's business without them present.

2650.5.3 In cases of extreme disruption, clear the room of all members of the public, and conduct the Board's business without them present.

2650.5.4 Duly accredited representatives of the news media, whom the President finds not to have participated in the disruption, shall be permitted to remain in the meeting.

Rules of Order for Conduct of Board and Committee Meetings - new

2700.1 General:

2700.1.1 Action items shall be brought before and considered by the Board by motion in accordance with this Policy. These rules of order are intended to be informal and applied flexibly. The Board prefers a flexible form of meeting and, therefore, does not conduct its meetings under formalized rules.

2700.1.1.1 If a Director believes order is not being maintained or procedures are not adequate, then they should raise a point of order - not requiring a second - to the President. If the ruling of the President is not satisfactory to the Director, then it may be appealed to the Board. A majority of the Board will govern and determine the point of order.

2700.2 Obtaining the Floor:

2700.2.1 Any Director desiring to speak should address the President and, upon recognition by the President, may address the subject under discussion.

2700.3 Motions:

2700.3.1 Any Director, including the President, may make or second a motion. A motion shall be brought and considered as follows:

2700.3.1.1 A Director makes a motion; another Director seconds the motion; and the President states the motion.

2700.3.2 Once the motion has been stated by the President, it is open to discussion and debate. After the matter has been fully debated, and after the public in attendance has had an opportunity to comment, the President will call for the vote.

2700.3.2.1 If the public in attendance has had an opportunity to comment on the proposed action, any Director may move to immediately bring the question being debated to a vote, suspending any further debate. The motion must be made, seconded, and approved by a majority vote of the Board.

2700.4 Secondary Motions: Ordinarily, only one motion can be considered at a time and a motion must be disposed of before any other motions or business are considered. There are a few exceptions to this general rule, though, where a secondary motion concerning the main motion may be made and considered before voting on the main motion.

2700.4.1 Motion to Amend: A main motion may be amended before it is voted on, either by the consent of the Directors who moved and seconded, or by a new motion and second.

2700.4.2 Motion to Table: A main motion may be indefinitely tabled before it is voted on by motion made to table, which is then seconded and approved by a majority vote of the Board.

2700.4.3 Motion to Postpone: A main motion may be postponed to a certain time by a motion to postpone, which is then seconded and approved by a majority vote of the Board.

2700.4.4 Motion to Refer to Committee: A main motion may be referred to a Board committee for further study and recommendation by a motion to refer to committee, which is then seconded and approved by a majority vote of the Board.

2700.4.5 Motion to Close Debate and Vote Immediately: As provided above, any Director may move to close debate and immediately vote on a main motion.

2700.4.6 Motion to Adjourn: A meeting may be adjourned by motion made, seconded, and approved by a majority vote of the Board before voting on a main motion.

2700.5 Decorum:

2700.5.1 The President shall take whatever actions are necessary and appropriate to preserve order and decorum during Board meetings, including public hearings. The President may eject any person or persons making personal, impertinent or slanderous remarks, refusing to abide by a request from the President, or otherwise disrupting the meeting or hearing.

2700.5.2 The President may also declare a short recess during any meeting.

2700.6 Amendment of Rules of Order:

2700.6.1 By motion made, seconded and approved by a majority vote, the Board may, at its discretion and at any meeting: a) temporarily suspend these rules in whole or in part; b) amend these rules in whole or in part; or, c) both.



Section 3:

EMPLOYMENT PRACTICES

Accommodations for Disability – approved in 2020 – see Employee Handbook

3100.1 The employment related provisions of the Fair Employment and Housing Act (“FEHA”) and the Americans with Disabilities Act (“ADA”) apply to all employees and job applicants seeking employment with the District. Under the ADA, a qualified individual with a disability is an individual who, with or without reasonable accommodation, can perform the essential functions of the position in which the individual is employed.

3100.2 The District will attempt to provide reasonable accommodation for known physical or mental disabilities if a job applicant or employee is otherwise qualified, unless undue hardship related to the necessity of business operations would result, in accordance with federal or state law. An applicant or employee who requires accommodation in order to perform the essential functions of the job should inform the District Manager, or his or her supervisor, to request an evaluation of such an accommodation. The District will participate in the interactive process with the employee in order to determine whether or not a reasonable accommodation, which does not present undue hardship to the District, exists.

The employee or applicant should contact his or her supervisor or the District Manager for further information.

Disciplinary Action/Demotion – approved in 2020 – see Employee Handbook

3110.1 The District expects all of its employees to act in the best interest of the District and its customers and residents. It is the responsibility of all employees to observe all rules, guidelines, and operating procedures of the District. The District further expects that each of its employees will act in a polite and professional manner when dealing with members of the public and other employees. These general rules of conduct, along with the “Examples of Unacceptable Conduct” listed below, are not meant to be all-inclusive, but rather to provide illustrations of acceptable conduct versus problematic conduct.

3110.2 Examples of Unacceptable Conduct. The following list presents examples of some of the types of unacceptable conduct that may result in disciplinary action, up to and including immediate termination. This list is not an exhaustive list of what conduct may result in discipline, but is merely meant to be illustrations of unacceptable conduct:

- Discourteous treatment of the public or fellow employees
- Use, possession, or being under the influence of alcohol or illegal drugs (including marijuana) while on duty or on District premises
- Habitual absence or tardiness
- Abuse of sick leave
- Disorderly conduct
- Incompetence or inefficiency
- Being wasteful of material, property, or working time
- Violation of any lawful or reasonable regulation or order made and given by an employee's supervisor
- Neglect of duty
- Dishonesty or fraud
- Misuse of District property

- Willful disobedience or insubordination
- Conduct unbecoming a District employee
- Violation of the District's Unlawful Harassment Policy
- Possession of firearms or dangerous weapons on District property
- Theft
- Falsifying records
- Any act or failure to act during or outside of work hours, which is detrimental to the best interest of the District as determined by the District Manager or the Board

The District also reserves the right to discipline an employee for unsatisfactory job performance including incompetence and/or inefficiency, permanent or chronic physical or mental ailment (including impairment from alcohol or drugs) or other condition which renders the employee unable to perform the essential duties of his or her job, or failure to satisfactorily perform job tasks or responsibilities.

3110.3 Prior to Disciplinary Action. Depending on the nature of the conduct or the performance deficiency, the District will generally give an employee an oral warning, which is corrective and is non-disciplinary in nature, prior to taking formal disciplinary action. An oral warning is encouraged but is not required before issuing formal disciplinary action.

An oral warning is a communication to an employee that his or her performance or behavior must be improved and failure to do so may result in discipline. An employee's supervisor or the District Manager may note the date, time, and content of oral warning, but no record of an oral warning shall be placed in the employee's personnel file unless subsequent disciplinary action is taken.

3110.4 Types of Disciplinary Action. Disciplinary action includes written warning, disciplinary probation, suspension, reduction in salary, demotion, or termination of employment.

3110.4.1 Written Warning: A formal written notice to an employee that further disciplinary action will be taken unless his or her performance or behavior improves. A copy of the written reprimand is given to the employee and the original is placed in the employee's personnel file. The employee must acknowledge receipt of the written warning by signing the letter at the time of presentation; this signature signifies only the receipt of the document; it does not signify the employee's agreement with the allegations.

3110.4.2 Disciplinary Probation: This form of disciplinary action lasts for a specified period of time not to exceed six (6) months. Employees on disciplinary probation may be terminated for failure to meet performance or behavior standards as provided in the employee's job classification.

3110.4.3 Suspension: The temporary removal of an employee from his or her duties without pay for disciplinary purposes for up to thirty (30) working days. Employees suspended from his or her employment with the District forfeit all rights, privileges, and salary with the exception of group health and life insurance benefits.

3110.4.4 Reduction in Salary: A decrease in salary paid to an employee for a specified period of time for disciplinary purposes.

3110.4.5 Demotion: The removal of an employee from a position to another position carrying a lower maximum rate of pay as a result of a disciplinary action.

3110.4.6 Discharge: The removal of an employee from District services, as provided for in these Guidelines.

3110.5 Disciplinary Notice/Appeal Procedure

This Section does not apply to at-will, probationary, temporary, or seasonal employees.

3110.5.1 Written Notice of Proposed Action

In the event the District imposes suspension, reduction in salary, demotion, or discharge the employee will be given a notice of the disciplinary action and an opportunity to respond.

1. Notice of Disciplinary Action

Whenever a suspension, reduction in salary, demotion, or discharge is to be taken against an employee, the employee shall be notified in writing of the proposed disciplinary action to be taken. The notice may be served upon the employee, either personally or by certified mail (if the employee is not at the work location), and shall contain the following information:

- a) A statement of the proposed disciplinary action to be taken.
- b) The specific policy, rule, or regulation which the employee is alleged to have violated and the factual basis for the violation.
- c) The reasons for the disciplinary action.
- d) A summary of the facts upon which the charges in the disciplinary action are based.
- e) A statement that a copy of all documents and materials upon which the disciplinary action is based is attached or available for inspection upon request.
- f) A statement advising the employee of the right to request a hearing.
- g) A date by which time the employee must respond in writing if he/she/they wishes to contest the action.
- h) Notice that if the employee fails to provide a written response or request a meeting within five (5) working days then the employee shall be deemed to have waived all rights to respond to the proposed disciplinary action and the proposed disciplinary action shall become final.

2. Notice of Suspension

Prior to the imposition of discipline as described in §§3110.4.1-3110.4.6 above, a regular employee shall be provided a written notice or “Skelly letter” by the employee’s supervisor or District Manager proposing to implement discipline which contains:

- a) Notice of the proposed action
- b) The reasons for the proposed action
- c) A copy of the charges and any materials upon which the proposed action is based
- d) Notice that the employee is entitled to an opportunity to respond within five (5) working days after the notice has been served upon employee to the charges orally or in writing, or both, personally or with a representative who may be an attorney
- e) The date and time of the response or “Skelly” meeting
- f) Notice that if the employee fails to attend the response meeting the employee shall be deemed to have waived all rights to said meeting and from appeal to any action taken

3110.5.2 Response Meeting/Skelly Hearing

No less than ten (10) business days after the notice has been served upon the employee, the employee shall have the opportunity to refute charges or present facts that may not be known at a “Skelly” Hearing. The employee may respond orally or in writing, personally or with a representative. Neither party shall be entitled to call witnesses or take testimony.

At the meeting, the District Manager may consider information contained in the charges and recommendations, as well as information presented by the employee or his or her representative.

3110.5.3 Post-Skelly Final Notice

Within ten (10) days after the Skelly Hearing, the appropriate authority shall: 1) dismiss the notice and take no disciplinary action against the employee; 2) modify the intended disciplinary action; or 3) prepare and serve upon the employee a final notice of disciplinary action.

The final notice of disciplinary action shall include the following:

- a) The disciplinary action taken
- b) The effective date of the disciplinary action taken
- c) Specific charges upon which the action is based
- d) A summary of the facts upon which the charges are based
- e) The written materials, reports and documents upon which the disciplinary action is based
- f) The employee’s right to appeal

If an employee fails to respond to the notice for a Skelly Hearing, the District Manager shall notify the employee in writing that his or her time to respond has expired and that the discipline shall be imposed.

Disciplinary action other than a suspension, demotion or termination (i.e., written or oral reprimands) shall not be subject to appeal. Disciplinary action consisting of a suspension, demotion or termination may be appealed by regular employees pursuant to §3110.5.2.

3110.5.4 Appeals of Disciplinary Action

Any regular employee shall have the right to appeal to the Board of Directors from any disciplinary action taken by the District Manager following a Skelly Hearing. Such appeal shall be in writing and must be filed with the District Manager within ten (10) business days after receipt of written notice of such disciplinary action. Failure to file an appeal within such period constitutes a waiver of right to appeal.

The Board of Directors shall conduct a hearing as provided above. Neither the provisions of this section or this Chapter shall apply to reductions in force or reductions in pay, which are part of a general plan to reduce or adjust salaries and wages. However, any reduction in pay is subject to the meet and confer process pursuant to Government Code §§3504.5 and 3505.

In the event the District Manager institutes the disciplinary action against an employee, he or she shall be disqualified from presiding at the appeal hearing. In such case, the hearing officer will be appointed by mutual agreement of the parties.

3110.5.5 Selection of Hearing Officer for Appeal of Disciplinary Action

If the District Manager is disqualified, the appeal shall be heard by a hearing officer with whom the District has contracted to conduct the hearing pursuant to these Guidelines. No hearing officer shall be compensated or evaluated, directly or indirectly, based upon the outcome of any hearing.

3110.5.6 Appeal Hearing

The District Manager, or the appointed hearing officer, shall conduct an appeal hearing within thirty (30) days of receipt of employee's request for appeal. The District Manager, or the appointed hearing officer, may continue the hearing either for the convenience of the District or for good cause upon written application of the appellant or District, for a period not to exceed an additional thirty (30) days from the receipt of the appeal. Written notice of the time and place of the hearing shall be conducted in accordance with the provisions of §11509 of the Government Code of the State of California, except that the appellant and other persons may be examined as provided in §19580 of said Government Code, and the parties may submit all proper and competent evidence against, or in support of the causes.

3110.5.7 Representation at Appeal

Any District employee, other than those appointed to supervisory, management, and confidential classifications, shall be permitted to represent another District employee or group of District employees at the hearing of the appeal. The appellant may appear in person or be represented by counsel (at the appellant's cost).

3110.5.8 Notices to Witnesses: Cost

The District Manager shall issue notice for the appearances of witnesses for the appellant upon their written request and at their cost. The District Manager may require such cost to be prepaid.

3110.5.9 Failure of Employee to Appear at Appeal Hearing

Failure of the appellant to appear at the hearing, without the prior written approval of the hearing officer, shall be deemed a withdrawal of his or her appeal and the action of the District Manager or Board of Directors shall be final.

3110.5.10 Decision on the Appeal

The District Manager or appointed hearing officer shall render a written decision within thirty (30) days after concluding the hearing. The decision shall be final and conclusive. A copy of such decision shall be forwarded to the appellant. If the disciplinary action taken against the employee is reversed or modified by the District Manager or an appointed hearing officer, the employee will be compensated for the time lost, if any, that resulted from the reversed disciplinary action.

Equal Opportunity – approved in 2020 – see Employee Handbook

3160.1 The District employs persons having the best available skills to efficiently provide high quality service to the public.

3160.2 The District provides equal opportunity for all persons in all aspects of employment, including recruitment, selection, promotion, transfer, training, compensation, educational assistance, benefits, discipline, working conditions, reduction in force, reinstatement, and all other matters of employment.

Such equality of opportunity shall be based solely on job related knowledge, skills, and job performance, and shall be without discrimination because of race, color, religion, national origin, sex, age, sexual orientation, handicap, veteran status, or any other factor unrelated to job performance.

Grievance Procedure – approved in 2020 – see Employee Handbook

3170.1 This Policy shall apply to all non-contract regular employees in all classifications.

3170.2 The purpose of this Policy is to provide a procedure by which an employee may formally claim that he or she has been affected by a violation, misapplication, or misinterpretation of a law, District policy, rule, regulation, or instruction.

3170.3 Specifically excluded from the grievance procedure are subjects involving the amendment of state or federal law, resolutions adopted by the District’s Board of Directors, ordinances or minute orders, including decisions regarding wages, hours, and terms and conditions of employment, and claims or complaints of alleged discrimination or harassment (as there is an alternate procedure for those complaints).

3170.4 Grievance Procedure Steps

3170.4.1 Level I, Preliminary Informal Resolution. Any employee who believes he or she has a grievance shall present the evidence thereof in writing to the District Manager within thirty (30) calendar days after the employee knew, or reasonably should have known, of the circumstances which form the basis for the alleged grievance. The District Manager shall hold discussions with the employee within five (5) working days and attempt to resolve the matter within ten (10) working days after the discussions. The District Manager shall provide a written decision to the employee and the President of the Board of Directors as appropriate, either denying or granting the employee’s grievance. It is the intent of this informal meeting that at least one (1) personal conference be held between the employee and the immediate supervisor. If the grievance is against the employee’s supervisor, the employee may skip Level I and advance to Level II, provided that they comply with all applicable time limits and other requirements for Level I (i.e., the employee must still file the initial grievance within 30 calendar days).

3170.4.2 Level II, District Manager. If the employee is not satisfied with the discussions and informal attempts to resolve the matter, the grievant may appeal his or her grievance in writing on a form provided by the District (see Form “B” in the Employee Handbook) to the District Manager within ten (10) working days after the District Manager has issued his/her/their written decision.

3170.4.2.1 The statement shall include the following:

- a) A concise statement of the grievance including specific reference to any law, policy, rule, regulation, and/or instruction deemed to be violated, misapplied, or misinterpreted
- b) The circumstances involved
- c) The decision rendered by the District Manager at Level I, if any

- d) The dates when: (i) the grievance was first discussed with the immediate supervisor; (ii) the first decision was issued, and (iii) the employee submitted the appeal to the first decision
- e) The specific remedy sought

3170.4.2.2 The District Manager shall communicate his or her decision within ten (10) calendar days after receiving the grievance. Decisions will be in writing setting forth the decision and the reasons therefore and will be transmitted promptly to all parties in interest. If the District Manager does not respond within the time limits, the grievant may appeal to the next level. Time limits for appeal shall begin the day following receipt of the District Manager’s written decision. Within the above time limits, either party may request a personal conference with the other. If a personal conference is requested, the District Manager shall have ten (10) calendar days from the date of the conference to issue his or her decision.

3170.4.3 Level III, Board of Directors’ Personnel Committee. In the event the grievant is not satisfied with the District Manager’s decision at Level II, the grievant may appeal the decision in writing on a form provided by the District to the District Board of Directors’ standing Personnel Committee within five (5) days. The statement shall include a copy of the original grievance; a copy of the written decision by the District Manager; and a clear, concise statement of the reasons for the appeal to Level III.

3170.4.3.1 The Personnel Committee shall, as soon as possible, schedule a closed session hearing pursuant to Government Code Section 54957 to formally receive the written grievance and the answers thereto at each step and to hear evidence regarding the issue or issues. The Committee may continue the hearing if it is deemed necessary. The Committee shall render its decision in writing within thirty (30) days of the conclusion of the hearing. The decision of the Personnel Committee shall be final.

3170.5 Basic Rules

3170.5.1 If an employee does not present the grievance, or does not appeal the decision rendered regarding the grievance within the time limits specified above, the grievance shall be considered resolved and no further appeal will be allowed

3170.5.2 By agreement in writing, the parties may extend any and all time limitations specified above.

3170.5.3 The District Manager may temporarily suspend the grievance processing on a District-wide basis in an emergency situation. Employees covered by this Policy may appeal this decision to the Board of Directors.

3170.5.4 A copy of all formal grievance decisions shall be placed in the employee's permanent personnel file.

3170.6 Expungement of Written Reprimands: A written reprimand may be expunged upon sustained corrective behavior, as determined by the District Manager, after a period of three (3) years from the date of the reprimand. It is the responsibility of the employee to request that his or her personnel file be purged of the written reprimand.

3170.6.1 The District Manager will consider the following factors in making his or her decision to expunge a written reprimand:

- a) whether the employee received further discipline of any kind
- b) employee’s performance evaluation reviews are at least satisfactory in all categories

- c) that only one (1) expungement can occur during their employment with the District

3170.7 Compliance: Prior to pursuing remedies provided by law, employees must first comply with the District's grievance policies.

Inclusive Workplace Policy – approved in 2020 – see Employee Handbook

3180.1 Purpose: The District is dedicated to maintaining a safe and productive workplace environment for all employees. This Policy sets forth guidelines to address the needs of transgender and gender non-conforming employees and clarifies how the law should be implemented in situations where questions may arise about how to protect the legal rights or safety of such employees. This inclusive workplace policy does not anticipate every situation that might occur with respect to transgender or gender non-conforming employees, and the needs of each transgender or gender non-conforming employee must be assessed on a case-by-case basis. However, in all cases, the goal is to ensure the safety, comfort, and healthy development of transgender or gender non-conforming employees while maximizing the employee's workplace integration and minimizing stigmatization of the employee.

3180.2 Definitions: The definitions provided within this Policy are not intended to label employees but rather to assist in understanding this Policy and the legal obligations of employers. Employees may or may not use these terms to describe themselves.

3180.2.1 Transgender. Transgender is a term used to describe people whose gender identity differs from the sex they were assigned at birth.

3180.2.2 Gender expression. Gender expression is defined by the law to mean a person's gender-related appearance and behavior whether or not stereotypically associated with the person's assigned sex at birth. It includes an individual's characteristics and behaviors (such as appearance, dress, mannerisms, speech patterns, and social interactions) that may be perceived as masculine or feminine.

3180.2.3 Gender identity. Gender identity is a person's internal understanding or sense of being male, female, or something other or in-between, regardless of the sex they were assigned at birth. Each person has a gender identity.

3180.2.4 Gender non-conforming. Gender non-conforming is a term that describes people who have, or are perceived to have, gender characteristics and/or behaviors that do not conform to traditional or societal expectations.

3180.2.5 Transitioning. Transitioning is a process some transgender people go through to begin living as the gender with which they identify, rather than the sex assigned to them at birth. This process may include, but is not limited to, changes in name and pronoun usage, facility usage, participation in employer-sponsored activities or undergoing hormone therapy, surgeries, or other medical procedures.

3180.4 Right to Privacy: Transgender employees have the right to discuss their gender identity or expression openly, or to keep that information private. The transgender employee can decide when, with whom, and how much to share of their

private information.

Management, human resources staff, and coworkers should avoid revealing an employee's transgender status or gender non-conforming presentation to others without the transgender employee's consent and should only do so with coworkers who need to know to do their jobs.

3180.5 District Records: The District will change an employee's official employment record to reflect a change in name and/or gender upon request from the employee to the extent it is possible. Please note that certain types of records, like those relating to payroll and retirement accounts, may require a legal name change before the person's name can be officially changed. However, to the extent possible, the District will work to reflect an employee's preferred name on District records without proof of a legal name change.

3180.5.1 Name/Pronoun. A transgender employee has the right to be addressed by the name and pronoun corresponding to the employee's gender identity. District employment records will also be changed to reflect the employee's new name and gender, to the extent possible, upon the employee's request.

3180.6 Transitioning: Employees who transition during their employment with the District can expect the support of management. Management will work with each transitioning employee individually to ensure a successful workplace transition.

3180.7 Restroom Accessibility: All employees have a right to safe and appropriate restroom facilities, including the right to use a restroom that corresponds to the employee's gender identity or gender expression, regardless of the employee's sex assigned at birth. Employees shall have access to the restroom corresponding to their gender identity or gender expression. Any employee who has a need or desire for increased privacy, regardless of the underlying reason, will be provided access to a unisex single-stall restroom, if available. No employee, however, shall be required to use such a restroom.

3180.8 Locker Room Accessibility: All employees have the right to use the locker room that corresponds to their gender identity or gender expression, regardless of the employee's sex assigned at birth. Any employee who has a need or desire for increased privacy, regardless of the underlying reason, can be provided with a reasonable alternative changing area such as the use of a private area, or using the locker room that corresponds to their gender identity or gender expression before or after other employees. Any alternative arrangement for a transgender employee will be provided in a way that allows the employee to keep their transgender status confidential.

3180.9 Dress Code: The District does not have a dress code that restricts employees' clothing or appearance on the basis of gender. Transgender and gender non-conforming employees have the right to comply with District's dress code in a manner consistent with their gender identity or gender expression.

3180.10 Discrimination/ Harassment: It is unlawful and violates the District's Policy to discriminate in any way against an employee because of the employee's actual or perceived gender identity and/or gender expression. Additionally, it also is unlawful and contrary to this Policy to retaliate against any person objecting to, or supporting enforcement of legal protections against, gender identity and/or gender expression discrimination in employment.

3180.10.1 Investigation: Any incident of discrimination, harassment, or violence based on gender identity or expression will be given immediate and effective attention, including, but not limited to, investigating the incident, taking suitable corrective action and providing employees and staff with appropriate resources.

3180.10.2 Complaint: Any employee who believes they are the victim of unlawful harassment or discrimination

based on gender identity or gender expression shall promptly file a complaint with the District Manager. The process for filing a complaint is outlined in Policy §3170.

3180.11 Statutory and National Policy Requirements: The District has received an award of Federal funding and is required to comply with U.S. statutory and public policy requirements, including but not limited to:

1. **Section 504 of the Rehabilitation Act of 1973:** Under Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), no handicapped individual in the United States shall, solely by reason of their handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Agency financial assistance.
2. **Civil Rights Act of 1964:** All recipients are subject to, and facilities must be operated in accordance with, Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) and 7 CFR 1901, Subpart E, particularly as it relates to conducting and reporting of compliance reviews. Instruments of conveyance for loans and/or grants subject to the Act must contain the covenant required by Paragraph 1901.202(e) of this Title.
3. **The Americans with Disabilities Act (ADA) of 1990:** This Act (42 U.S.C. 12101 et seq.) prohibits discrimination on the basis of disability in employment, State and local government services, public transportation, public accommodations, facilities, and telecommunications.
4. **Age Discrimination Act of 1975:** This Act (42 U.S.C. 6101 et seq.) provides that no person in the United States shall on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.
5. **Limited English Proficiency (LEP) under Executive Order 13166:** LEP statutes and authorities prohibit exclusion from participation in, denial of benefits of, and discrimination under Federally assisted and/or conducted programs on the ground of race, color, or national origin. Title VI of the Civil Rights Act of 1964 covers program access for LEP persons. LEP persons are individuals who do not speak English as their primary language and who have a limited ability to read, speak, write, or understand English. These individuals may be entitled to language assistance, free of charge. The recipient must take reasonable steps to ensure that LEP persons receive the language assistance necessary to have meaningful access to USDA programs, services, and information the recipient provides. These protections are pursuant to Executive Order 13166 entitled, "Improving Access to Services by Persons with Limited English Proficiency" and further affirmed in the USDA Departmental Regulation 4330-005, "Prohibition Against National Origin Discrimination Affecting Persons with Limited English Proficiency in Programs and Activities Conducted by USDA."

Smoke-Free Workplace – approved in 2020 – see Employee Handbook

- 7120.1** Smoking is prohibited within the buildings, facilities and vehicles of Cayucos Sanitary District. Those who smoke are requested to do so outdoors away from entrances or windows of buildings and covered parking lots. Smoking is only permitted during scheduled break and/or lunch periods.
- 7120.2** Extra care should be taken when working around combustible materials, or out in the field near equipment or supplies.

7120.3 Personnel who smoke in the field should use extreme caution and dispose of cigarettes in a responsible and safe manner, not littering or throwing residual parts on the ground or street or areas of drains, etc.

Substance Abuse/Drug-Free Workplace – approved in 2020 – see Employee Handbook

7130.1 The purpose of this Policy is to assure worker fitness for duty and to protect District employees and the public from risks posed by the use of alcohol and controlled substances.

The District recognizes that the use of alcohol and/or controlled substances in the workplace is not conducive to safe working conditions. In order to promote a safe, healthy and productive work environment for all employees, it is the objective of the District to have a work force that is free from the influence of alcohol and controlled substances.

This Policy is intended to assure that no employee with an alcohol or drug problem will have his/her/their job security or promotional opportunities jeopardized by a request for help.

7130.1.1 Applicability: This Policy applies to all employees when they are on District property or when performing any District related business. It also applies to off-site lunch periods and breaks when an employee is scheduled to return to work.

7130.1.2 Prohibited Substances: “Prohibited substances” addressed by this Policy include the following:

- a) **Drugs:** marijuana, amphetamines, opiates, phencyclidine (PCP) and cocaine.
- b) **Alcohol:** The use of beverages or substances, including any medication, containing alcohol such that it is present in the body while actually performing, ready to perform, or immediately available to perform any District business is prohibited. “Alcohol” is defined as: the intoxicating agent in beverage alcohol, ethyl alcohol, or other low molecular weight alcohol, including methyl or isopropyl alcohol.
- c) **Legal Medications:** Using or being under the influence of any legally prescribed medication(s), or non-prescription medication(s) while performing District business or while on District property is prohibited to the extent that such use or influence affects job safety or effective and efficient job performance. This prohibition includes the use of medically prescribed marijuana. An employee who feels their performance of work-related duties may be impaired by use of any legal substance which carries a warning label that indicates that mental functioning, motor skills and/or judgment may be adversely affected should report it to their supervisor, and medical advice should be sought before performing work-related duties. In the above instance, an employee using legal prescribed medication or non-prescription medication may continue to work if the supervisor determines that the employee does not pose a safety threat and that job performance is not affected by such use.

7130.1.3 Prohibited Conduct:

- a) **Manufacture, Trafficking, Possession and Use:** Engaging in unlawful manufacture, distribution or dispensing of a controlled substance or alcohol on District premises, in a District vehicle or while conducting District business off the premises is absolutely prohibited. Violation may result in termination. Law enforcement shall be notified, as appropriate, where criminal activity is suspected. Engaging in unlawful possession or use of a controlled substance or alcohol on District premises, in a District vehicle or while

conducting District business off the premises is absolutely prohibited. Violation will result in removal from duty and may result in discipline up to and including termination of employment.

- b) **Impaired/Not Fit for Duty:** Any employee who is reasonably suspected of being impaired, under the influence of a prohibited substance, or not fit for duty shall be removed from job duties and be required to undergo a reasonable suspicion controlled substance or alcohol test. Employees failing to pass this reasonable-suspicion controlled substance or alcohol test shall remain off duty. A controlled substance or alcohol test is considered positive (failed) if the individual is found to have a quantifiable presence of a prohibited substance in the body.
- c) **Alcohol Use:** No employee may report for duty or remain on duty when their ability to perform assigned functions is adversely affected by alcohol. No employee shall use alcohol during working hours. Violation of this provision is prohibited and will subject the employee to disciplinary action, including removal from duty.
- d) **Compliance with Testing Requirements:** Any employee who refuses to comply with a request for testing, who provides false information in connection with a test or who attempts to falsify test results through tampering, contamination, adulteration, or substitution shall be removed from duty immediately. Refusal to submit to a test can include an inability to provide a urine specimen or breath sample without a valid medical explanation, as well as a verbal declaration, obstructive behavior or physical absence resulting in the inability to conduct the test.
- e) **Voluntary Admittance:** All employees who feel they have a problem with controlled substances and/or alcohol may request voluntary admission to a rehabilitation program. Requests must be submitted to the District Manager for review. Program costs and subsequent controlled substance and/or alcohol testing costs will be paid by the employee. Participants in the rehabilitation program may use accumulated sick leave, vacation and floating holidays, if any.

7130.1.4 Notifying the District of Criminal Drug Conviction: Pursuant to the "Drug Free Workplace Act of 1988," any employee who fails to immediately notify the District of any criminal controlled substance statute conviction shall be subject to disciplinary action, up to and including termination of employment.

7130.1.5 Proper Application of the Policy: The District is dedicated to assuring fair and equitable application of this Substance Abuse Policy. Therefore, supervisors are required to administer all aspects of the policy in an unbiased and impartial manner. Any supervisor who knowingly disregards the requirements of this Policy, or who is found to deliberately misuse the Policy with respect to his/her subordinates shall be subject to disciplinary action, up to and including termination of employment.

7130.1.6 Testing for Prohibited Substances:

Any employee who has a confirmed positive controlled substance or alcohol test will be removed from duty.

The District affirms the need to protect individual dignity, privacy and confidentiality throughout the testing process.

Circumstances under Which Employees May be Tested:

- a) **Pre-Employment Testing:** All job applicants who have been offered District employment, shall undergo urine-controlled substance testing prior to employment. Receipt of a satisfactory test result is required prior to employment and failure of a controlled substance test will disqualify the candidate from further

consideration for employment. Probationary employees who receive a positive alcohol and/or substance abuse test will fail to complete the District's probationary period.

- b) **Reasonable Suspicion Testing:** All employees will be subject to urine and/or breath testing when there is a reason to believe that controlled substances or alcohol use is adversely affecting job performance. A reasonable suspicion referral for testing will be made on the basis of documented objective facts and circumstances which are consistent with the effects of substance abuse. Examples of reasonable suspicion include, but are not limited to, the following:

- Adequate documentation of unsatisfactory work performance or on-the-job behavior
- Physical signs and symptoms consistent with prohibited substance use
- Occurrence of a serious or potentially serious accident that may have been caused by human error
- Fights (i.e., physical contact), assaults and flagrant disregard or violations of established safety, security, or other operational procedures

Reasonable-suspicion determinations will be made by a supervisor who reasonably concludes that an employee may be adversely affected or impaired in their work performance due to prohibited substance abuse or misuse.

- c) **Post-Accident Testing:** Employees will be required to undergo controlled substance and/or breath alcohol testing if they are involved in an accident with a District vehicle that results in a fatality. This includes all employees who are on duty in the vehicles. In addition, a post-accident test will be conducted if an accident results in injuries requiring transportation to a medical treatment facility; or where one or more vehicles incurs disabling damage that requires towing from the site; or the employee receives a citation under State or local law for a moving traffic violation arising from the accident.

Following an accident, the safety-sensitive employee will be tested as soon as possible, but not to exceed eight (8) hours for alcohol and thirty-two (32) hours for controlled substances. Any employee who leaves the scene of the accident without appropriate authorization prior to submission to controlled substance and alcohol testing will be considered to have refused the test and be subject to termination of employment. Post-accident testing will include not only the operation personnel, but any other employees whose performance could have contributed to the accident.

- d) **Records Retention:** The District shall maintain complete records of alcohol and/or controlled substance test results for each employee in a secure location with controlled access. Records will be kept for a minimum of five (5) years regarding the following: driver alcohol tests; positive controlled substance tests; documentation on refusals to take alcohol or controlled substance tests; and employee evaluations and referrals.

7130.1.7 Test Related Time Off Work Provisions: Any employee who is relieved from duty due to a positive drug or controlled substance test must use accumulated compensated leave (i.e., vacation, sick leave, administrative leave, personnel necessity leave or floating holidays, if any) during the regularly scheduled work time missed. If the employee has insufficient accumulated compensated leave to cover the regularly scheduled work time missed due to a positive alcohol or controlled substance test, such time shall be without pay. In the event there is a false positive test the District, upon verification, will compensate the employee for any regularly scheduled work time missed as a result thereof.

7130.2. Random Testing:

Cayucos Sanitary District reserves the right to institute random drug/alcohol testing at any time, utilizing an outside compliance company.

Unlawful Harassment – approved in 2020 - see Employee Handbook

3210.1 Harassment and discrimination in employment on the basis of sex, race, color, national origin, ancestry, citizenship, religion (including religious dress and grooming practices), age (40 and over), physical or mental disability, medical condition, sexual orientation, gender identity or gender expression, veteran status, marital status, registered domestic partner status, genetic information, or any other protected basis is prohibited by federal and state law. The District does not tolerate unlawful discrimination or harassment in the workplace or in a work-related situation. Unlawful discrimination and harassment are a violation of these Guidelines. §3210 shall also include and apply to members of the District Board of Directors, independent contractors, unpaid interns, volunteers, persons providing services to the District pursuant to a contract, and other persons with whom District employees may come into contact while working.

Pursuant to Government Code §12950.1, all employees and Board Members must complete a Harassment Training course. Supervisory positions and Board Members shall complete a comprehensive two (2) hour course and all other staff members shall complete a one (1) hour course within six months of hire, election or appointment, and then at least once every two (2) years.

3210.2 Unlawful harassment in employment may take many forms. Some examples include, but are not limited to:

- Verbal conduct such as epithets, derogatory comments, slurs, or unwanted comments and jokes
- Visual conduct such as derogatory posters, cartoons, drawings, or gestures
- Physical conduct such as blocking normal movement, restraining, unwanted touching, or otherwise physically interfering with work of another individual
- Threatening or demanding that an individual submit to certain conduct or to perform certain actions in order to keep or get a job, to avoid some other loss, or as a condition of job benefits, security, or promotion
- Retaliation by any of the above means for having reported harassment or discrimination, or having assisted another employee to report harassment or discrimination
- Communication via electronic media of any type that includes any conduct that is prohibited by state and/or federal law or by District policy

Please note that prohibited harassment is not just sexual harassment, but harassment based on any protected category.

3210.3 Sexual harassment under state and federal laws is defined as unwelcomed sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature when:

- Submission to such conduct is made either explicitly or implicitly as a term or condition of an individual's employment
- Submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting such individual
- Such conduct has the purpose or effect of substantially interfering with a person's work performance or creating an intimidating, hostile, or offensive work environment; or adversely affected the employee's performance, appraisal, assigned duties, or any other condition of employment or career development
- Such conduct is offered in order to receive special treatment or in exchange for or in consideration of any personal action

3210.4 Prohibited acts of sexual harassment can take a variety of forms ranging from unwanted verbal or physical actions from subtle pressure for sexual activity to physical assault. Sexual harassment conduct need not be motivated by sexual desire to be unlawful or to violate this Policy. For example, hostile acts toward an employee because of his/her gender can amount to sexual harassment, regardless of whether the treatment is motivated by sexual desire.

Examples of the kinds of conduct included in the definition of sexual harassment are:

3210.4.1 Direct or indirect threats or suggestions of sexual relations or sexual contact which is not freely or mutually agreeable to both parties.

3210.4.2 Continual or repeated verbal abuses of a sexual nature including graphic commentaries on the person's body; sexually suggestive objects or pictures placed in the work area that may embarrass or offend the person, sexually degrading words to describe the person, or propositions of a sexual nature.

3210.4.3 The following is a list of some, but not all, actions employees are to avoid that could be interpreted as sexual harassment:

- Unwelcome sexual advances and propositions
- Offensive flirtations with sexual overtones
- Sexual innuendo
- Obscene and suggestive comments
- Humor or jokes about sex or gender specific traits
- Sexual or graphic comments about an individual's body, dress, or overall appearance
- Sexually suggestive or explicit graffiti, illustrations, visual or printed material in the workplace, including inappropriate emails, internet sites, and social media postings

3210.5 Abusive conduct or workplace bullying of the District's employees, by any person in or from the work environment, is strictly prohibited. Abusive conduct or workplace bullying is the conduct of any employer or employee in the workplace, with malice, that a reasonable person would find hostile, offensive, and unrelated to an employer's legitimate business interest. Abusive conduct or workplace bullying includes, but is not limited to:

- Repeated infliction of verbal abuse
- Derogatory remarks, insults, epithets
- Verbal or physical conduct that a reasonable person would find threatening, intimidating, or humiliating
- Gratuitous sabotage or undermining of a person's work performance

3210.6 Policy Publicizing: All employees shall be informed of the District's Unlawful Harassment Policy and complaint process prior to their need to know, and again when any complaint is filed. Also, said Policy and complaint process shall be readily available to all employees and members of the general public utilizing the District's facilities and services.

3210.6.1 All new employees shall be given a copy of the Harassment Policy at the time of hiring and said Policy's contents shall be discussed with said employee at that time by the division manager within whose division they will be working.

3210.6.2 An annual bulletin may also be prepared and distributed to all employees informing them of the District's Harassment Policy.

3210.7 Complaint Process: Any employee who believes he or she is the victim of unlawful harassment, abusive conduct, or discrimination on any prohibited basis, or who has observed such conduct, or believes he or she is subject to retaliation (“Unlawful Harassment”) may file a formal or informal confidential complaint without fear of reprisal or embarrassment.

3210.7.1 An informal complaint is made verbally by the employee to the immediate supervisor and/or District Manager. Although filing the complaint with the immediate supervisor is preferred, the employee is free to file a complaint with any supervisory employee.

3210.7.2 A formal complaint is made in writing using the “Employee Grievance Form,” (see Form “B”). Said form should be submitted by the employee to their immediate supervisor and/or District Manager. Although submitting the formal complaint with the immediate supervisor and/or District Manager is preferred, the employee is free to submit a formal complaint with any supervisory employee, including the District Manager, or with the President of the Board of Directors, if the employee’s immediate supervisor is the District Manager and the District Manager is unavailable or personally involved in said complaint.

3210.8 Complaint Response Process: Any supervisory employee who receives a formal or informal Unlawful Harassment complaint shall maintain the confidentiality of the complainant to the extent possible and shall personally deliver said complaint immediately and directly to the District Manager, or to the President of the Board of Directors if the District Manager is unavailable or personally involved in said complaint.

3210.8.1 After a formal or informal complaint is received, an impartial investigation shall be conducted by the District Manager, or another impartial investigator within a timely manner.

3210.8.2 A written record of any investigation of an alleged Unlawful Harassment complaint shall be maintained. Findings will be sent to the District Manager. The District Manager shall immediately inform, in total confidentiality, the entire Board of Directors. If the District Manager is personally involved in the complaint, such findings will instead be provided directly to the entire Board of Directors to determine options and/or remedial action, if appropriate.

3210.8.3 All discussions resulting from said investigation shall be kept confidential to the extent possible by all informed of said investigation.

3210.8.4 The person initiating the complaint has the right to be accompanied by an advocate(s) when discussing alleged incidents. Said person shall be advised of this right prior to the commencement of such discussions. Said advocate may support and/or represent the complainant but should not interfere with the integrity of the investigation or the investigatory process.

3210.9 Disciplinary Procedures and Sanctions: If upon the conclusion of the investigation of the alleged Unlawful Harassment claim, the investigator determines that harassment, discrimination, retaliation, or other prohibited conduct has occurred, appropriate corrective and remedial action shall be taken by the District Manager/Board of Directors against the harasser in accordance with the circumstances involved. The District will also take appropriate action to deter future misconduct. Any employee determined by the District to be responsible for harassment, discrimination, retaliation, or other prohibited conduct will be subject to appropriate disciplinary action, up to, and including, termination. Employees should also know that if they engage in unlawful harassment, they can be held personally liable for the misconduct.

3210.10 Retaliation: Retaliation against any individual for making a report, or for participating in an investigation,

under this Policy is strictly prohibited. Individuals are protected by law and by District policy from retaliation for opposing unlawful discriminatory practices, for filing an internal complaint under this Policy or for filing a complaint with the California Department of Fair Employment and Housing (“DFEH”) or Federal Equal Employment Opportunity Commission (“EEOC”), or for otherwise participating in any proceedings conducted by the District under this Policy or by either of these agencies.

3210.11 Employees should also be aware that the EEOC and the DFEH investigate and prosecute complaints of prohibited harassment, discrimination, and retaliation in employment. Information is available at www.eeoc.gov and www.dfeh.ca.gov.

Whistleblowing Policy – approved in 2020 – see Employee Handbook

3220.1 It is the policy of Cayucos Sanitary District that its employees should be free to report violations of law, abuse of authority, fraud, economic waste, or gross misconduct, incompetence or inefficiency without fear of retaliation or retribution. This Policy is based on a finding that the District best serves itself and its membership when it can be candid and honest without reservation in conducting the business of the District.

The District prohibits retaliation by employees, Board Members or volunteers against any staff member, Board Member or volunteer for making good faith complaints, reports or inquiries regarding illegal or improper activities under this Policy to the District or any law enforcement agency, or for participating in a review or investigation of any such complaints under this Policy. This protection extends to those whose allegations are made in good faith but prove to be mistaken. The District reserves the right to discipline persons who make bad faith, knowingly false, or vexatious complaints or reports regarding alleged illegal or improper activities, or who otherwise abuse this Policy.

Therefore, the purpose of this Policy is to: (1) encourage staff, Board Members and volunteers to report to the District any credible information in their possession regarding illegal or improper activities and/or retaliation as defined herein, including violations of the District's policies, promptly to those members of the District specified in this Policy; and (2) prohibit the District's Board of Directors, District Manager and supervising employees from retaliating against any employee who reports illegal or improper activities to the District or law enforcement agencies as provided herein; and (3) specify a procedure by which information regarding illegal or improper activities of or retaliation by members of the Board of Directors or employees can be reported to the District and investigated; and (4) provide a hearing process to any employee or Board Member who has filed a written complaint with the District alleging actual or attempted acts of retaliation in response to having made a protected disclosure to the District or law enforcement protected by this Policy.

3220.2 Definitions:

1. "Illegal Order" means a directive to violate or assist in violating a federal, state or local law, rule or regulation, or an order to an employee to work or cause others to work in conditions outside of their scope of duty that could unreasonably threaten the health and safety of employees or the public.
2. "Illegal or Improper Activity" means an activity by a member of the Board of Directors, an employee, or a volunteer of the District that is undertaken in the performance of that person's duties that is either: (1) a violation of any state or federal law or regulation including, but not limited to, corruption, malfeasance, bribery,

theft of property, fraud, coercion, conversion, abuse of property or willful omission to perform a duty; or (2) violates District policies, is economically wasteful, or involves gross misconduct, incompetency, or inefficiency. Illegal or improper activity includes alleged financial, accounting or audit improprieties and alleged ethical violations by employees or Board Members.

3. "Protected Disclosure" means a good faith communication from an employee or Board Member of the District to the District or law enforcement agencies that discloses information that may be evidence of illegal or improper activity.
4. "Retaliation" means an employee or director using or attempting to use his or her official authority or influence over an employee to intimidate, threaten, or coerce any employee in order to interfere with the rights of employees to freely report illegal or improper activity to the District or a law enforcement agency. Retaliation includes, but is not limited to, promising to confer, or conferring any benefit; affecting or threatening to affect any reprisal; or taking or directing others to take, recommend, or approve any personnel action against an employee making a protected disclosure including, but not limited to, demotion, transfer, assignment, performance evaluation, suspension, or other disciplinary action including termination.

3220.3 Encouragement of Reporting of Illegal or Improper Activity: The District encourages employees and members of the Board to file complaints or reports about illegal orders or illegal or improper activity or alleged retaliation with the District Manager. All such complaints shall include specific facts supporting any allegation of illegal or improper activity, or retaliation, as defined by this Policy. Complaints of illegal or improper activity or retaliation may be made anonymously, but such anonymity may impede the ability of the District to conduct a thorough investigation. If the District Manager is alleged to be involved in the complaint or report, then such complaint shall be filed with the President of the Board of Directors. If the President of the Board is also alleged to be involved in the complaint, then the complaint or report shall be filed with the District Counsel.

Other allegations with respect to which the District has existing complaint, grievance or appeal procedures as specified in the District's policies should be addressed pursuant to those procedures, such as issues of alleged discrimination or harassment which are processed by the District Manager.

This Policy is not intended to provide a procedure for the filing of employee or Board Member complaints regarding any employment issues other than whistleblowing activities and protection of employees from retaliation for making protected disclosures.

3220.4 Investigations of Allegations of Illegal or Improper Activity: The District Manager may request that a person submitting a complaint alleging illegal or improper activity provide his or her name and contact information and provide the names and contact information for any persons who could help substantiate the claim. However, this information is not required in order to submit a complaint.

Upon receiving a complaint from any employee or member of the Board that an employee or Board Member has engaged in an illegal or improper activity, the District Manager will conduct an investigation of the allegations in the complaint. The identity of the person filing the complaint, or of any person providing information in confidence regarding the facts in the complaint, shall not be disclosed without the express permission of the person providing the information. However, the District Manager may disclose the facts in the complaint to a law enforcement agency in the event that an allegation of criminal conduct is contained in the complaint filed with the District.

The District Manager may request the assistance of District Counsel and/or any outside consultant for assistance in evaluating an allegation of illegal or improper activity or conducting an investigation of illegal or improper activity as authorized by this Policy. The District Manager shall investigate the allegations in the complaint and prepare a report of the results of the investigation within sixty (60) days of the date of the complaint.

If, upon completion of the investigation, the District Manager finds that an employee or Board Member may have engaged or participated in an illegal or improper activity, the District Manager shall make such findings in the investigative report and include recommended actions to prevent the continuation or recurrence of the illegal or improper activity. Such recommendations may include taking disciplinary action against those employees found to have violated this Policy, which action may be taken by the District Manager. The investigative report may also recommend imposing sanctions, including loss of office, on those Board Members found to have violated this Policy. In that event, the report shall be filed with the Board of Directors which shall comply with the policies of the District in initiating discipline against a member of the Board of Directors. The District shall keep confidential all investigation work product including the investigative report.

3220.5 Complaints of Retaliation and Investigation: An employee or volunteer who believes he or she has been subjected to retaliation as defined and prohibited by this Policy shall file a written complaint with the District Manager which specifies the alleged retaliatory conduct and identifies the individuals allegedly engaged in such conduct.

Upon receipt of the complaint the District Manager shall commence an investigation of the allegations contained in the complaint of retaliation, which shall include interviews of the complainant and any potential witnesses. The District Manager may utilize the services of District Counsel and/or other consultants in conducting such investigation and preparing an investigation report. A written investigation report regarding the alleged retaliation shall be completed within thirty (30) days of receipt of a complaint of retaliation.

Based on the investigation, the District Manager shall make a determination as to whether retaliation occurred in violation of this Policy and, if so, what steps should be taken to remedy the situation. The District Manager's decision shall be communicated to the complaining employee. In making his or her determination, if it is alleged that improper disciplinary action was taken against the complaining employee in retaliation for having made a protected disclosure, the District Manager shall consider whether the taking or failing to take any personnel action with respect to an employee who has complained of retaliation is justified on the basis of evidence separate and apart from the fact that the person has made a protected disclosure, such as inadequate job performance. If the evidence in the investigation reveals that a protected disclosure was a contributing factor in the alleged retaliation against a former or current employee, the burden of proof shall be on the supervisor or other employee imposing the discipline to demonstrate by clear and convincing evidence that the alleged personnel action would have occurred for legitimate, independent reasons even if the complaining employee had not engaged in protected disclosures of illegal or improper activity.

The investigation report of the alleged retaliation prepared by the District Manager shall include a written decision as to whether this Policy has been violated. If the investigation report concludes that this Policy has not been violated and the complaining employee disagrees with the determination of the District Manager, the complaining employee may appeal in writing the decision to the Board of Directors. That appeal must be filed within ten (10) business days of receipt of the investigation report and decision of the District Manager.

If an appeal is filed, the Board of Directors shall conduct a hearing of the complaining employee's appeal and hear and receive all evidence submitted by the complaining employee. In hearing the appeal, the Board may take evidence and hear testimony from the complaining employee and other witnesses. The Board shall consider whether an activity protected by this Policy was a contributing factor in the alleged retaliation against the complaining employee and if the alleged retaliatory action could have occurred for legitimate, independent business reasons even if the complaining employee had not made protected disclosures. The Board shall render a final decision in writing to the complaining employee within thirty (30) days after completing the hearing which concludes whether retaliation prohibited by this Policy has occurred or not. If the Board finds that the provisions of this Policy have been violated, it shall order that any personnel action taken against the

complaining employee be reversed and that a memorandum be placed in the employee's personnel file indicating the results of the decision of the Board of Directors on appeal.

A complaining employee shall be required to exhaust his or her administrative remedies by filing an appeal with the Board of Directors regarding any alleged violation of this Policy before being entitled to commence a civil action in the Superior Court.



Section 4:

FINANCIAL MANAGEMENT

Asset Protection and Fraud in the Workplace – approved in 2020 – see Employee Handbook

4110.1 Purpose and Scope: To establish policy and procedures for clarifying acts that are considered to be fraudulent, describing the steps to be taken when fraud or other dishonest activities are suspected, and providing procedures to follow in accounting for missing funds, restitution and recoveries.

The District is committed to protecting its assets against the risk of loss or misuse. Accordingly, it is the policy of the District to identify and promptly investigate any possibility of fraudulent or related dishonest activities against the District and, when appropriate, to pursue available legal remedies.

4110.2 Definitions:

1. Fraud and other similar irregularities include, but are not limited to:
 - a) Claim for reimbursement of expenses that are not job-related or authorized by District policy.
 - b) Forgery, falsification, or unauthorized alteration of documents or records (including but not limited to checks, promissory notes, time sheets, independent contractor agreements, purchase orders, budgets, etc.).
 - c) Misappropriation of District assets (including but not limited to funds, securities, supplies, furniture, equipment, etc.).
 - d) Inappropriate use of District resources (including but not limited to labor, time, and materials).
 - e) Improprieties in the handling or reporting of money or financial transactions.
 - f) Authorizing or receiving payment for goods not received or services not performed.
 - g) Computer-related activity involving unauthorized alteration, destruction, forgery, or manipulation of data or misappropriation of District-owned software.
 - h) Misrepresentation of information.
 - i) Theft of equipment or goods.
 - j) Any apparent violation of federal, state, or local laws related to dishonest activities or fraud.
 - k) Seeking or accepting anything of material value from those doing business with the District including vendors, consultants, contractors, lessees, applicants, and grantees. Materiality is determined by the District's Conflict of Interest Code which incorporates the Fair Political Practices Commission's regulations.
 - l) Any other conduct, actions or activities treated as fraud or misappropriation under any federal or state law, rule or regulation.
2. Employee – In this context, employee refers to any individual or group of individuals who receive compensation, either full- or part-time, including members of the Board of Directors, from the District. The term also includes any volunteer who provides services to the District through an authorized arrangement with the District or a District organization.
3. Management – In this context, management refers to any manager, supervisor, or other designated individual who manages or supervises the District's resources or assets.
4. Internal Audit Committee – In this context, if the claim of fraud involves anyone other than the District Manager, the Internal Audit Committee shall consist of the District Manager, the District Counsel and any other persons appointed to the Internal Audit Committee by the District Manager. If the claim of fraud involves the District Manager, the Internal Audit Committee shall consist of the President of the Board of Directors of the District, the District Counsel and those persons appointed to the Internal Audit Committee by the President of the Board. Nothing contained in this Policy shall be construed as requiring the District Manager

or the President of the Board to appoint other persons to the Internal Audit Committee. Individuals appointed to the Internal Audit Committee by the District Manager or the President of the Board other than the District Counsel shall serve at the pleasure of the District Manager or the President of the Board.

5. External Auditor – In this context, External Auditor refers to independent audit professionals who perform annual audits of the District’s financial statements and are appointed by the District’s Board of Directors.

4110.3 It is the District’s intent to fully investigate any suspected acts of fraud, misappropriation, or other similar irregularity. An objective and impartial investigation will be conducted regardless of the position, title, and length of service or relationship with the District of any party who might be or become involved in or becomes the subject of such investigation. An employee being investigated for fraud may request representation by a representative of any recognized bargaining unit that represents the employee.

4110.4 Each department of the District is responsible for instituting and maintaining a system of internal controls to provide reasonable assurance of the prevention and detection of fraud, misappropriations, and other irregularities. Management staff should be familiar with the types of improprieties that might occur within their areas of responsibility and be alert for any indications of such conduct.

4110.5 For claims of fraud not involving the District Manager, the District Manager or an Internal Audit Committee appointed by the District Manager shall have primary responsibility for investigation of activity covered by this Policy. For claims of fraud involving the District Manager, the President of the Board or an Internal Audit Committee appointed by the President shall have primary responsibility for investigation of activity covered by this Policy. The District Counsel shall advise the Committee, the District Manager or the Board President on all such investigations.

4110.6 Throughout the investigation, the Internal Audit Committee will inform the District Manager of pertinent investigative findings

4110.7 An employee will be granted whistle-blower protection when acting in accordance with this Policy so long as they are not engaged in activity that violates this Policy. When informed of a suspected impropriety, neither the District nor any person acting on its behalf shall:

1. Dismiss or threaten to dismiss an employee providing the information,
2. Discipline, suspend, or threaten to discipline or suspend such an employee,
3. Impose any penalty upon such an employee, or
4. Intimidate or coerce such an employee.

Violations of this Whistle-Blower Protection Policy will result in discipline up to and including termination.

4110.8 Upon conclusion of the investigation, the results will be reported to the District Manager or, if the investigation involves the District Manager, the Board President, who shall advise the Board of Directors.

4110.9 Following review of investigation results, the District Manager or the Board President, as the case may be, will take appropriate action regarding employee misconduct. Disciplinary action can include termination, referral of the case for criminal prosecution, or both.

4110.10 The District Manager or the District Counsel will pursue every reasonable effort, including court-ordered restitution, to obtain recovery of District losses from the offender, other responsible parties, insurers, or other appropriate sources.

4110.11 Procedures:

4110.11.1 Board of Directors Responsibilities

1. If a Board Member has reason to suspect a fraud has occurred, he or she shall immediately contact the District Manager or the Board President, if the activity involves the District Manager, and District Counsel.
2. The Board Member shall not attempt to investigate the suspected fraud or discuss the matter with anyone other than the District Manager or Board President, as the case may be, and District Counsel.
3. The alleged fraud or audit investigation shall not be discussed with the media by any person other than the District Manager or the Board President after consultation with the District Counsel and any Internal Audit Committee appointed as to the matter.

4110.11.2 Management Responsibilities

1. Management staff are responsible for being alert to and reporting fraudulent or related dishonest activities in their areas of responsibility.
2. Each manager should be familiar with the types of improprieties that might occur in his or her area of responsibility and be alert for any indication that improper activity, misappropriation, or dishonest activity did occur or is occurring.
3. When an improper activity is detected or suspected, management should determine whether an error or mistake has occurred or if there may be dishonest or fraudulent activity.
4. If a manager determines a suspected activity may involve fraud or related dishonest activity, he or she should contact his or her immediate supervisor or the District Manager. If the activity involves the District Manager, it shall be reported to the Board President or the District Counsel.
5. Managers should not attempt to conduct individual investigations, interviews, or interrogations other than as directed by the District Manager or District Counsel. However, management staff are responsible for taking appropriate corrective actions to implement adequate controls to prevent recurrence of improper actions.
6. Management staff should support the District's responsibilities and cooperate fully with the Internal Audit Committee, other involved departments, and law enforcement agencies in the detection, reporting, and investigation of criminal acts, including the prosecution of offenders.
7. Management staff must give full and unrestricted access to all necessary records and Personnel to those responsible for identifying, investigating and remedying fraud and related dishonest acts. All District assets, including furniture, desks, and computers, are open to inspection at any time. No District officer, agent or employee has a reasonable expectation of privacy in District property and other resources to preclude such inspection.
8. In dealing with suspected dishonest or fraudulent activities, great care must be taken. Therefore, management staff should avoid the following:
 - a) Incorrect accusations
 - b) Alerting suspected individuals that an investigation is underway
 - c) Treating employees unfairly
 - d) Making statements that could lead to claims of false accusations or other offenses
9. In handling dishonest or fraudulent activities, managers have the responsibility to:
 - a) Make no contact (unless requested) with the suspected individual to determine facts or demand restitution. Under no circumstances should there be any reference to "what you did", "the crime", "the fraud", "the misappropriation."

- b) Avoid discussing the case, facts, suspicions, or allegations with anyone outside the District, unless specifically directed to do so by the District Manager.
- c) Avoid discussing the case with anyone inside the District other than employees who have a need to know such as the District Manager, Internal Audit Committee, the District's Counsel or law enforcement personnel.
- d) Direct all inquiries from the suspected individual, or his or her representative, to the District Manager, the Board President, or the District Counsel. All inquiries by an attorney of the suspected individual should be directed to the District Manager or the District Counsel. All inquiries from the media should be directed to the District Manager or the Board President if the activity involves the District Manager.
- e) Take appropriate corrective and disciplinary action, up to and including dismissal, after consulting with District Counsel, in conformance with District policy and applicable law.

4110.11.3 Employee Responsibilities

1. A suspected fraudulent incident or practice observed by, or made known to, an employee must be reported to the employee's supervisor for reporting to the proper management official.
2. When an employee believes his or her supervisor may be involved in inappropriate activity, the employee shall make the report to the next higher level of management and/or the District Manager. If the activity involves the District Manager, it shall be reported to the Board President or District Counsel.
3. A reporting employee shall refrain from further investigation of the incident, confrontation with the alleged violator, or further discussion of the incident with anyone, unless requested by the District Manager, Internal Audit Committee, the District Counsel, or law enforcement personnel.

4110.11.4 Internal Audit Committee Responsibilities

1. Upon assignment by the District Manager or the Board President, an Internal Audit Committee will promptly investigate the fraud.
2. In all circumstances where there is reason to suspect a criminal fraud has occurred, the Internal Audit Committee, in consultation with the District Manager or the Board President and District Counsel, if the District Manager is suspected of involvement in the fraud, will contact the appropriate law enforcement agency.
3. The Internal Audit Committee shall be available and receptive to relevant, confidential information to the extent allowed by law after consultation with the District Counsel.
4. If evidence is uncovered showing possible dishonest or fraudulent activities, the Internal Audit Committee will:
 - a) Discuss the findings with management and the District Manager.
 - b) Advise management, if the case involves District staff members, to meet with the District Manager to determine if disciplinary action should be taken.
 - c) Report to the External Auditor such activities to assess the effect of the illegal activity on the District's financial statements.
 - d) Coordinate with the District's risk manager regarding notification to insurers and filing of insurance claims.
 - e) Take immediate action, after consultation with the District Counsel, to prevent the theft, alteration, or destruction of evidence. Such action shall include, but is not limited to:
 - i. Removing relevant records and placing them in a secure location or limiting access to those records.

- ii. Preventing the individual suspected of committing the fraud from having access to the records.
- f) In consultation with the District Counsel and the local law enforcement agency, the Internal Audit Committee may disclose particulars of the investigation with potential witnesses if such disclosure would further the investigation.
- g) If the Internal Audit Committee is contacted by the media regarding an alleged fraud or audit investigation, the Internal Audit Committee will refer the media to the District Manager or Board President, if the activity involves the District Manager.
- h) At the conclusion of the investigation, the Internal Audit Committee will document the results in a confidential memorandum report to the District Manager or the Board President for action. If the report concludes that the allegations are founded and the District Counsel has determined that a crime has occurred, the report will be forwarded to the appropriate law enforcement agency.
- i) The Internal Audit Committee shall make recommendations to the appropriate department as to the prevention of future similar occurrences.
- j) Upon completion of the investigation, including all legal and personnel actions; all records, documents, and other evidentiary material, obtained from the department under investigation will be returned by the Internal Audit Committee to that department.

4110.12 Exceptions

There will be no exceptions to this Policy unless provided and approved in writing by the District Manager or the Board President and the District Counsel. The Board of Directors reserves the right to amend, delete, or revise this Policy at any time by formal action of the Board of Directors.

Employment of Outside Contractors and Consultants – approved in 2020 – see Employee Handbook

4130.1 The District employs outside contractors or consultants for construction, engineering, planning, and environmental review projects, auditing, and other purposes approved by the Board of Directors.

4130.2 Consultants will be approved by the Board of Directors on the recommendation of the District Manager. The District Manager and/or Board of Directors will make their decision based on the consultant's experience and qualifications. The consultant will also be required to provide an explanation of scope of work, hours to complete, and applicable cost estimate for their services that will be used in their evaluation in the selection process. Consultants for engineering, architectural, and other professional services shall be evaluated based upon qualifications.

4130.3 Every person involved in the solicitation, selection, and approval of consultants shall comply with applicable conflicts of interest laws, including Government Code §1090, the Political Reform Act of 1974, and the District's Conflict of Interest Code.

Expense Disbursements – approved in 2020 – see Employee Handbook

4140.1 All purchases made for the District by staff shall be authorized by the District Manager and/or Administrative Accounting Manager and shall be in conformance with the approved District budget.

1. For internal control purposes, all vouchers, purchase orders, shipping invoices, requisitions, stock received reports, bills of lading, etc., will be forwarded to the Administrative Accounting Manager for purposes of underlying documentation to District payment and then retained in the vendor payment files of the District.
2. Purchase orders must be pre-approved by the District Manager or Administrative Accounting Manager and should be evidenced by a sales quote, Request for Proposal (RFP), bid document or memorandum of order placement. Such pre-approved purchase orders will be forwarded to the Administrative Accounting Manager for purposes of underlying documentation to District payment and then retained in the vendor payment files of the District.
3. Purchases on account should be made with established house accounts and vendors that have been set up through the District. The need to establish open accounts or charge accounts must be pre-approved and pre-arranged through the District Manager or Administrative Accounting Manager.
4. All disbursements for expenditures, other than petty cash, shall be made by check, credit card or bank ACH transaction with supporting documentation referenced to the payment source (e.g. check or transaction number).
5. Blank check stock shall be secured in the District office safe and accounted for to preclude unauthorized access and use.
6. Checks shall not be payable to “cash.”
7. Checks written to employees or Directors for reimbursement of out-of-pocket business costs must be supported by receipts and invoices.
8. As a matter of policy, two signatures shall be required on all checks. Generally, checks should be signed by one authorized Board Member and one authorized staff member. The Board President and Vice-President are authorized signers. The District Manager is an authorized signer. In the event that business necessity requires a check be released with only one signature, and/or signature of the two authorized staff members, such reason should be indicated on the check stub and retained in the District’s files. Every effort should be made to call the Board President (primarily) and the Board Vice-President (secondarily) to establish their inability or inaccessibility in this regard.
 - a) Staff and Board Members responsible for approving cash disbursements and/or signing of checks shall examine all supporting documentation at the time the checks are approved and signed.
9. Voided checks shall be marked void with the signature block cut out. The voided checks must be filed with the cancelled checks (or copies from the bank).
10. Unclaimed or stale checks shall be cancelled periodically and subsequently reissued.
11. All supporting documentation shall be referenced to payment document (e.g., check numbers) and marked “paid” or otherwise cancelled to prevent reuse or duplicate payments.
12. All disbursements, excluding petty cash purchases, shall be approved independent of check preparation and bookkeeping activities by the District Manager or Administrative Accounting Manager.

4140.2 Any commitment of District funds for a purchase or expense greater than \$20,000 shall first be submitted to the Board of Directors for approval or shall be in conformance with prior Board action and/or authorizations.

4140.3 A "petty cash" fund shall be maintained in the District office having a balance-on-hand maximum of \$175.00.

1. Petty cash may be advanced to District staff or Directors upon their request and the execution of a receipt for same, for the purpose of procuring item(s) or service(s) appropriately relating to District business. After said item(s) or service(s) have been obtained, a receipt for same shall be submitted to the Administrative Accounting Manager, and any remaining advanced funds shall be returned. The maximum petty cash advance shall be \$50.00
2. In the event that supporting documentation is not obtainable for minor disbursements (under \$10) such as parking meters, etc., then the rule of reasonableness will be used. Accompanying the claim for reimbursement would be handwritten documentation stating the amount, nature of the expense, date of occurrence, employee name, and the business purpose for which the cost was incurred (e.g. meeting, business errand, etc.).
3. No personal checks shall be cashed in the petty cash fund.
4. The petty cash fund shall be included in the District's annual independent accounting audit.
5. Petty cash shall be maintained in a lock box retained in the District office safe. The petty cash custodian is the Administrative Services Manager. The only authorized staff with access to petty cash are the District Manager, Administrative Accounting Manager and Administrative Services Manager.

4140.4 Whenever employees or Directors of the District incur "out-of-pocket" expenses for item(s) or service(s) appropriately relating to District business as verified by valid receipts, said expended cash shall be reimbursed upon request from the District's petty cash fund or by warrant request if needed. In those instances when a receipt is not obtainable, the requested reimbursement shall be approved by the District Manager before remuneration. The District may establish a reimbursement request form and, if it does, no reimbursement will be made without submission of a request on that form.

4140.5 Requests for reimbursement from the District must have a good faith basis. Submission of a request for a reimbursement without such a basis shall subject the requestor to appropriate sanctions, up to and including termination of employment and referral to an appropriate law enforcement agency for prosecution.

Financial Management and Capital Program – approved in 2020 – see Employee Handbook

4150.1 It is the policy of the Cayucos Sanitary District to maintain a capital program which will provide collection and treatment capacity to meet existing and future needs, while simultaneously providing for necessary renewal, replacement and process upgrades.

4150.2 It is the policy of the District to require owners to pay for the offsite improvements that are necessary for the owner to connect the project to the District's wastewater collection and conveyance system.

4150.3 It is the policy of the District to regularly review and adopt the necessary fees and charges that will fund the projects in the Capital Improvement Program (CIP).

4150.4 The Board of Directors shall retain the authority for the following:

1. Approval of program transactions and transfers larger than those specifically included below.
2. Write-off of uncollectible receivables and unusable inventory.

3. Approval of the District budget and modifications thereto during the fiscal year.
4. Acceptance and approval of the independent District audit.
5. Acceptance and approval of commissioned studies and reports.
6. Salvage and/or disposal of fixed assets.
7. Execution of agreements and contracts notwithstanding §4150.5(3) of this Policy.
8. Approval of monthly and quarterly financial and investment reports.
9. Annual review and approval of a District Investment Policy.
10. Authority to execute and/or accept easements, offers of dedication and right-of-way documents and/or drawings for the District.
11. Authority to negotiate, award and execute contractual agreements.
12. Final approval of carry-forward items into the new fiscal year from a previous year.
13. Review and adoption of the fiscal operating budget and Capital Improvement Plan (CIP).
14. Acceptance and award of construction contracts with issuance of Notice to Proceed, and then final acceptance with filing of Notice of Completion upon project completion.
15. Establish salary classification plan, position allocations, and employee benefit programs.
16. Authorization to pay invoices.

4150.5 The District Manager shall have the following authorities:

1. Preparation and implementation of the budget once adopted by the Board.
2. Approval of contracts, agreements and expenditures up to \$40,000 for items previously approved by the Board in the budget.
3. Execution of a contract or agreement of up to \$35,000 (not to exceed fiscal year budgeted allocation) for emergency, unbudgeted expenditures with the express understanding that the District Manager will notify the Board of Directors of such action within forty-eight (48) hours of occurrence.
4. Payment of intermediate and progress payments on all Board approved contracts and obligations.
5. Transfer of funds for investment purposes between funds and investment institutions based upon District Investment Policy and Board direction.
6. Implementation of policies and procedures adopted by the Board of Directors.
7. Approval of individual change orders to construction projects not exceeding \$20,000, based upon the Professional Engineer of Record concurrence, and approval, and not totaling cumulatively more than 20% of the approved construction contract to a maximum of \$50,000. Any change orders exceeding these limits will be approved by the Board of Directors.
8. Management of long-term debt obligations based upon the approved contracts and obligations by the Board.
9. Establishment of accounts and methods to properly account and manage District funds.
10. Maintain salary and classification plan, position allocations, and employee benefit programs.
11. Authorization to pay time-sensitive invoices for budgeted services and supplies, payroll and related taxes, and employee benefit program contributions (retirement, deferred compensation and insurance) in cases where delay until a regularly scheduled Board meeting would subject the District to interest, penalties or regulatory violations. A monthly report to the Board of all such payments made during the previous month will be reported on at the next scheduled regular Board meeting.
12. Reallocation of funds between line items in the budget categories that do not result in an increase in the approved budget.

Investment of District Funds – approved in 2020 – see Employee Handbook

4160.1 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 §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.

4160.2 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

4160.3 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 are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk of 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.

4160.4 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 Appendix C. The Investment Officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

4160.5 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.

4160.6 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 (Appendix “E”).

4160.7 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.

4160.8 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.

4160.9 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 (Appendix E).
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.

4160.10 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.

4160.11 List of Attachments

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

1. Investments Authorized Under California Government Code §53601 (Appendix “C”)
2. Roles and Responsibilities of Investment Team (Appendix “D”)
3. Reserve Policy (Appendix “E”)

Remuneration and Expenditure Reimbursement – approved in 2020 – see Employee Handbook

4200.1 The purpose of this Policy is to prescribe the manner in which District employees and Directors may be reimbursed for expenditures related to District business, and how Directors may be compensated for their service. The Cayucos Sanitary District shall adhere to Government Code §§53232 through 53232.4 when dealing with issues of Director remuneration and reimbursement.

4200.2 This Policy applies to all employees and members of the Board of Directors, and its provisions regarding expense reimbursement are intended to result in no personal gain or loss.

4200.3 Whenever District employees or Directors desire to be reimbursed for out-of-pocket expenses for items or services appropriately relating to District business, they shall submit their requests on a District Travel Reimbursement Form approved by the District Manager. Included on the reimbursement form will be an explanation of the District-related purpose for the expenditures and receipts evidencing each expense shall be attached.

4200.3.1 The District Manager (or in his absence, the Administrative Accounting Manager) will review and approve reimbursement requests. Reimbursement requests by the Administrative Accounting Manager will be reviewed and approved by the District Manager. Reimbursement requests by the District Manager will be reviewed and approved by the Board President.

4200.4 Director Compensation. Members of the Board of Directors shall receive a “Director’s Fee,” the amount of which shall be established annually by the Board at its regular meeting in June at the time of adoption of the District’s annual budget for the new fiscal year commencing July 1. It is understood that the District will adhere to the provisions of the Health & Safety Code §6489 and shall not, when combined with any other meetings occurring on the same day, exceed the daily maximum payment of \$100.00 per day for each day’s attendance at meetings of the Board or for each day’s service rendered as a Director by request of the Board, not exceeding a total of six (6) days in any calendar month.

4200.4.1 Based on IRS rulings elected public officials are considered District employees for purposes of payroll and are therefore subject to mandatory coverage of FICA and Medicare. Remuneration shall be paid bi-weekly, in accordance with the District’s established payroll cycle.

4200.4.2 Subject to the District’s Board Training, Education, and Conferences Policy, a District Director may be compensated for attendance at the following:

- a) A meeting of the Board of Directors
- b) A meeting of an advisory body or committee (standing or ad hoc)
- c) A conference or organized educational activity conducted in compliance with Government Code §54952.2(c), including but not limited to ethics training required by Government Code §53234
- d) Any activity or occasion where a director is attending as the District’s designated representative
- e) Each day’s service rendered as a Director by request of the Board

4200.4.3 Subject to the provisions of Section 4200.4, compensation in the form of a Director Fee shall be paid as follows:

- a) \$50.00 for each day of attendance at a standing or ad hoc committee meeting
- b) \$50.00 for each day of attendance at a training session, workshop, or conference
- c) \$50.00 for each activity or occasion where a director is attending as the District’s designated representative
- d) No compensation in the form of Director fee will be paid for travelling to and from a training session, workshop or conference
- e) \$50.00 per day for the Board Member-Financial Liaison when conducting activities consistent with the District’s Investment Policy, including but not limited to, placing or settling an investment transaction by way of conference call with the District’s Investment Advisor

4200.5 Expense Reimbursement. Directors are eligible to receive reimbursements for travel (ticket, rental car, etc.) and mileage expenses, lodging, meals, incidentals, and expenses for attending a qualifying meeting, training, workshop, conference, activity or occasion on behalf of the Cayucos Sanitary District. Reimbursement rates shall coincide with rates established within the District Travel Policy, as modified by the Board of Directors, from time to time.

4200.5.1 Any and all expenses that do not fall within the adopted District Travel and Reimbursement Policy are required to be approved by the Board of Directors of the Cayucos Sanitary District in a public meeting prior to the expenses being incurred.

4200.5.2 Expenses that do not adhere to the District Travel and Reimbursement Policy, and that do not receive prior approval from the Board of Directors in a public meeting prior to the expense being incurred, may not be eligible for reimbursement without a showing of good cause.

4200.5.3 The District shall provide District Travel Reimbursement Forms to employees and Director who incur reimbursable expenses on behalf of the District to document that their expenses adhere to this Policy.

- a) Receipts are required to be submitted in conjunction with all items listed on the expense report form. Expenses without receipts will only be reimbursed in accordance with District Travel Policy Section 4210.8.1.
- b) District Travel Reimbursement Forms shall be submitted within a reasonable time, but not more than ten (10) working days after incurring the expense.

4200.5.4 Reimbursement for the cost of the use of a personal vehicle for making trips on official business of the District, and when so authorized in accordance with the District Travel and Reimbursement Policy, shall be on the basis of total miles driven and at the rate specified in the IRS guidelines in effect at the time of the vehicle usage.

4200.5.5 It is against the law to falsify expense reports. Penalties for misuse of public resources or violating this Policy may include, but are not limited to, the following:

- a) The loss of reimbursement privileges
- b) Restitution to the local agency
- c) Civil penalties of misuse of public resources pursuant to Government Code §8314
- d) Prosecution for misuse of public resources, pursuant to Section 424 of the Penal Code, penalties for which include 2, 3, or 4 years in prison



Section 5:

GENERAL INFORMATION

Basis of Authority - new

5010.1 The Board of Directors is the legislative body and unit of authority within the District. Power is centralized in the elected Board collectively and not in an individual Director. Apart from their normal function as a part of this unit, Directors have no individual authority. As individuals, Directors may not commit the District to any policy, act or expenditure.

5010.2 Directors do not represent any fractional segment of the community but are, rather, a part of the body that represents and acts for the community as a whole. Routine matters concerning the operational aspects of the District are delegated to District staff members.

Board/Staff Communications - new

5020.1 Objectives: Effective governance of the District relies on the cooperative efforts of the agency's elected Board, who set policy and priorities, and the District's staff members, who analyze problems and issues to make appropriate recommendations and implement and administer Board policies. It is the responsibility of District staff to ensure Board Members have access to information and to ensure such information is communicated completely and with candor to those making the request. However, Board Members should avoid intrusion into those areas that are the responsibility of District staff. Individual Board Members must avoid intervening in staff decision-making, the development of staff recommendations, scheduling of work, and executing department priorities without the prior knowledge and approval of the District Manager and Board as a whole. This is necessary to protect District staff from undue influence and pressure from individual Board Members and to allow staff to execute priorities given by management and the Board without fear of reprisal.

5020.2 Role of the Board: As the legislative body for the agency, the Board is responsible for approving the District's budget, setting policy goals and objectives, and adopting strategic plans. The primary functions of the District staff members are to execute Board policy and other Board actions and to keep the Board well-informed.

5020.2.1 Individual members of the Board should not make attempts to pressure or influence staff decisions, recommendations, workloads, schedules, and department priorities without the prior knowledge and approval of the Board as a whole. If a Board Member wishes to influence the actions, decisions, recommendations, workloads, work schedule, and priorities of staff, that member must prevail upon the Board to do so as a matter of Board policy.

5020.2.2 Board Members also have a responsibility of information flow. It is critical that they make extensive use of staff and agency reports and Board meeting minutes. Board Members should come to meetings prepared; having read the agenda packet materials and supporting documents, as well as any additional information or memoranda provided on agency projects or evolving issues. Additional information may be requested from staff, if necessary.

5020.2.3 Individual Board Members, as well as the Board as a whole, are permitted complete freedom of access to any information requested of staff and shall receive the full cooperation and candor of staff in being provided with any requested information. The District Manager or Legal Counsel will pass critical information to all Board Members.

5020.2.4 There are limited restrictions when information cannot be provided. Draft documents (e.g. staff reports in progress, etc.) are under review and not available for release until complete and after review by District staff. In addition, there are legal restrictions on the agency's ability to release certain personnel information even to members of the Board. Any concerns Board Members may have regarding the release of information or the refusal of staff to release information, should be discussed with Legal Counsel for clarification.

5020.3 Policies: There shall be mutual respect from both staff and Board Members of their respective roles and responsibilities at all times. There is a need for access to staff by Directors and at the same time, unlimited access could result in work priority conflicts for staff.

5020.4 Purpose: The purpose of the policies listed below is to facilitate Board/staff communications consistent with these principles.

5020.4.1 All requests for information or questions by the Board to staff outside of a Board or Committee meeting shall be directed to the District Manager, Legal Counsel, or the Clerk of the Board as appropriate, and shall include the desired time and date for receiving the information. Staff will confirm the date they can provide the information. So that all Board Members are equally informed, all written informational material requested by any Director shall be submitted by staff to all Board Members with the notation indicating which Board Member requested the information. If a Board Member requests information from any other member of the staff, staff may either direct the matter to the District Manager or may ask the Board Member to contact the District Manager directly.

5020.4.2 Individual Directors cannot directly assign work to staff members. Board-initiated projects will follow organizational channels, through the District Manager, unless there is an emergency. As no formal procedure will answer all cases, the following should be considered as a guide and used with restraint and judgment:

- a) Directors should clear all short-term requests of staff with the District Manager prior to contacting individual members of the staff and, in most cases, the District Manager should direct and handle the request for the Director.
- b) For long-term, involved studies or where the matter includes confidential material, the District Manager should be contacted, and the subject matter discussed with the full Board at a Board meeting prior to staff working on the assignments.
- c) In the event that staff is a participant or representative of a committee or work group of the Board, the Board may contact the staff member directly to request or provide information or confer regarding matters of the committee or work group.

5020.4.3 At Board meetings and other public meetings, respectful communication is expected. Staff is encouraged to give their professional recommendations, and the Board should recognize that staff may make recommendations that could be viewed as unpopular with the public and with individual Board Members. Board Members may request clarification and ask questions of staff at public meetings, and Directors are encouraged to participate in healthy discussions amongst each other regarding items under discussion on the agenda. However, Directors should refrain from debate with staff at Board meetings about staff

recommendations or other items being discussed. Staff must recognize that the Board, as the decision maker, is free to reject or modify a staff recommendation and that the Board's wishes will be implemented by staff even if it was contrary to a staff recommendation.

5020.4.4 Directors shall not attempt to coerce or influence staff, including the making of recommendations, the awarding of contracts, the selection of consultants, the processing of any projects or applications, or the granting of permits. Directors shall not attempt to change or interfere with the operating policies and practices of any District department through interaction with staff. Individual Directors may discuss these items with the District Manager to get clarification or raise concerns.

5020.4.5 Board Members should not make public comments critical of the performance of a District staff member. Any concerns by a Director over the behavior or work of a District employee during a Board meeting should be directed to the District Manager privately to ensure the concern is resolved. All complaints about employees from Directors should be submitted privately to the District Manager or, if a complaint concerns the District Manager, to Legal Counsel.

5020.4.6 Staff will respect the right of Directors to refuse to provide information or answers to staff and recognize that Directors may be bound by other rules of law or procedure that do not permit the Director to speak about the subject matter presented. If a Director violates any of the policies regarding communications as stated in this Policy, any member of staff has the right to request that the Director speak directly with the District Manager about the subject matter presented without any fear of reprisal.

Conflict of Interest - new

5040.1 The Political Reform Act, Government Code §81000, et seq., requires state and local government agencies to adopt and promulgate conflict-of-interest codes. The Fair Political Practices Commission ("FPPC") has adopted a regulation (2 CA Code of Regs. §18730) which contains the terms of a standard conflict of interest code. It can be incorporated by reference and may be amended by the FPPC after public notice and hearings to conform to amendments in the Political Reform Act. The Board approved and adopted the FPPC's standard conflict of interest on September 21, 1992, and it is reviewed biannually. Therefore, the terms of the CA Code of Regs. §18730 and any amendments to it duly adopted by the FPPC are hereby incorporated.

5040.2 Members of the Board and designated employees shall file Statements of Economic Interest (Form 700) with the Clerk of the Board of the County of San Luis Obispo:

1. Upon assumption of office/position
2. Upon promotion
3. Annually
4. Upon leaving said office/position

Correspondence to the Board - new

5050.1 All written or electronic correspondence addressed to the Board of Directors is to be sent to the District office. Copies of the written or electronic correspondence and written responses in reply thereto, if any, shall be distributed to each member of the Board, together with the next regular agenda or at the next regular meeting of the Board, depending on date of receipt or response. Individual Board Members may receive correspondence addressed to him or her in his or her official capacity. However, Board Members are not permitted to use agency resources for sending or receiving personal correspondence.

District Web Page – approved in 2020 – see Employee Handbook

1130.1 Policy: It is District policy to control the content and accuracy of the information provided on the District's Web page. All information will be directed to the Administrative Services Manager acting in the capacity of the District Web manager. All information posted on the District website must be consistent with the District's mission and public interest and the District's Social Media Policy.

1130.2 Procedure: Any District Board Director, official or employee may request postings to the District Web page through the District Manager or his designated representative. Postings must be non-political in nature. The District Manager shall approve, modify, or deny the request. Postings shall be submitted in Word format as an e-mail attachment unless only a hard copy is available. In either case, it is the submitter's responsibility to check the item for accuracy both prior to submission and after posting to the Web page to ensure no inadvertent errors appear on the final document. The submitter shall inspect the posted submission within 24 hours of posting.

1. The District Manager or his or her designee shall submit the approved request to the Administrative Services Manager for inclusion on the web page and, when necessary, to suggest alternative solutions.
2. The District Manager or his or her designee shall also manage removal of outdated postings.

1130.3 Privacy Policy: See Appendix "F"

Emergency Preparedness – approved in 2020 – see Employee Handbook

5120.1 It is the policy of the District to create and maintain an active emergency preparedness program to manage the District's critical functions during any emergency and to protect District staff. The District will coordinate the emergency plan, function and response with those responders from the public and private entities and organizations charged with emergency services.

5120.2 Emergency Defined: “Emergency” means the actual or threatened existence of conditions of disaster or of extreme peril to critical District functions and the health and safety of staff or the public, caused by such conditions as fire, severe storm, riot, hazardous materials releases, earthquake, power outages, dam failures, freezes, water supply contamination, and other conditions which may be beyond the capability of the services, personnel, equipment, and facilities of this District, and response to which may require the combined forces of other agencies.

5120.3 Emergency Preparedness: The Board of Directors authorizes the establishment of an Emergency Preparedness Program, which consists of the nationally recognized four phases of emergency management: mitigation, preparedness/planning, response, and recovery. District actions will include developing and maintaining a District-wide emergency plan, identifying and training District staff to activate and use the plan, appointing District staff to critical positions identified in the emergency plan, and appointing staff to represent the District in negotiations or consultations with other agencies on matters pertaining to response to the emergency and recovery of damaged systems and costs incurred during the emergency.

5120.4 Standardized Emergency Management System: The California Office of Emergency Services regulates the Standardized Emergency Management System (SEMS), which was created pursuant to Government Code §8607 following the East Bay Hills Firestorm in 1991. To ensure reimbursement for claims filed after a disaster, all District emergency plans, procedures, and training will follow the SEMS regulations, and coordinate with the District-wide emergency plan.

5120.5 District Emergency Declaration: When an emergency condition arises, the District Manager may, in consultation with the Board President, declare a “District Emergency.” The Board must ratify the declaration within 14 days at a regular, special or emergency Board meeting.

5120.6 Authorization During District Emergencies: The District Manager’s Declaration of a District Emergency is a public acknowledgement of the serious situation the District faces, and that the District’s resources may not be adequate to respond to the emergency. The Board of Directors, in consultation with the District Manager, may delegate to the District Manager the authority to suspend competitive bidding and enter into emergency contracts of up to \$250,000, as authorized by Public Contract Code §20567 and §22050.

5120.7 Mutual Aid: The California Master Mutual Aid Agreement (Government Code §§8561–8617) allows for the implementation of mutual aid during threatened, actual, or declared emergencies. The District Manager, in accordance with the Emergency Plan, may request mutual aid assistance from other agencies, or commit District resources to other agencies requesting aid. The District Manager may sign appropriate documents to effectuate mutual aid and other emergency response agreements.

5120.8 Continuity of Management: The District’s emergency plan will list at least two successors to critical staff identified in the plan, including the District Manager. If the primary person is unable to respond to an emergency, each successor, in order, may assume all the duties and powers of the primary person.

5120.9 Status Reports: The District Manager will provide annual reports to the Board of Directors on the progress of the Emergency Preparedness Program. Additional reports will be given to the Board on the effectiveness of the plan and District response within 60 days of the occurrence of a declared District Emergency.

Emergency Response Guideline for Hostile or Violent Incidents – approved in 2020 – see Employee Handbook

5130.1 The purpose of this Policy is to provide direction for the District Board of Directors and staff regarding responses to hostile or violent incidents including possible armed intruders or related threats on District facilities or properties.

5130.2 Background: The potential for hostile or violent incidents on District facilities or operational locations always exists. Recent incidents involving armed intruders have occurred in increasing frequency involving injuries and deaths at government institutions, offices and educational facilities. Often, an intruder is a person who is an ex-employee, customer, or person known to the agency. The person often is upset at an event or person who works at the facility. However, armed intruders can be any person with or without a prior relationship with the District or its officers and employees. Incidents involving armed intruders can escalate to include multiple persons and potentially taking of hostages, including District customers.

Threats of these types are dire emergencies and the safety and well-being of employees and/or customers is the District's highest priority.

5130.3 Response to an Incident: Any evidence of the exposure to a hostile or violent person or situation on District facilities or operating areas should be taken seriously. The supervisor or employee observing or sensing that a violent or hostile situation is occurring or threatened should consider precautionary and safety actions. Any event resulting in awareness of a possible violent act including gunfire, explosion, fighting, or scuffling could indicate an incident of violent potential. Any staff person observing such potential activities should take steps to protect themselves and others on the District premises, including but not limited to:

1. Attempt to communicate the situation to everyone in the facility by means of telephone, paging, email and/or radio system including basic information that a potential incident is occurring. If a perpetrator(s) is seen or known, information on the person(s) should be provided.
2. Since different types and levels of workplace violence may require various responses, establishing basis information on the type of event is essential. Examples are:
 - a) **Gunfire:** Awareness of gunfire in a District facility should result in evacuation to the extent possible. If not possible, securing of rooms or offices and notification of others by phone or email is encouraged. Calling emergency services via 9-1-1 is imperative once it is safe to do so. Remain in the most secure location possible until contacted by public safety personnel or a facility supervisor, etc.
 - b) **Explosion:** An explosion could occur naturally or by violent intention. Awareness of an explosion or fire in the facility should result in immediate evacuation in accordance with established fire safety procedures. Response to a planned location is important so safety personnel can determine who is out of the facility.
 - c) **Physical or bomb threat:** Awareness of a telephone or in-person threat to facility or staff should be met with action to evacuate and clear staff from the threatened area. Calling 9-1-1 as soon as it is safe to do so is imperative.
 - d) **Situations involving hostages:** If a possible hostage incident is known, evacuation of the facility is paramount to safety of persons in the area. Contact 9-1-1 as soon as it is safe to do so.
 - e) **Irate customer/threat at counter or meeting:** When any person threatens a staff person or customer at a District facility in a manner causing fear for safety, action to summon public safety personnel by 9-

1-1 should be taken. In no way should steps be taken to physically confront or subdue such a person except in defense of life at the facility. If a volatile situation occurs at a Board of Directors or other public meeting, the person chairing or hosting the meeting should take steps to control the situation or adjourn the meeting to abate the confrontation, if possible. In the event of a threatening or hostile situation, call 9-1-1 immediately and proceed with evacuation or other appropriate actions.

5130.4 Planning for Emergency Incidents: Steps should be taken to plan response capabilities for emergencies in addition to fires, earthquakes, etc. that may involve hostile situations. These include but are not limited to:

1. Preparation of a facility evacuation plan for each room. Post the plan at each doorway and hallway exit. Establish a safe area zone for staging.
2. Procedures to lock both exterior and interior doors to secure the facility.
3. Develop an emergency notice code for intercom, email and radio to facility and District staff.
4. Develop a radio communication alert code to notify other District staff so they will not return to the facility during the incident until cleared to do so by public safety personnel.
5. Training of all personnel in dealing with customers, employees and other persons in threatening situations and in how to identify and assess potential threats or volatile situations. All employees assigned or expected to serve at the front desk or counter shall receive such training regularly.

All employees and members of the Board of Directors shall receive training on response to violent or hostile incidents. In the event of a potential incident, employees should notify a supervisor or the District Manager as soon as may be possible, or call 9-1-1. If assessment of a possible threat is needed, the District Manager or ranking staff person shall be notified. A public safety agency shall be contacted by 9-1-1 whenever a perceived threat is considered valid.

5130.5 Actions for Violent or Armed Threat Situation: The existence or potential for an event involving a violent person or armed intruder at a District facility should be considered an emergency condition. Actions could include:

1. Notify your supervisor or District Manager and other staff immediately if a threat is received but not actively in process. If validated, contact public safety by calling 9-1-1 immediately.
2. The District Manager or ranking staff member shall evaluate the situation and consider appropriate actions including shutting down operations and evacuation and/or locking down the facility until public safety response abates the threat.
3. Initiate notification of other facility staff of active threat by emergency code procedure. Evacuate the facility if possible. Secure money or computer equipment if time allows.
4. Activate an alarm for notifying other staff or an alarm company if one engaged by the District. A call contact would be included in procedure to double check for safety at the facility.
5. Upon sighting an armed intruder, an alert to all employees should be made by page, email, or radio.
6. Secure your work area or evacuate if safely possible. If not able to evacuate, find a safe hiding place and stay put until contacted by public safety personnel.
7. Once outdoors after an evacuation, proceed to designated staging area to report in for identification. Inform public safety personnel of any information on the incident.
8. Attempt to remain calm and assist others; wait for instructions from public safety or supervisory personnel.
9. Do not attempt to look around to see what is happening. Evacuate whenever possible and with others in areas you see directly. Do not confront or attempt to apprehend a violent perpetrator unless directly attacked for self-defense. Do not assume someone already called 9-1-1; call them immediately.

5130.6 Post Event Actions: Following the clear announcement of ending of a violent or hostile-person situation, contact public safety or supervisory personnel for instructions. Report any firsthand observations or other knowledge of the incident. Contact your family and immediate friends so they will not take any unnecessary actions to respond to new reports. Await direction as to return to work or other steps dependent on level of the incident. If not able to do so, consult with your supervisor or notify the ranking person on-site.

An Emergency Response Coordinator shall evaluate and debrief any major incident and take needed steps to abate the conditions after the event and prepare as necessary for continued operations. Planning and actions to address conditions are expected and your input via your supervisor is important. There may be the potential to lock-down or close the facility for some time or other corrective steps. If necessary, seek direction on what actions you should take to assist in procedure.

Press Relations – approved in 2020 – see Employee Handbook

1160.1 The purpose of this Policy is to provide for an orderly presentation to the press of factual information about District activities and Board action.

1160.2 Press Relations. The District Manager is hereby designated as the official of the District to represent the District to the press. Employees of the District shall refer all press inquiries to the District Manager. Board Members and other District officials are encouraged to refer press inquiries regarding District activities and Board actions to the District Manager or the President of the Board. Individual Board Members should take care not to represent their own opinions as those of the Board or the District, even when those opinions coincide with formal Board action.

1160.3 Press Releases. Press releases regarding the District shall be approved by the District Manager and the President of the Board. Whenever possible, all members of the Board shall be given an opportunity to review proposed press releases. Board Members should take care not to comment on proposed press releases outside Board meetings in a way that might constitute a serial meeting violation of the Brown Act. Thus, comments should be directed to the President of the Board, the District Manager, or both, but not to other members of the Board.

Public Complaints – approved in 2020 – see Employee Handbook

1170.1 The Board of Directors desires that public complaints be resolved at the lowest possible administrative level, and that the method for resolution of complaints be logical and systematic.

1170.2 A public complaint is an allegation by a member of the public of a violation or misinterpretation of a District policy, state, or federal law by an individual who has been adversely affected by that alleged violation or misinterpretation.

1170.3 Complaint Resolution:

1. An individual with a complaint shall first discuss the matter with the Administrative Services Manager to resolve the matter informally if possible.
2. If an individual registering a complaint is not satisfied with the disposition of the complaint by the Administrative Services Manager, it shall be forwarded to the District Manager. At the option of the District Manager, they may conduct conferences and take testimony or written documentation in the resolution of the complaint. The District Manager shall memorialize their decision in writing, providing the individual registering the complaint with a copy.
3. If an individual filing a complaint is not satisfied with the disposition of the matter by the District Manager, they may request consideration by the Board of Directors by filing said request in writing within ten (10) days of receiving the District Manager's decision. The Board may consider the matter at its next regular meeting, call a special meeting, or decline to consider the matter further. In making a decision, the Board may conduct conferences, hear testimony, and review the materials provided to the District Manager. The Board's final decision shall be memorialized in writing and copied to the individual registering the complaint. The action of the Board, including an action to decline to consider a complaint, is the final action of the District, not subject to further internal appeal.

1170.4 This Policy is not intended to prohibit or deter a member of the community or a staff member from appearing before the Board to orally present testimony, a complaint, or a statement in regard to actions of the Board, District programs and services, or pending considerations of the Board as permitted by the Brown Act. Nothing in this Policy shall alter the duties of District employees to protect the District's confidences and avoid insubordination and as otherwise provided by law and District policy.

Social Media Use – revised

1180.1 This Policy outlines the protocol and procedures for use of social media to publicize District services and events. In addition, this Policy addresses the responsibilities of employees and District officials with regards to social media and the use of District resources (time/equipment), as well as responsibilities related to the public records and open meeting laws.

1180.2 Definitions:

1. **Social Media:** Various forms of discussions and information-sharing, including social networks, blogs, video sharing, podcasts, wikis, message boards, and online forums. Technologies include but are not limited to picture-sharing, wall-postings, fan pages, email, instant messaging and music-sharing. Examples of social media applications include but are not limited to Google and Yahoo Groups, (reference, social networking), Wikipedia (reference), Instagram (social networking), Facebook (social networking), YouTube (social networking and video sharing), Snap Chat (photo sharing), Twitter (social networking and microblogging), LinkedIn (business networking), NextDoor (social networking), and news media comment sharing/blogging.
2. **Social Networking:** The practice of expanding business and/or social contacts by making connections through web-based applications. This Policy focuses on social networking as it relates to the Internet to promote such connections for District business and for employees, elected and appointed officials who are using this medium in the conduct of official District business.

3. **“Posts” or “Postings”** mean information, articles, pictures, videos, or any other form of communication posted on a District social media site.
4. **“Discuss Among Themselves”** means communications made, posted, or shared on an internet-based social media platform between members of a legislative body, including comments or use of digital icons that express reactions to communications made by other members of the legislative body.
5. **“Internet-Based Social Media Platform”** means an online service that is open and accessible to the public.
6. **“Open and Accessible to the Public”** means that members of the general public have the ability to access and participate, free of charge, in the social media platform without the approval by the social media platform or a person or entity other than the social media platform, including any forum and chatroom, and cannot be blocked from doing so, except when the internet-based social media platform determines that an individual violated its protocols or rules.

1180.3 Policy: No district social media site may be created without the approval of the District Manager or his or her designee. All District social media sites created on behalf of the District, by its employees on District time, or using other District resources are the property of the District and shall be administered and regularly monitored by the District Manager or his/her designee. These social media sites shall be used only to inform the public about District business, services and events. Individual departments may not have their own pages/sites. Individual departments wishing to add content to District social media sites may submit a request to the District Manager. The District’s web site, www.cayucossd.org, will remain the location for content regarding District business, services and events. Whenever possible, links within social media formats should direct users to the District web site for more information, forms, documents, or online services necessary to conduct business with the District. District social media sites shall clearly state that such sites are maintained by the District and that the sites comply with this Social Media Policy.

District employees and appointed and elected officials shall not disclose information about confidential District business on the District’s social media sites, personal social media sites, or otherwise. In addition, all use of social media sites by elected and appointed officials shall be in compliance with California’s Brown Act, which prohibits serial meetings of a majority of the Board or another legislative body of the District via email or other electronic means. In this regard, reference is made to Government Code §54952.2, which has been amended and clarifies that a member of a legislative body may communicate on social media platforms to answer questions, provide information to the public or to solicit information from the public regarding a matter within the legislative body’s subject matter jurisdiction. But those communications are only allowed if members of the same legislative body do not use a social media platform to discuss official business among themselves. “Discuss among themselves” means making posts, commenting, and even using digital icons that express reactions to communications (i.e., emojis) made by other members of the legislative body.

Government Code Section 54952.2(b)¹ (3) also prohibits a member of a legislative body from responding “directly to any communication on an Internet-based social media platform regarding a matter that is within the subject matter

¹ (b) (1) A majority of the members of a legislative body shall not, outside a meeting authorized by this chapter, use a series of communications of any kind, directly or through intermediaries, to discuss, deliberate, or take action on any item of business that is within the subject matter jurisdiction of the legislative body.

(2) Paragraph (1) shall not be construed as preventing an employee or official of a local agency, from engaging in separate conversations or communications outside of a meeting authorized by this chapter with members of a legislative body in order to answer questions or provide information regarding a matter that is within the subject matter jurisdiction of the

jurisdiction of the legislative body that is made, posted, or shared by any other member of the legislative body.” Therefore, if one Board or Committee or Commission Member posted a comment in response to another Member’s social media post about a District issue, it would be a Brown Act violation.

1180.4 Posting/Commenting Guidelines:

1. All postings made by the District to social media sites will contain information and content that has already been published or broadcast by the District. The District will not comment on other social media member’s sites. All official social media postings by the District will be done solely on the District’s social media sites or in response to postings made on the District’s social media sites. Officers, employees and agents of the District representing it on District social media sites shall conduct themselves professionally and in accordance with all District policies. All District social media sites shall use authorized District contact information for account set-up, monitoring and access. Personal email accounts or phone numbers may not be used to set up, monitor, or post to a District social media platform.
2. The District reserves the right to remove from its social media sites content that it finds to violate this Policy or applicable law. Any participants on the District’s social media sites who are in continual violation of the postings/commenting guidelines may be barred from further use of the District’s site. The District will only post photos for which it has copyright or the owner’s permission.
3. District social media platforms are subject to the California Public Records Act. Any content maintained on a District social media site that is related to District business, including a list of subscribers, posted communication, and communication submitted for posting, may be considered a public record and subject to public disclosure. All postings on District social media sites shall be sent to a District email account and maintained consistently with the Public Records Act, provided, however, that any material removed from a District social media site consistently with this Policy shall be considered a preliminary draft, note or memorandum not retained by the District in the ordinary course of business and shall not constitute a public record of the District required to be retained consistently with the District’s records retention schedules.
4. Chat functions in any social media sites will not be used.
5. Links to all social media networks to which the District belongs will be listed on the District’s website. Interested parties wishing to interact with these sites will be directed to visit the District’s web site for more information on how to participate.
6. The District reserves the right to terminate any District social media site without notice, or to temporarily or permanently suspend access to District social media as to some or all persons at any time. The District reserves the right to implement or remove any functionality of its social media platforms, at the discretion of the District Manager or his or her designee. This includes, but is not limited to, information, articles, pictures, videos, or any other form of communication that can be posted on a District social media platform.

local agency, if that person does not communicate to members of the legislative body the comments or position of any other member or members of the legislative body.

(3) (A) Paragraph (1) shall not be construed as preventing a member of the legislative body from engaging in separate conversations or communications on an internet-based social media platform to answer questions, provide information to the public, or to solicit information from the public regarding a matter that is within the subject matter jurisdiction of the legislative body provided that a majority of the members of the legislative body do not use the internet-based social media platform to discuss among themselves business of a specific nature that is within the subject matter jurisdiction of the legislative body. A member of the legislative body shall not respond directly to any communication on an internet-based social media platform regarding a matter that is within the subject matter jurisdiction of the legislative body that is made, posted, or shared by any other member of the legislative body.

7. District social media sites may contain content, including but not limited to, advertisements or hyperlinks over which the District has no control. The District does not endorse any hyperlink or advertisement placed on District social media sites by the social media site's owners, vendors, or partners.
8. District employees may post to District social media platforms only during working hours. After-hours or weekend postings may only be made with prior approval of the District Manager or his or her designee.
9. Any person authorized to post items on any of the District's social media platforms shall review, be familiar with, and comply with this Policy and each social media platform's terms and conditions of use.
10. Any person authorized to post items on behalf of the District to any of the District's social media platforms shall not express personal views or concerns through such postings. Instead, postings on any of the District's social media platforms on behalf of the District shall only reflect the views of the District.
11. Posts must contain information that is freely available to the public and not be confidential as defined by any District policy or state or federal law.
12. Posts may NOT contain any personal information, except for the names of persons being available for contact by the public as representatives of the District. Posts to District social media sites shall NOT contain any of the following:
 - Comments that are not topically related to the information commented upon
 - Comments in support of, or opposition to, political campaigns, candidates or ballot measures
 - Profane language or content
 - Content that promotes, fosters, or perpetuates discrimination on the basis of race, creed, color, age, religion, gender, marital status, or status with regard to public assistance, national origin, physical or mental disability or sexual orientation, or any other category protected by federal, state, or local law
 - Sexual content or links to sexual content
 - Solicitations of commerce
 - Conduct or encouragement of illegal activity
 - Information that may tend to compromise the safety or security of the public or public systems
 - Content that violates a legal ownership interest of any other party

Procedures

1180.5 The District Manager or his designee will be responsible for responding to comments and messages as appropriate. The District will direct users to the District's web site for more information, forms, documents or online services necessary to conduct business with the District.

1180.6 The District may invite others to participate in its social media sites. Such invitations will be based upon the best interests of the District as determined by the District Manager or his or her designee.

Responsibilities

1180.7 It is the responsibility of employees and appointed and elected officials to understand the procedures as outlined in this Policy.

1180.8 Employees who are not designated by the District Manager to access social media sites for District business are prohibited from accessing social media sites utilizing the District computer equipment and/ or the District's web access. While at work, employees who are not granted access via District systems and computing equipment may use personal computing devices and personal web accounts to access social media sites only during non-working

hours such as lunch periods and breaks. State law provides that more than occasional or incidental personal use of District resources is a crime.

1180.9 The District Manager will determine if a requested use of District social media sites or other District resources is appropriate and complies with this Policy.

1180.10 All content on District social media sites must comply with District web standards, the rules and regulation of the social media site provider, including privacy policies, and applicable law. Employee or District confidentiality shall be maintained in accordance with all applicable laws and District policies. If a question arises regarding the use or posting of confidential information on a social media site, the matter shall be referred to the District Manager. The information in question shall not be posted, or if already posted, shall be removed until an opinion is rendered by the District Manager or, at their request, District Counsel. Notwithstanding the opinion of the District Counsel, the District Manager reserves the right to restrict or remove District information from a District social media site if the District Manager concludes the information does not serve the best interest of the District.

1180.11 All social media-based services to be developed, designed, managed by or purchased from any third-party source for District use requires appropriate budget authority and approval from the Board of Directors.

1180.12 The District reserves the right to change, modify, or amend all or part of this Policy at any time.



Section 6:

GOVERNING ORDINANCES

Ordinances Active as of 2021

Ordinance No. 5 (1976) – Main governing Ordinance. General regulations, quality of sewer discharge, etc. No. 5 has been modified by Ordinances No. 12, No. 15 & No. 24.

Ordinance No. 6 (1977) – Authorizes delinquent sewer charges to be collected on the tax roll.

Ordinance No. 11 (1982) – Authorizes delinquent solid waste charges to be collected on the tax roll.

Ordinance No. 19 (1995) – Sets sewer standby of immediate availability charges and limits upon what said fees can be spent.

Ordinance No. 21 (1996) – Establishes solid waste and recycling regulations.

Ordinance No. 25 (2006) – Prohibits the discharge of cat feces and cat litter into the sewer system.

Ordinance No. 26 (2008) – Regulates sewer lateral installation, maintenance and repair.

Ordinance No. 27 (2011) – Governs common sewer laterals servicing multiple parcels.

Ordinance No. 28 (2007) – Establishes a Fee Schedule for various services.

Ordinance No. 29 (2009) – Establishes informal bidding procedures under the Uniform Public Construction Cost Accounting Act.

Ordinance No. 30 (2021) – Adopts mandatory organic waste disposal reduction regulations in compliance with SB 1383.

ORDINANCE NO. 5

Including amendments by Ordinances No.12, No. 15 & No. 24 (changes and additions in italics)

CAYUCOS SANITARY DISTRICT SANITARY SEWER SYSTEM ORDINANCE

PART I – GENERAL

Sec. 1. Enabling Authority.

This Ordinance is adopted pursuant to authority of Health and Safety Code Sections 6510 through 6523.3.

Sec. 2. Application.

This Ordinance shall apply to all sewer facilities of the Cayucos Sanitary District, including but not limited to building sewers and lateral sewers, as defined herein.

PART II – DEFINITIONS

Sec. 3. Definitions.

For the purpose of this Ordinance, unless it is plainly evident from the context that a different meaning is intended, the following terms used herein are defined as follows:

- A. **Back-water valve.** A device whose purpose is to prevent flow in a sewer in a direction opposite to that of the intended drainage.
- B. **Board.** The Board of Directors of Cayucos Sanitary District.
- C. **Building.** Any structure used for human habitation, or a place of business, recreation, or other activity and containing sanitary facilities.
- D. **Building site.** A parcel of land meeting the minimum standards for developable lots as specified in the San Luis Obispo County Code.
- E. **Building sewer.** That portion of any sewer beginning at the plumbing or drainage outlet of any building, industrial facilities, or preliminary treatment facility, and ending at a main sewer line.
- F. **Cesspool.** An excavation in the ground which receives discharge from a sewer for the purpose of allowing said discharge to percolate into the ground.
- G. **Cleanout.** A branch fitting installed in a sewer or other pipe for the purpose of providing access for cleaning.
- H. **County.** The County of San Luis Obispo, California.
- I. **Crown.** The highest point of the inside service of a sewer cross-section.
- J. **Fixture.** Any sink, tub, shower, toilet, or other facility connected by drain to a sewer.
- K. **Garbage.** Solid waste from the preparation, cooking, or dispensing of food and from the handling, storage, or sale of agricultural products.
- L. **Lateral Sewer.** That portion of a sewer line within a public right of way or easement and connecting a building sewer to a main sewer.
- M. **Main Sewer.** Any sewer, excluding lateral sewers, whose main purpose is to accept sewage from laterals and convey it to the sewage treatment plant.
- N. **Manhole.** A structure for the purpose of providing access of a worker to a buried sewer.
- O. **Permit.** Any written authorization required pursuant to this Ordinance.
- P. **Person.** Any individual, firm, company, partnership, association, corporation, or public entity.
- Q. **Public Sewer.** That portion of a sewer line within a public right of way or easement, including lateral sewers and main sewers maintained by, and subject to the jurisdiction of, Cayucos Sanitary District.
- R. **PH.** The logarithm of the reciprocal of the weight of hydrogen ions in grams per liter of solution.
- S. **Septic Tank.** A structure for treating sewage before disposal in a seepage pit or other leaching system.
- T. **Sewage.** Any water-carried waste from a building.
- U. **Sewage Works or Sewerage.** All facilities for collecting, pumping, treating, and disposing of sewage.
- V. **Sewer.** A pipe or conduit for carrying sewage.
- W. **Side Sewer.** A sewer beginning at the plumbing or drainage outlet of any building and terminating at a main sewer, including the building sewer and lateral sewer together.
- X. **Trunk Sewer.** The same as main sewer.

PART III - GENERAL REGULATIONS AND MATERIALS FOR HOUSE SEWERS

Sec. 4. Separate Connection for Each Building.

Every building in which plumbing fixtures are installed shall be separately and independently connected to a sewer.

Sec. 5. Exception for Rear Dwellings.

Where a dwelling is on the rear of a lot, on the front of which is another building and the total street frontage of the said lot does not exceed 60 feet, and is under one ownership, a separate sewer connection shall not be required for the rear dwelling. However, a connection permit and permit fee shall be required, therefore.

Sec. 6. Exception for Appurtenant Buildings.

Service buildings, such as garages, servants' quarters, power houses, or other like buildings where required as an adjunct to and to be used in connection with a building may be connected to the house sewer serving the main building, subject to the obtaining of a permit and payment of a permit fee.

Sec. 7. Materials Required.

House sewer lines shall be constructed of cast iron, PVC, ABS, or vitrified clay pipe.

Sec. 8. Size and Specifications of House Sewers.

The minimum size of any building sewer shall be determined on the basis of the total number of fixture units drained by such sewer, in accordance with Table 4.3 of the Uniform Plumbing Code. House sewers shall have a continuous and even fall of not less than one-fourth (1/4) of an inch per foot, except where solid rock or other unusual condition is encountered, in which event the approval of the governing board for a different fall may be requested.

Sec. 9. Protection of House Sewers Where Substandard Depth.

When a house sewer is connected to a trunk sewer in the street, that portion of the house sewer from the sewer main to the property line which has less than two and one-half (2 1/2) feet of cover between the top of the pipe and the curve or the top of the ground shall be protected as required by the district.

Sec. 10. Use of Old House Sewers.

Old house sewers may be used in connection with new plumbing work if they conform to the requirements of this Ordinance, and subject to the obtaining of a permit and payment of the permit fee.

Sec. 11. When Permit Not Required.

A permit shall not be required for the purpose of removing stoppages or repairing leaks in any house sewer.

Sec. 12. Building Courts; Common Pipe.

House sewers from a building court may be connected to a trunk sewer through a common pipe, provided that such common pipe be of adequate size, as determined by reference to the Uniform Plumbing Code, and shall be run in as direct a line to the trunk sewer as possible. A riser of the requirements and specifications of the Uniform

Plumbing Code shall be placed within two and one-half (2 1/2) feet of the point of connection of the house sewer located farthest from the public sewer. Such house sewers connecting to this common pipe shall be laid under the same requirements as if they were to connect directly to a trunk sewer.

Sec. 13. Grease Traps, Catch Basins, and Sumps Management. (amended in its entirety by Ord. No. 24 on January 18, 2006)

~~To prevent sand, grease, soil, or other objectionable matter from entering the sewerage system, restaurants and public places serving food shall be provided with grease traps, and public and private garage floor drains and public wash racks shall drain into a grease interceptor as specified in Section 710 and 711 of the Uniform Plumbing Code. Garage and oiling pits shall not be connected to any public sewer. Where installed, all grease, oil, and sand interceptors shall be maintained by the owner, at his expense, in continuously efficient operation at all times.~~

A. DEFINITIONS. *For purposes of this Section, the following terms are defined as follows:*

1. *“Food service facility” or “facility” means any business or food service facility which prepares, processes, and/or packages food or beverages for sale or consumption, on or off-site, with the exception of private residences. Food service facilities shall include, but are not limited to: food courts, food manufacturers, food packagers, restaurants, grocery stores, bakeries, lounges, hospitals, hotels, nursing homes, churches, schools, and all other places serving food to the public.*
2. *“Food service facility owner” or “owner”, means in the case of individual food service facilities, the owner or proprietor of the food service operation. Where the food service facility is a franchise operation, the owner of the franchise is the responsible person or entity. Where the food service facility operation is owned by a corporation, the corporate representative is the responsible entity. Where two or more food service facilities share a common grease interceptor, the owner shall be the individual who owns or assumes control of the grease interceptor or the property on which the grease interceptor is located.*
3. *“Grease” means a material either liquid or solid, composed primarily of fat, oil and grease from animal or vegetable sources. The terms “fats, oils and grease (FOG),” “oil and grease” or “oil and grease substances” shall all be included within this definition.*
4. *“Grease hauler” means a licensed person who collects the contents of a grease interceptor or trap and transports it to an approved recycling or disposal facility. A grease hauler may also provide other services to a food service facility related to grease interceptor maintenance.*
5. *“Grease Management Program Inspector (GPMI)” means the Supervisor of Operations and Maintenance, or his/her designee.*
6. *“Grease interceptor” means a device located underground and outside of a food service facility designed to collect, contain or remove food wastes and grease from the wastestream while allowing the balance of the liquid waste to discharge to the wastewater collection system by gravity. Interceptors shall be in conformance with the provisions of the Uniform Plumbing Code (latest edition).*
7. *“Grease trap” means a device located in a food service facility or outside, designed to collect, contain or remove food wastes and grease from the waste stream while allowing the balance of the liquid waste to discharge to the wastewater collection system by gravity. Traps shall be in conformance with the provisions of the Uniform Plumbing Code (latest edition).*

B. PURPOSE AND APPLICABILITY.

1. **Purpose.** *To establish uniform permitting, maintenance and monitoring requirements for controlling the discharge of grease from food service facilities discharging into the District’s wastewater collection system. The objectives of this Ordinance are:*
 - a) *To prevent the introduction of excessive amounts of grease into the District’s wastewater collection system.*
 - b) *To prevent clogging or blocking of the District’s sewer lines due to grease build-up causing backup and flooding of streets, residences and commercial buildings.*
 - c) *To implement a procedure to recover the costs incurred in cleaning and maintaining sewer lines and disposing of grease blockages.*
 - d) *To implement a procedure to recover costs for any liability incurred by the District for damage caused by grease blockages resulting in the flooding of streets, residences or commercial buildings.*
 - e) *To establish enforcement procedures for violation of any part or requirement of this Ordinance.*
2. **Applicability.** *The provisions of this Ordinance shall apply to all food service facilities located within the boundaries of the Cayucos Sanitary District.*

C. GREASE TRAPS AND INTERCEPTORS.

1. **Requirements.** *All food service facilities are required to have a grease trap or grease interceptor properly installed in accordance with any and all applicable requirements of the latest edition of the Uniform Plumbing Code (UPC), Regional Water Quality Control Board (RWQCB), and the Cayucos Sanitary District.*
2. **New Facilities.** *Food service facilities which are newly proposed or constructed, or existing facilities which will be expanded or renovated to include a food service facility, where such facility did not previously exist, shall be required to install a grease trap or interceptor. The owner shall operate and maintain the unit according to the requirements contained in this Ordinance. New facilities shall install grease traps and interceptors outside the building that food is prepared in.*
3. **Existing Facilities.** *Food service facilities shall be permitted to operate and maintain existing grease traps or interceptors provide they are in efficient operating condition. The District may require an existing food service facility to install a new grease trap or interceptor that complies with the requirements of the UPC (latest edition) or to modify or repair noncompliant plumbing or existing trap or interceptor within 30 calendar days of written notification by the District when any one or more of the following conditions exist.*
 - a) *The facility is found to be contributing oils and grease in quantities sufficient to cause line stoppages or necessitate increased maintenance on the wastewater collection system.*
 - b) *The facility does not have a grease trap or interceptor.*
 - c) *The facility has an irreparable or defective grease trap or interceptor.*
 - d) *The facility is sold or undergoes a change of ownership.*
 - e) *The facility does not have plumbing connections to a grease trap or interceptor in compliance with the requirements of this Ordinance.*
4. **Plumbing Connections.** *Grease traps or interceptors shall be installed in accordance with the UPC (latest edition) which requires that such trap or interceptor be located in the food service facility’s lateral sewer line between all fixtures which may introduce grease into the sewer system and connection to the District’s wastewater collection system. Wastewater from sanitary facilities and other similar fixtures shall not be introduced into the grease trap or interceptor under any circumstances.*

5. **Grease traps.** Grease traps shall be installed in accordance with the UPC (latest edition) and shall meet the following criteria:
 - (a) **Flow control device.** Grease traps shall be equipped with a device to control the rate of flow through the unit. The rate of flow shall not exceed the manufacturer's rated capacity recommended in gallons per minute for the unit. Each food service facility is responsible for maintaining appropriate flow control devices.
 - (b) **Venting.** The flow-control device and the grease trap shall be vented in accordance with the UPC (latest edition). Each food service facility is responsible for maintaining appropriate venting of the grease trap.
 - (c) **Inspection, cleaning and maintenance.** Each food service facility shall be solely responsible for the cost of trap installation, inspection, cleaning, and maintenance. Grease traps should be cleaned, as needed, to maintain the 25% rule: combined thickness of floating fats, oil and grease (FOG) and settleable solids shall not exceed 25%. Settleable solids shall not exceed 1" in depth at any given time. Best Management Practices (BMPs) for the management of FOG shall be adopted by each establishment (see Cayucos Sanitary District for suggested BMPs)
 - (d) **Repairs and Replacement.** The food service facility shall be responsible for the cost and scheduling of all repairs or replacement to its grease trap. Repairs or replacement required by the Grease Management Program Inspector shall be completed within thirty (30) calendar days after the date of written notice of required repairs or replacement is received by the facility. The District may authorize an extension of time to achieve compliance for an additional 5 calendar days.
 - (e) **Disposal.** Grease and solid materials removed from a grease trap shall be disposed of at an approved grease rendering disposal site.
 - (f) **Record keeping.** The food service facility owner is responsible for maintaining records from the grease hauler which include the following:
 - (1) Level of fats, oil and grease (FOG) and settleable solids in the grease trap at the time of cleaning.
 - (2) Visual inspection documenting required repairs.
 - (3) Proof that material is being disposed of at an approved facility.
 - (4) Records must be maintained referencing grease trap maintenance and disposal.
 - (g) **Additives.** Use of chemicals, enzymes, emulsifiers, live bacteria or other grease cutters or additives used for purposes of grease treatment or reduction shall be approved by the Grease Management Program Inspector prior to their addition to a grease trap.
6. **Grease Interceptors.** Grease interceptors shall be designed and installed in accordance with the UPC (latest edition). Each food service facility shall operate and maintain its grease interceptor in accordance with the following criteria:
 - (a) **Inspection, pumping and maintenance.** Each food service facility shall be responsible for the costs of installing, inspecting, pumping, cleaning, and maintaining its grease interceptor. All food service facilities that have grease interceptors shall utilize a licensed grease hauler for pumping services. Pumping services shall include the initial complete removal of all contents, including floating materials, wastewater, and bottom sludges and solids from the interceptor. Interceptors should be cleaned, as needed, to maintain the 25% rule: combined thickness of floating fats, oil and grease (FOG) and settleable solids shall not exceed 25%. Settleable solids shall not exceed 1" in depth at any given time. Grease interceptors must have three manholes for inspection purposes. Locations of manholes are to be above the inlet tee, baffle tee, and outlet tee. Best Management

Practices (BMPs) for the management of FOG shall be adopted by each establishment (see Cayucos Sanitary District for suggested BMPs).

- (b) **Interceptor pumping frequency.** *Each food service facility shall have its grease interceptor pumped at a minimum of once every quarter. More frequent pumping may be necessary to maintain continuously efficient operation.*
- (c) **Repairs and Replacement.** *The food service facility shall be responsible for the cost and scheduling of all repairs or replacement to its grease interceptor. Repairs or replacement required by the Grease Management Program Inspector shall be completed within thirty (30) calendar days after the date of written notice of required repairs or replacement is received by the facility. The District may authorize an extension of time to achieve compliance for an additional 5 calendar days.*
- (d) **Disposal.** *Wastes removed from each grease interceptor shall be disposed of at a facility permitted to receive such wastes. Neither grease nor solid materials removed from interceptors shall be returned to any grease interceptor, private sewer line or to any portion of the District's wastewater collection system without prior written permission from the District Manager.*
- (e) **Record keeping.** *Each food service facility shall maintain a record on-site, available for review upon request of the Grease Management Program Inspector, of all interceptor maintenance, including the date and time of the maintenance, details of any repairs required and dates of repair completion and any other records pertaining to the interceptor. The food service facility owner is responsible for maintaining records from the grease hauler which includes the following information:*
 - (1) *Level of fats, oil and grease (FOG) and settleable solids in the interceptor at the time of pumping.*
 - (2) *Visual inspection documenting required repairs.*
 - (3) *Proof that materials are being disposed of at an approved facility.*
 - (4) *Certification that the entire tank was pumped. Records must also be maintained referencing grease trap maintenance and disposal.*
- (f) **Additives.** *Use of chemicals, enzymes, emulsifiers, live bacteria or other grease cutters or additives used for purposes of grease treatment or reduction shall be approved by the Grease Management Program Inspector prior to their addition to a grease interceptor.*

D. DISTRICT INSPECTION. *Grease traps/interceptors shall be inspected by the District's Grease Management Program Inspector, or his/her designee, to assure compliance, proper cleaning and maintenance schedules are being adhered to. Each food service facility shall allow the Grease Management Program Inspector, or his/her designee, access at all reasonable times to the premises for the purpose of inspection, observation, records examination, measurement, sampling and testing in accordance with the provision of this Ordinance. Refusal to allow the Grease Management Program Inspector such entry shall constitute a violation of this Ordinance.*

E. FOOD SERVICE FACILITY ENFORCEMENT. *Enforcement actions against food service facilities in violation of this Ordinance shall be as follows:*

- 1. **Notice of Violation.** *A written notice of violation (NOV) shall be issued to the owner of a food service establishment/business for any one or more of the following reasons:*
 - (a) *Failure to properly maintain the grease trap or interceptor in accordance with the provisions of this Ordinance.*

- (b) *Failure to maintain adequate records.*
- (c) *Failure to provide logs, files, records, or access for inspection or monitoring activities.*
- (d) *Repeated violation of the provisions set forth in this Ordinance.*
- (e) *Failure to initiate/complete corrective action in response to a NOV.*
- (f) *Failure to allow District inspector access for purposes of inspection.*

2. **Notice of Violation Response.** *Any food service facility issued an NOV shall respond to the District in writing within 5 calendar days of receipt of the NOV describing how the non-compliance occurred; verification that the violation has been corrected; and shall provide assurance that steps will be taken to prevent re-occurrence. If a food service facility violates or continues to violate the provisions set forth in this Ordinance or fails to initiate/complete corrective action in response to a NOV, then the District will escalate its enforcement procedures.*
3. **Penalties and Fines.** *Any person receiving more than two written NOVs in a year will be subject to fines of \$300.00 per violation. In addition to the penalties provided herein, the District may recover reasonable attorney's fees, court costs, court reporter's fees and other expenses of litigation by appropriate suit at law against the owner of the establishment/business found to have violated this Ordinance or the orders, rules, regulation and permits issued hereunder.*

F. RECOVERY OF COSTS. *When a discharge of waste or grease build-up causes an obstruction, damage, backup and flooding of streets, residences, commercial buildings or impairment to District facilities, or any expense of whatever character or nature to the District, the District Manager shall assess the expenses incurred by the District to clear the obstruction, repair damage, and any other expenses or damages of any kind of nature suffered by the District. The District Manager shall file a claim with the user, the owner of establishment/business or any entity causing such damages seeking reimbursement for any and all expenses or damages suffered by the District. If the claim is ignored or denied, the District Manager shall notify District Counsel to take such measures as shall be appropriate to recover any expense or to correct other damages suffered by the District.*

Sec. 14. Time for Connection to Sewerage System.

Where a public sewer is located within a distance of two hundred (200) feet (measured along streets, alleys, avenues, or public rights-of-way upon which the property abut) or where in the opinion of the district a public sewer is available, and except as is otherwise provided in this Ordinance, every building now or hereafter situated within the district in which plumbing fixtures are now or hereafter installed shall be separately and independently connected to the district sewerage system within six (6) months after said service becomes available.

Sec. 15. [sic] Required Sewer Backflow Valve (addition by Ord.15 on June 15, 1992)

- A. *Drainage piping serving fixtures which have flood level rims located below the elevation of the next upstream manhole, lamp hold, or pump station wet well cover of the public sewer serving such drainage piping shall be protected from backflow of sewage by installing an approved-type backflow valve. Fixtures above such elevation are not required to discharge through the backflow valve.*
- B. *Any existing lateral sewer piping upon any premise which services fixtures whose elevation is lower than the elevation of the first upstream sewer manhole rim, lamp hole, or pump station wet well shall be protected from backflow of sewage by installing backflow valves of a type approved by the District. The property owner shall be required to provide and install such device.*
- C. *If the property owner fails to install and maintain a backflow valve in good working condition when*

required under this section, the Cayucos Sanitary District's superintendent may declare said sewer connection to be a nuisance and abate such nuisance ordering and requiring that the property owner install and maintain an approved-type backflow valve in good working condition at the owner's expense, as required under Section 15. In the event that the property owner fails to install and/or make required repairs within ten days after written notice by the District, the Cayucos Sanitary District's superintendent shall arrange for such installation and/or repair; the cost of which may be collected by court action or may be declared to be a lien by action of the Cayucos Sanitary District after a public hearing and notice to the property owner and shall be added to and collected as part of the tax roll.

- D. *All house connection sewers, industrial sewers, and appurtenances thereto, now existing or hereafter constructed, shall be maintained by the owner of the property in a safe and sanitary condition and all devices or safeguards which are required by this section for the operation thereof shall also be maintained in a good working order by the owner.*

PART IV - GENERAL RULES

Sec. 15. Standard Specifications.

The Board may, by resolution, establish standard specifications for the construction of sewerage works, and such specifications shall, when adopted, become part of this Ordinance.

Sec. 16. Private Sewage Systems Unlawful.

No person shall connect to, use, provide, or maintain any system for the handling or treatment of sewage or other liquid wastes within the boundaries of the district which system was not in existence and use at the time of adoption of this Ordinance, except as herein provided, or upon specific authorization given by resolution of the Board.

Sec. 17. Protection of Sewers.

No unauthorized person shall break, damage, deface, uncover, or tamper with any structure, appurtenance, equipment, or other property which is the part of the district sewer system. No manhole shall be covered or made inaccessible. If by reason of subdivisions or property development changes in surface grade are made necessary, manholes shall be reconstructed by the developer or subdivider to conform to this Ordinance.

Sec. 18. Investigative Powers.

District representatives shall at all reasonable times be permitted to enter in and upon all buildings and premises within the district for the purpose of inspection, observation, measurement, sampling, testing, or otherwise performing such duties as may be necessary in carrying out the provisions of this Ordinance.

Sec. 19. Correction of Violations *(as amended by Ord. 12 on August 18, 1986)*

1. **Private Facility Operation.** *No owner or operator of any facility for the reception of raw or chemically treated sewage shall permit any raw or chemically treated sewage to be dumped into such facility until an operating permit for such facility has been obtained. Such operating permit shall be conditional upon continued operation of such facilities in compliance with the rules, regulations, and directives of this ordinance relating to such operation, including maintenance and cleaning of such facilities. Owner or*

operator of such facilities shall keep a log of dischargers name, driver's license number, vehicle type and license number, date, and time of discharge. The owner or operator of the facility shall not permit commercial use of the discharge facility.

2. Any person found to be in violation of any provision of this Ordinance shall be served by the district with written notice stating the nature of such violation and providing a reasonable time limit for the correction thereof. Said time limit shall be not less than two nor more than seven (7) working days unless the Board shall determine otherwise. The person receiving such notice shall permanently and completely correct the violation within the period allowed.

Sec. 20. Liability for Damages for Violation.

Any person violating a provision of this Ordinance shall be liable for all damages resulting from such violation, or which arise from actions taken in the correction thereof, which are incurred by the district, including but not limited to attorney's fees and court costs incurred in connection therewith.

Sec. 21. Relief.

Any person who, by reason of special circumstances, believes that the application of any portion of this Ordinance as to him is unjust or inequitable, may make written application to the Board for relief from such requirements. Said application shall set forth all of the special facts and circumstances and shall request the specific relief or modification desired. The Board, upon receipt of such application and after such investigation as it deems necessary, may grant such relief or modification as it finds to be necessary and in the public interest. The Board, on its own motion and without an application, may modify or suspend any portion of this Ordinance for any period during which the Board determines that special circumstances render the application of any portion of this Ordinance to be a hardship or to be unjust. An application for relief under this Section shall be in writing and shall be accompanied by a filing fee in the amount of \$25.00.

Sec. 22. Permit and Fees Required before Work Done.

No sewer shall be installed, altered, or repaired until a permit for the work is obtained from the district and all fees required therefore have been paid.

Sec. 23. Use of Existing Sewer.

Before a permit shall be issued for a sewer connection in any area within the district, where the owner of property has not made full payment of its share of the cost of any existing sewerage facilities for said property, the owner or applicant, shall pay to the district a sum of money for such connection to be computed by the district.

Sec. 24. Permit Fee.

Permit fees for construction, repair, or maintenance of private sewerage work shall be as established by resolution of the Board.

Sec. 25. Inspections.

All connections to, and extensions of, the district's sewer system shall be inspected by the district prior to filling of trenches.

PART V - MAIN EXTENSIONS

Sec. 25. Main Extensions to New Customers.

Mains extended to serve new customers shall be subject to all of the provisions of this Ordinance.

Sec. 26. Main Extensions to be Independently Acted Upon.

Each separate main extension shall be acted upon independently by the Board, and the Board shall be the sole judge of whether or not such extension shall be made. In all cases the cost of main extensions shall be borne by the person or persons requesting the same. The Board shall have the power to establish for each main extension a formula for proration of the cost thereof among those parcels of land which the Board determines may then or in the future be benefited by said extension. Nothing in this Section shall be deemed to affect the power of the district to extend its lines on its own through assessment or other proceedings.

Sec. 27. Main Extensions to Subdivisions.

Where main extensions are required for subdivisions, it is the responsibility of the owner or subdivider to pay the cost for complete installation of all sewer facilities required within the subdivision and for extension of sewer transmission mains from the subdivision to the nearest existing main of adequate capacity for the area served. Such transmission main and sewer facilities shall be subject to all of the requirements of this Ordinance and shall be subject to inspection by the district during installation. Upon acceptance by the district of such facilities, the district shall assume full ownership, maintenance, and control of such mains and sewer facilities.

PART VI - STANDARDS AND REGULATIONS FOR QUALITY OF SEWER DISCHARGE

Sec. 28. No Discharge of Storm Waters, etc. into Sewers *(as amended by Ord. 12 on August 18, 1986)*.

No person shall discharge or cause to be discharged any storm water, surface water, ground water, roof runoff, subsurface drainage, *unpolluted* cooling water, or *unpolluted* industrial process waters into any sanitary sewer, except as is specifically authorized by this Ordinance.

Sec. 29. Other Waters and Wastes Prohibited *(as amended by Ord. 12 on August 18, 1986)*.

Except as hereinafter provided, no person shall discharge or cause to be discharged into a public sewer any of the following described substances:

- A. Any liquid or vapor having a temperature higher than 150° Fahrenheit.
- B. Any water or waste which contains more than one hundred parts per million, by weight, of fat, oil, or grease.
- C. Gasoline, benzene, naphtha, fuel oil, or other flammable or explosive liquid, solid, or gas.
- D. Any garbage that has not been properly shredded.
- E. Ashes, cinders, sand, mud, straw, shavings, metal, glass, rags, feathers, tar, plastics, wood, or other solid or viscous substance capable of causing obstruction to the flow within sewers or other interference with the proper operation of the sewerage system.
- F. Water or waste having a pH lower than 5.5 or higher than 9.00 or having any other corrosive property capable of causing damage or hazard to structures, equipment, and personnel of the district.

- G. Water or waste containing a toxic or poisonous substance in sufficient quantity to injure or interfere with any sewage treatment process, constitute a hazard to humans or animals, or create any hazard in the receiving waters of the sewage treatment plant.
- H. Water or waste containing suspended solids of such character and quantity that unusual attention or expense is required to handle such materials at the sewage treatment plant.
- I. Any noxious or malodorous gas or substance capable of creating a public nuisance.
- J. *Any wastes which will exceed the limitations set forth in Federal pretreatment standards.*
- K. *Any wastes which will interfere with the disposal, reclamation or reuse of the wastewater treatment plant effluent or sludge.*
- L. *Any wastes which will cause the wastewater treatment plant to violate its NPDES permit.*
- M. *Any radioactive wastes or isotopes of half-life or concentration which exceed limits established by the water quality control superintendent.*
- N. *Any wastes which cause a hazard to human life or create a public nuisance.*

Section 29.1. Federal and State Requirements (as added by Ord. 12 on August 18, 1986).

Federal and/or state discharge requirements will apply in any case where they are more stringent than those in this ordinance.

Sec. 30. Right to Regulate Water and Waste.

- A. The admission into the sewer system of any water or waste having a 5-day biochemical oxygen demand greater than three hundred parts per million by weight, or containing more than three hundred fifty parts per million by weight of suspended solids, or containing any quantity of substances having the characteristics described in Section 29, or having an average daily sewage flow greater than 2% of the average sewage flow of property within the district, shall be subject to prior review and approval of the Board.
- B. Plans, specifications, and any other pertinent information relating to proposed preliminary treatment facilities shall be submitted for the approval of the district and of the Water Quality Control Board of the State of California, and no construction of such facilities shall be commenced until said approvals are obtained in writing.

Sec. 31. Preliminary Treatment Facilities.

Where preliminary treatment facilities are provided for any water or waste, they shall be maintained continuously in satisfactory and effective operation by the owner, at his expense.

Sec. 32. Installation of Control Manholes.

When required by the district, the owner of any property served by a builder sewer carrying industrial waste shall install a suitable control manhole in the building sewer to facilitate observation, sampling, and measurement of waste. Such manhole shall be accessible and safely located and shall be constructed in accordance with plans approved by the district. The manhole shall be installed by the owner at his expense and shall be maintained by him so as to be safe and accessible at all times.

Sec. 33. Measurements, Tests, and Analyses.

All measurements, tests, and analyses of the characteristics of water and waste to which reference is made in Sections 29 and 31 shall be determined in accordance with that document entitled "Standard Methods for the Examination of Water and Sewage" published by the American Waterworks Association and shall be determined at the control manhole provided for herein, or upon suitable samples taken at control manholes. In the event that no special manhole has been required, the control manhole shall be considered to be the nearest downstream manhole in the public sewer to the point at which the building sewer is connected.

Sec. 34. Industrial Concerns.

Nothing in this Ordinance shall be construed as preventing any special agreement or arrangement between the district and any industrial concern whereby an industrial waste of unusual strength or character may be accepted by the district for treatment, subject to payment therefore by the industrial concern.

Section 34.1. Right to Terminate Water Service (as added by Ord. 12 on August 18, 1986).

If any user of the sewer system fails to meet the requirements set forth in this ordinance, the District shall have the authority to terminate sewer service or use alternate actions to protect the wastewater treatment facilities, employees, and surrounding environment from hazardous discharges.

PART VII - SEWER CHARGES

Sec. 35. Charges Established by Resolution.

Sewer charges, and procedures for collection thereof, shall be established by resolution of the Board in accordance with Health and Safety Code Section 6520.5.

Sec. 36. Service Outside District.

Any user connected to the sewage system from outside of the district limits shall pay a service fee equal to twice the rate charged for comparable property within the district; provided, that by resolution the district may establish additional or alternate charges for nonresident users.

On the motion of Bergmueller, second by Minetti and on the following roll call vote:

AYES: Claude Bourne, John Bergmueller, Guido Minetti, George G. Hart, Charles Edward Bird
NOES: None
ABSENT: None

the foregoing Ordinance was adopted this 12th day of July, 1976.

SIGNED: Claude Bourne, President
ATTEST: A. Rorison, Secretary

Ordinance No. 12: Amending Ordinance No. 5 To Comply with Wastewater Discharge Regulations.

On the motion of Director Borradori, seconded by Director Murray, and on the following roll call vote to wit:

AYES: John Bergmueller, Murray, Gino Borradori, Guido Minetti & Joseph Earl
NOES: None
ABSENT: None

the foregoing Ordinance was adopted this 18th day of August, 1986.

SIGNED: John Bergmueller, President
ATTEST: Ethel L. Girard, Secretary
APPROVED AS TO FORM: Roger Lyons, Attorney for District

Ordinance No. 15: Amending Ordinance No. 5 to Establish Regulations for Backflow Valve Installation and Enforcement

On the motion of R.E. Dill, second by R. Enns, and on the following roll call vote:

AYES: P.T. Schubert, R. Enns, G. Craig, R.E. Dill
NOES: None
ABSENT: P. Hutchinson

the foregoing Ordinance was adopted this 15th day of June, 1992.

SIGNED: P. Terry Schubert, President
ATTEST: Bonnie Connelly, Secretary

Ordinance No. 24: Amending Ordinance No. 5 to Establish a Grease Management Program, Including Regulations for Installation, Operation, and Maintenance of Grease Traps and Grease Interceptors

On motion of Board Member Raimondo, seconded by Board Member Gibeaut, and on the following roll call vote, to wit:

AYES: Enns, Gibeaut, Bell, Fones, Raimondo
NOTE: None
ABSENT: None

the foregoing Ordinance was passed and adopted this 18th day of January, 2006.

SIGNED: Robert Enns, President of the Board
APPROVED AS TO FORM: Timothy J. Carmel, District Legal Counsel

ORDINANCE NO. 6

AN ORDINANCE OF THE BOARD OF DIRECTORS OF CAYUCOS SANITARY DISTRICT ELECTING TO HAVE DELINQUENT SEWER SERVICE CHARGES COLLECTED ON TAX ROLL

BE IT ORDAINED by the Board of Directors of Cayucos Sanitary District

SECTION 1. It is hereby found and determined by the Board of Directors that it is in the public interest that sewer service charges lawfully assessed by the District which become delinquent be collected on the tax roll, pursuant to the procedures set forth in Health and Safety Code Sections 5473, et seq.

SECTION 2. The Cayucos Sanitary District hereby elects to have sewer service charges which are delinquent at the end of any fiscal year collected on the tax roll in the same manner, and by the same persons, and at the same time as, its general taxes.

SECTION 3. The Clerk of this Board be and is hereby authorized and directed at the end of each fiscal year to prepare and file with the Board of Directors a report containing a description of each parcel of real property receiving sewer services and the amount of delinquent charges for each parcel owing as of the end of the fiscal year, computed in conformity with any charges prescribed by resolution of this Board. Upon filing of said report the Clerk shall also cause notice of the filing of said report and of a time and place of hearing thereon to be published pursuant to Government Code Section 6066 and Health and Safety Code Section 5473.1.

SECTION 4. This ordinance shall be in full force and effect immediately and shall forthwith be posted for one (1) week in three (3) public places within the District.

On motion of Director Hart and seconded by Director Minetti, and on the following roll call vote, to-wit:

AYES: John Bergmueller, Charles E. Bird, Claude Bourne, George Hart, Guido Minetti
NOES: None
ABSENT: None

the foregoing ordinance was adopted this 8th day of August, 1977.

SIGNED: Claude Bourne, President
ATTEST: Ethel Girard, Secretary
APPROVED AS TO FORM: Stephen N. Cool, Attorney for District

ORDINANCE NO. 11

AN ORDINANCE OF THE BOARD OF DIRECTORS OF CAYUCOS SANITARY DISTRICT ELECTING TO HAVE DELINQUENT SOLID WASTE DISPOSAL SERVICE CHARGES COLLECTED ON TAXROLL

BE IT ORDAINED by the Board of Directors of Cayucos Sanitary District

SECTION 1. It is hereby found and determined by the Board of Directors that it is in the public interest that solid waste disposal charges law- fully assessed by the authorized contract agent for the District which become delinquent be collected on the tax roll, pursuant to the procedures set forth in Health and Safety Code Sections 5473, et seq.

SECTION 2. The Cayucos Sanitary District hereby elects to have solid waste disposal charges which are delinquent at the end of any fiscal year collected on the tax roll in the same manner, and by the same persons, and at the same time as, its general taxes.

SECTION 3. The clerk of this Board be and is hereby authorized and directed at the end of each fiscal year to prepare and file with the Board of Directors a report containing a description of each parcel of real property receiving solid waste disposal charges and the amount of delinquent charges for each parcel owing as of the end of the fiscal year, computed in conformity with any charges prescribed by resolution of this Board. Upon filing of said report the Clerk shall also cause notice of the filing of said report and of a time and place of hearing thereon to be published pursuant to Government Code Section 6066 and Health and Safety Code Section 5473.1.

SECTION 4. This ordinance shall be in full force and effect immediately and shall forthwith be posted for one (1) week in three (3) public places within the District.

On Motion of Director Bergmueller, seconded by Director Murray and on the following roll call vote, to-wit:

AYES:	Bergmueller, N. Murray, G. Minetti, G. Borradori, T. Schubert.
NOES:	None
ABSENT:	None

the foregoing ordinance was adopted this 9th day of August, 1982.

SIGNED:	P. Terry Schubert, President
ATTEST:	Ethel L. Girard, Secretary

ORDINANCE NO. 19

AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE CAYUCOS SANITARY DISTRICT FIXING SEWER STANDBY OR IMMEDIATE AVAILABILITY CHARGES

WHEREAS, the Board of Directors of the Cayucos Sanitary District (hereinafter referred to as "District") is authorized, pursuant to Health and Safety Code Sections 5471 and 6520.5, to prescribe, revise and collect sewer standby or immediate availability charges for services and facilities furnished by it in connection with its sanitary and sewerage systems; and

WHEREAS, sewer standby or immediate availability charges collected by the District shall be used only for the acquisition, construction, reconstruction, maintenance, and operation of sanitary and sewerage facilities, and to repay federal or state loans or advances made to the District for the construction or reconstruction of sanitary or sewerage facilities; revenue collected from sewer standby or immediate availability charges shall not be used for the acquisition or construction of new local street sewers or laterals; and

WHEREAS, the District held a public meeting on August 21, 1995, prior to adopting new sewer standby or immediate availability charges, pursuant to Government Code Section 66016, and notice of the time and place of that meeting was given as required by law; and

WHEREAS, the District has on file, and has made available to the public, data indicating the amount of estimated costs required to provide the facilities and services for which the fees and charges are levied, and the revenue sources anticipated to provide said facilities and services, which fees and charges have been determined as not exceeding the cost of providing the facilities and services; and

WHEREAS, it is hereby found and determined that sewer standby or immediate availability charges as hereinafter set forth are not discriminatory or excessive and are in compliance with the law; and

WHEREAS, it is hereby found and determined that the sewer standby or immediate availability charges hereinafter set forth be fixed by the District Board of Directors as the District's sewer standby or immediate availability charges.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE CAYUCOS SANITARY DISTRICT AS FOLLOWS:

SECTION 1: The recitals set forth hereinabove are true, correct and valid.

SECTION 2: That the Board of Directors of the District hereby fixes sewer standby or immediate availability charges for all lots, improved or unimproved, located within the District as provided for in the schedule attached hereto as Exhibit "A" and incorporated herein by this reference.

SECTION 3: That said sewer standby and immediate availability charges shall be billed and collected on a bi-monthly basis.

SECTION 4: The Board of Directors of the District finds that the adoption of this Ordinance does not constitute a "project" under the California Environmental Quality Act ("CEQA") (Public Resources Code Section 21000 et seq.) or its implementing Guidelines (14 California Code of Regulations Section 15000 et seq.) ("CEQA Guidelines"). The Board further finds that the adoption of this Ordinance falls within the activities described in Section 15378(b)(3) of the CEQA Guidelines which are deemed not to be "projects."

SECTION 5: That all ordinances, codes, sections of ordinances and codes, and resolutions that are inconsistent with the provisions of this Ordinance, including, but not limited to, Ordinance No. 17, are hereby repealed.

SECTION 6: That this Ordinance is passed and adopted pursuant to Health and Safety Code Sections 5471, 5473.10, 6520.5 and 6521.

SECTION 7: This Ordinance shall take effect immediately upon its adoption.

SECTION 8: Within fifteen (15) days of passage, this Ordinance shall be published one time in a newspaper of general circulation published in the District, if there is one, and if not, then this Ordinance shall be posted for one week in three (3) public places in the District.

This Ordinance was INTRODUCED, READ, PASSED and ADOPTED on the 25th day of August, 1995, on the following roll call vote, to wit:

AYES: Enns, Knowles, Bell, Gulmert
NOES: None
ABSENT: Schubert

SIGNED: Robert B. Enns, Chairman, Board of Directors
ATTEST: Bonnie E. Connelly, Secretary
APPROVED AS TO FORM: Timothy J. Carmel, District Counsel

**SCHEDULE OF MONTHLY SEWER STANDBY
OR IMMEDIATE AVAILABILITY CHARGES
(EXHIBIT "A")**

1. A flat rate will be charged for each lot, improved or unimproved, located within the District at the rate of \$7.50 per month when meeting all of the criteria listed below:
 - A. A building site (lot) must be located within the District's sphere of influence, as determined by the "Sphere of Influence Study" for the Cayucos Sanitary District adopted by the Local Agency Formation Commission (LAFCO), County of San Luis Obispo, State of California on October 21, 1982; and
 - B. A lot, improved or unimproved, must have a sewer line adjacent to it, or must be located within 1,000 feet of District facilities.

 2. A lot, improved or unimproved, located within the District's service area boundaries shall be exempt from assessment of the monthly sewer standby or immediate availability charge when meeting any of the criteria listed below:
 - A. A lot, improved or unimproved, is not included in the District's sphere of influence; or
 - B. A lot, improved or unimproved, is specifically deemed non-buildable by the County. It would be the responsibility of the owner to provide proof satisfactory to the District; or
 - C. Where facilities cannot be reasonably constructed to a lot, improved or unimproved, so as to allow connection to the District's facilities. This determination would be made by the District's Manager and/or engineer, at the owner's expense.
-

ORDINANCE NO. 21

AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE CAYUCOS SANITARY DISTRICT ESTABLISHING SOLID WASTE AND RECYCLING REGULATIONS

THE BOARD OF DIRECTORS OF THE CAYUCOS SANITARY DISTRICT DOES ORDAIN AS FOLLOWS:

SECTION 1: PURPOSE.

The District, in making adequate provision in this ordinance for the handling of solid waste, is doing so as a subdivision of the State and after being authorized to do so as a part of the State's comprehensive program for solid waste management and resource recovery and for the preservation, health, safety, and well-being of the public. The following provisions regarding solid waste handling, and the actions of the District pursuant to those provisions, are intended to implement State policy and to provide for the District's continuing authorized evaluation, planning, and supervision in the area.

SECTION 2: DEFINITIONS.

For purposes of this ordinance, the following words and phrases shall mean as follows:

"Board of Directors" means the Board of Directors of the Cayucos Sanitary District.

"County" means the County of San Luis Obispo.

"District" means the Cayucos Sanitary District.

"District Manager" means the District Manager of the Cayucos Sanitary District.

"Drop box" means a solid waste container satisfying the requirements of Section 6.

"Franchisee" means and includes a person, or any other entity authorized under and by virtue of a contract with the Cayucos Sanitary District to collect solid waste.

"Hazardous materials" means any material defined as hazardous in the State Health and Safety Code, as may be amended from time to time; a waste that is hazardous according to the criteria set forth in the California Code of Regulations, as may be amended from time to time or any waste that must be disposed of in a hazardous waste landfill.

"Occupant" means the person who is in possession of a commercial or residential property. "Person" means any individual, partnership, firm, corporation, other business entity, association, group or combination thereof and the plural as well as the singular.

"Receptacle" means a solid waste container satisfying the requirements of Section 6.

"Recyclables" or "recyclable materials" means, but is not limited to, any paper, glass, cardboard, plastic, ferrous metal, aluminum, or other material that is to be segregated for collection.

"Recycling" means the process of collecting, sorting, cleansing, treating, and reconstituting materials that would otherwise become solid waste, and returning them to the economic mainstream in the form of products which meet the quality standards necessary to be used in the marketplace.

"Recycling franchisee" means and includes a person or any other entity authorized under and by virtue of a contract with the Cayucos Sanitary District to collect recyclable material in the District.

"Solid waste" means all putrescible and non-putrescible waste, including, but not limited to, animal feces, food waste, waste paper, garbage, cardboard, rags, refuse, household ashes, wearing apparel, household goods, wooden containers, and all worthless, useless, unused, rejected or castoff solid or semi-solid matter, commercial and construction waste, recyclable materials and yard refuse, excluding hazardous materials as defined in this section.

SECTION 3: USE OF DISPOSAL SERVICE MANDATORY - COLLECTION OF CHARGES.

- A. The District has determined that periodic collection and disposal of solid waste from all developed properties in the District benefits all occupants of developed properties in the District.

- B. The District will provide solid waste collection and disposal service through its franchisee, and all developed properties in the District must use the District's solid waste collection and disposal service except that there may be joint or multiple use of solid waste containers, subject to conditions established by the District.
- C. The District or the franchisee shall collect all fees for solid waste collection and disposal, as specified in the franchise agreement.
- D. The owner of developed property shall be responsible and liable for paying the solid waste collection and disposal fees for that property, although the District or franchisee will bill an occupant of such property if requested by the owner.
- E. The failure of any occupant or owner to promptly remit the fee for solid waste collection and disposal when due and payable shall entitle the District or franchisee to collect a late fee from that owner or occupant. The amount of the late fee shall be established by the Board of Directors.
- F. Pursuant to applicable Government and Health and Safety Codes, and upon the direction of the Board of Directors, any debt and all penalties arising hereunder may be collected and annually transferred to the county auditor for inclusion on the next year's tax bill of the respective property owner. An action in the name of the District may be commenced in any court of competent jurisdiction for the amount of any delinquent fees or charges and if legal action is brought by the District or its designee to enforce the collection of any amount charged and due under this section, any judgment rendered in favor of the District shall include costs of suit incurred by the District or its designee including a reasonable attorney's fee if allowable by statute.

SECTION 4: SOLID WASTE ACCUMULATIONS.

- A. No person shall accumulate, keep or deposit solid waste upon any lot or parcel of land, whether public or private, other than in drop boxes or receptacles and in accordance with Sections 6. And 7.
- B. No person owning, occupying or having the control of any premises or vacant lot or occupying a dwelling within the District shall permit any solid waste to become or remain offensive, unsightly or unsafe to the public health or safety or to deposit, keep or accumulate or permit or cause any solid waste to be deposited, kept, or accumulated, upon any property, lot, or parcel of land or upon any public or private place, street, lane, alley or driveway, except as allowed in this ordinance.
- C. No person shall place or cause to be placed any solid waste generated upon any property or by any residential, commercial, or industrial use into any receptacle or drop box other than those owned or controlled by such person, unless permission for such use is granted by the commercial or residential customer owning or controlling the receptacle or drop box.
- D. No person owning, occupying or having control of any premises shall set out or cause to be set out for collection any solid waste other than that originating on the premises.
- E. No person shall dispose of solid waste originating or generated on such person's property in or near litter receptacles placed by the District in public places for incidental use by pedestrian or vehicular traffic.
- F. No person shall accumulate, keep or deposit solid waste in such a manner that a public nuisance is created,

including, but not limited to, allowing flies, mosquitos or rodents to breed therein.

SECTION 5: CLEARING OF WASTE MATTER, DEBRIS AND VEHICLES FROM PRIVATE PROPERTY.

- A. The District Manager, his or her designee or an authorized representatives of the County are authorized and empowered to notify the owner, his agent, or person in control of any private premises within the District, to dispose of solid waste prohibited by this ordinance. Such notice shall be given by posting the private premises and by certified mail addressed to the owner, his agent, or such other person at his last known address, or by personal service on the owner, agent, person in control or occupant of the property.
- B. The notice shall describe the work to be done and shall state that if the work is not commenced within five (5) days after receipt of notice and diligently prosecuted to completion without interruption, the District Manager shall dispose of the solid waste and the cost thereof shall be a lien on the property. The notice shall be substantially in the following form:

**NOTICE TO REMOVE
WASTE MATTER**

The owner of the property described as follows:

commonly known as _____ is
hereby ordered to properly dispose of the waste matter located on the property, to
wit:

within five (5) days from the date thereof. If the disposal of the waste matter herein indicated is not commenced and diligently prosecuted to completion within the time fixed herein, the District Manager of the Cayucos Sanitary District shall cause such disposal to be done, and the cost thereof, including any incidental expenses, will be made a lien upon said property, pursuant to the provisions of Ordinance No. 21 of the Cayucos Sanitary District.

Estimated Cost of Disposal \$ _____
Date _____

Sincerely,
District Manager of Cayucos Sanitary District

- C. The District Manager or his/her authorized representatives shall cause to be kept in his/her office a record containing: (1) a description of each parcel of property for which notice to dispose of waste matter has been given; (2) the name of the owner, if known; (3) the date on which such notice was mailed and posted; (4) the charges

incurred by the District in disposing of waste matter, and all incidental expenses in connection therewith; and (5) a brief summary of the work performed. Each such entry shall be made as soon as practicable after completion of such act.

- D. Upon the failure, neglect or refusal of any owner or agent so notified to properly dispose of the waste matter within five (5) days after notice has been given as provided in this section, or within ten (10) days after the date of mailing such notice in the event the U.S. Post Office is unable to make delivery thereof, provided the same was properly addressed to the last known address of such owner or agent, the District Manager or his/her authorized representatives are authorized and empowered to pay for the disposal of such waste matter out of the District funds or to order its disposal by District forces. The District Manager and his/her authorized representatives, including any contractor with whom he/she contracts hereunder, and assistants, employees or agents of such contractor, are authorized to enter upon the property for the purpose of disposing of the waste matter described in the notice. Before the District Manager arrives, any property owner may dispose of the waste matter at his/her own expense.
- E. When the District has effected the removal of such waste matter, or has paid for its removal, the actual cost thereof plus accrued interest at the rate of ten percent (10%) per year from the date of the completion of the work, shall be charged to the owner of such property and the owner or his agent, shall be billed therefor by mail, if not paid prior thereto. The bill shall apprise the owner that failure to pay the bill will result in a lien.
- F. Where the full amount due the District is not paid by such owner within thirty (30) days after date of the billing by the District, the District shall cause to be recorded with the County Clerk-Recorder a sworn or certified statement showing the cost and expense incurred for the work, the date the work was done and the location of the property on which the waste disposal work was done. The recordation of such sworn or certified statement shall constitute a lien on the property and shall remain in full force and effect for the amount due in principal and interest, plus costs of court, if any, for collection, until final payment has been made. The costs and expenses shall be subject to a delinquent penalty of ten percent (10%) in the event same is not paid in full on or before the date the amount due becomes a lien. Sworn or certified statements recorded in accordance with the provisions of this section shall be prima facie evidence that all legal formalities have been complied with and that the work has been done properly and satisfactorily and shall be full notice to every person concerned that the amount of the statement, plus interest and costs, constitutes a charge against the property designated or described in the statement and that the same is due and collectible as provided by law. The County Clerk-Recorder shall record the lien. The remedy provided in this section shall not constitute an election of remedies by the District.

SECTION 6: SOLID WASTE CONTAINERS.

- A. Solid waste shall be kept free of all hazardous materials and shall be securely wrapped and placed in a closed receptacle or drop box.
- B. Receptacles shall be made of metal or plastic and of sufficient strength to prevent them from being broken under ordinary conditions. They shall have a maximum capacity of thirty-two (32) gallons with outside handles, unless issued by the collector and shall not exceed eighty (80) pounds when filled. Receptacles shall be equipped with a vermin and animal resistant cover or seal which shall be utilized at all times and side handles. Receptacles shall be in a condition such that their contents can be fully enclosed and such that they shall stand upright and leave no

sharp, jagged or otherwise dangerous corners or edges.

- C. Drop boxes shall be constructed of metal or other material as approved by the District.
- D. Receptacles and drop boxes shall be maintained in a clean, safe and sanitary condition.
- E. Recyclables shall be placed in the containers furnished by the franchisee.

SECTION 7: PLACEMENT OF CONTAINERS.

- A. Any receptacle or drop box shall be placed for collection on any sidewalk, street, roadway or alley only as provided in this ordinance.
- B. Any receptacle shall be placed for collection along any street, roadway or alley only on the day established for the collection of solid waste on the particular route or after 5:30 P.M. on the day immediately prior to such collection and shall not remain thereon for more than eighteen (18) hours after it has been emptied unless special in yard service has been contracted for.
- C. Any receptacle placed for collection along a street or roadway shall be placed between the curb line and the property line as close to the curb line or edge of the street or roadway as practicable, without causing a safety hazard.
- D. Any receptacle or drop box placed for collection in any alley shall be placed as close to the property line as practicable.
- E. Any drop box placed in any street, roadway or alley shall obtain an encroachment permit from the County when required by County regulations.

SECTION 8: INTERFERENCE WITH SOLID WASTE.

No person other than a franchisee or customer shall interfere in any manner with any receptacle or drop box or the contents thereof, nor remove any such receptacle or drop box from the location where it was placed by the customer or franchisee nor remove the contents of any receptacle or drop box.

SECTION 9: FRANCHISE FOR COLLECTION - AUTHORIZATION.

- A. A franchise, exclusive or nonexclusive, for the collection and disposal of solid waste may be granted by the District.
- B. No person shall collect, or enter into an agreement to collect, or provide for the collection or disposal of solid waste, unless such person is authorized by the District to operate within the District by means of a franchise agreement.

SECTION 10: COLLECTION RATES - SOLID WASTE.

Rates for solid waste collection and disposal shall be set by the Board of Directors.

SECTION 11: DISPOSAL SITE.

The franchisee shall contract with the operator of a properly licensed disposal site for disposal of solid waste collected within the District and shall ensure that all solid waste collected is disposed of in a manner conforming to

all applicable government laws, codes and policies including those of the District. All solid waste collected within the District and not separated for recycling shall be delivered to the disposal site and disposed of according to the regulations of the disposal site.

SECTION 12: COLLECTION REQUIRED AT LEAST ONCE A WEEK.

All waste or refuse of any kind, shall be removed by the District, its agent, employees, or franchisees or representatives, at least once every seven (7) days, unless otherwise directed by the District Manager.

SECTION 13: CONDITION OF COLLECTION TRUCKS.

Every truck used by a franchisee in the collection and removal of solid waste shall be kept well painted, clean inside and out and in good operating condition.

SECTION 14: EXCEPTIONS.

- A. Nothing in this ordinance shall be deemed to prohibit the removal and hauling by a licensed person of materials considered by the District Manager to constitute a health menace of such nature as necessary to be ordered to be promptly removed.
- B. Nothing in this ordinance shall be construed to prohibit any producer of solid waste from personally hauling the same in the producer's vehicle through the streets of the District; provided, however, such hauling and disposal shall at all times be subject to the approval and regulation of the District Manager.
- C. Nothing in this ordinance shall be construed to prohibit the collection and removal of grass clippings and shrubbery by individual residents and by individuals doing business as professional landscapers, when the collection is directly related to their work.

SECTION 15: BURNING REFUSE.

- A. No solid waste shall be burned in the open air upon any street, alley, park, waterway, or public place within the District.
- B. No solid waste which, in burning, shall cause or create a dense or offensive smoke shall be burned upon any property within the District, whether in an incinerator or not.

SECTION 16: UNLAWFUL COLLECTION.

- A. A franchisee shall not be required to collect hazardous or dangerous materials as part of its regular collection activity. Liquid and dry caustics, acids, biohazardous, flammable, explosive materials, insecticides, and similar substances shall not be deposited in solid waste collection containers described in Section 6. Any person collecting such substances shall store, handle and dispose of such materials in accordance with local, state and federal law and shall obtain all necessary local, state and federal permits, therefore.
- B. Infectious waste (as defined in California Health and Safety Code Section 7054.4, as amended from time to time, or any successor provision or provisions thereto) shall not be collected by a franchisee as part of its regular collection activity. Anyone producing such wastes shall store, handle, and dispose of such materials only in the manner

approved by the County health officer or designated deputy, and in accordance with local, state and federal law and with all necessary local, state and federal permits.

SECTION 17: HEALTH REGULATIONS - ESTABLISHMENT.

The District Manager shall have power to establish rules and regulations not inconsistent with this ordinance governing the collection and disposal of solid waste; provided, that such rules and regulations shall have as their purpose the enforcement of the provisions of this ordinance and the health and sanitary laws and ordinances in effect in the District.

SECTION 18: RECYCLING AND RECYCLABLE MATERIALS: FINDINGS.

- A. The Board of Directors has determined that it is in the best interests of the District to promote recycling of discarded waste materials.
- B. The Board of Directors has determined that it is in the best interests of the District to promote said recycling through the use of a recycling franchisee.
- C. The Board of Directors finds that the success of the recycling program is in part dependent upon the ability of a recycling franchisee to collect recyclable materials without interference by unauthorized persons and that such unauthorized interference may have serious adverse effects on the success of recycling programs.

SECTION 19: USE OF RECYCLING SERVICE MANDATORY - COLLECTION OF CHARGES.

- A. The District has determined that periodic collection of recyclable materials from all developed properties in the District benefits all occupants of developed properties in the District.
- B. The District will provide recycling collection service through its recycling franchisee.
- C. The District or the recycling franchisee shall collect all fees for recycling collection, as specified in the recycling franchise agreement.
- D. All owners of developed property shall be responsible and liable for paying the recycling collection service fees for that property, regardless of whether such owner elects to use such service, although the District or recycling franchisee will bill an occupant of such property if requested by the owner.
- E. The failure of any occupant or owner to promptly remit the fee for recycling collection service when due and payable shall entitle the District or recycling franchisee to collect a late fee from that owner or occupant. The amount of the late fee shall be established by the Board of Directors.
- F. Pursuant to applicable Government and Health and Safety Codes, and upon the direction of the Board of Directors, any debt and all penalties arising hereunder may be collected and annually transferred to the county auditor for inclusion on the next year's tax bill of the respective property owner. An action in the name of the District may be commenced in any court of competent jurisdiction for the amount of any delinquent fees or charges and if legal action is brought by the District or its designee to enforce the collection of any amount charged and due under this section, any judgment rendered in favor of the District shall include costs of suit incurred by the District or its designee including a reasonable attorney's fee if allowable by statute.

SECTION 20: COLLECTION RATES - RECYCLING.

The rates to be charged for the collection of recyclable materials shall be established by the Board of Directors.

SECTION 21: OWNERSHIP OF RECYCLABLE MATERIALS.

Recyclable material shall become the property of a recycling contractor upon placement of recyclable material at a recycling collection location by a recycling franchisee.

SECTION 22: UNAUTHORIZED COLLECTION OF RECYCLABLE MATERIALS PROHIBITED – PENALTY

It shall be unlawful for any person, other than recycling franchisee to remove recyclable material which has been placed at a designated recycling collection location, during the twenty-four (24) hour period commencing at 6:00 p.m. on any day preceding a day designated for collection of recyclable material.

SECTION 23: RIGHT OF INDIVIDUAL TO DISPOSE OF RECYCLABLE WASTE MATERIAL.

Nothing in this ordinance shall limit the right of an individual person, organization or other entity to donate, sell or otherwise dispose of recyclable material, provided that any such disposal is in accordance with the provisions of this ordinance.

SECTION 24: CIVIL ACTION BY RECYCLING FRANCHISEE.

Nothing in this ordinance shall be deemed to limit the right of a recycling franchisee to bring a civil action against any person who violates the provisions of Section 21, nor shall a conviction for such violation exempt any person from a civil action brought by an authorized recycling contractor.

SECTION 25: CIVIL LIABILITIES AND PENALTIES.

Any person who intentionally or negligently violates any provision of this ordinance shall be civilly liable to the District. Such civil liability may be in a sum not to exceed Ten Thousand Dollars (\$10,000). The District may petition the Superior Court to enforce and recover such sums. In determining such amount, the District shall take into consideration all relevant circumstances, including, but not limited to, the extent of harm caused by the violation, the nature and persistence of the violation, the length of time over which the violation occurs, the corrective action, if any, and the fines and penalties imposed on the District by other agencies.

SECTION 26: ENFORCEMENT.

- A. The District Manager or his/her designee are specifically required to enforce the provisions of this ordinance and shall have the right to enter any and all premises for the purpose of determining whether the provisions of this ordinance are being conformed with, and no person shall deny or obstruct such entry.
- B. No person shall in any manner interfere with the collection or disposal of solid or waste or recyclable materials by any person authorized by franchisee or recycling franchisee to collect and dispose of the same.

SECTION 27: VIOLATION - PENALTY.

Every person as defined in this ordinance who violates any of the provisions of this ordinance is guilty of a misdemeanor.

SECTION 28: AUTHORITY.

This ordinance is passed pursuant to Health and Safety Code Sections 6520 and 6521 and Public Resources Code Section 40059.

SECTION 29: REPEAL PROVISION.

That Ordinance Nos. 13 and 16 and Resolution 91-4 are hereby repealed and deleted in their entirety and replaced with the provisions set forth herein.

SECTION 30: INTERPRETATION OF CONFLICTING PROVISIONS.

In the event any provision of existing ordinances, resolutions, regulations or procedures of the Cayucos Sanitary District not repealed by this ordinance conflicts with the provisions of this ordinance, the provisions of this ordinance shall prevail.

SECTION 31: SEVERABILITY.

If any section, subsection, subdivision, paragraph, sentence, clause or phrase of this ordinance or any part thereof is for any reason held to be unconstitutional, such decision shall not affect the validity of the remaining portion of this ordinance or any part thereof. The Board of Directors hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause or phrase thereof, irrespective of the fact that any one or more section, subsection, subdivision, paragraph, sentence, clause or phrases be declared unconstitutional.

SECTION 32: PUBLICATION OR POSTING.

Within fifteen (15) days after adoption of this ordinance, it shall be published with the names of those Board Members voting for and against the ordinance.

SECTION 33: EFFECTIVE DATE.

This ordinance shall take effect thirty (30) days after its final passage.

On motion of Board Member Brent Knowles, seconded by Board Member Craig Bell, Jr. and on the following roll call vote, to-wit:

AYES:	Enns, Knowles, Bell, Walters
NOES:	None
ABSENT:	None

the foregoing ordinance was adopted this 16th day of December, 1996.

SIGNED:	Robert B. Enns, President
ATTEST:	Bonnie Connelly, Secretary

ORDINANCE NO. 25

AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE CAYUCOS SANITARY DISTRICT PROHIBITTING THE DISCHARGE OF CAT FECES AND CAT LITTER INTO THE CAYUCOS SANITARY DISTRICT SEWER SYSTEM

WHEREAS, the Cayucos Sanitary District ("District") provides sewer service to properties located within its service area; and

WHEREAS, the District co-owns a wastewater treatment plant with the City of Morro Bay, wherein treated effluent is discharged into Morro Bay; and

WHEREAS, it is the desire of the Board of Directors ("Board") of the District to remain good stewards of the environment and to minimize impacts to the environment; and

WHEREAS, District Ordinance 5, Part VII, Section 29(g), prohibits the discharge of water or wastewater containing toxic or poisonous substances in sufficient quantity to injure or interfere with any sewage treatment process, that constitutes a hazard to humans or animals, or that creates any hazard in the receiving waters of the wastewater treatment plant; and

WHEREAS, scientists have theorized that toxoplasma gondii ("T. gondii"), a parasitic organism commonly found in domestic and feral cat feces, is washed into the ocean from storm drains, surface runoff, or by Cat Litter flushed down the drain; and

WHEREAS, scientists also have theorized that the T. gondii parasite infects Southern Sea Otters which are found in Morro and Estero Bay, due to their consumption of shellfish that may accumulate T. gondii in their tissue; and

WHEREAS, the Board has found and determined that it is in the best interest of the District, its inhabitants, and the environment to prohibit the discharge of Cat fecal matter into the District Sewer System.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE CAYUCOS SANITARY DISTRICT DOES ORDAIN AS FOLLOWS:

SECTION 1: The above recitals and findings are true, correct, and incorporated herein.

SECTION 2:

A. PURPOSE AND INTENT.

The purpose and intent of this Ordinance is to protect the environment from potential harmful bacteria, parasites, and other toxins which are commonly found in Cat Litter. The intent of this Ordinance is to encourage and promote environmentally friendly disposal of Cat Litter and Cat Fecal Matter through the use of the District's solid waste collection program. It is encouraged that cat owners utilize environmentally friendly Cat Litter and to dispose of Cat Litter and Cat Fecal Matter by depositing such waste in a non-porous container, such as a securely tied plastic bag and placing it with other solid waste for collection and deposit at a licensed land fill.

B. DEFINITIONS.

- a. "Cat Litter" means any contemporary or alternative substance used in connection with the management of fecal matter produced by felines. This includes but is not limited to all common types of cat litter sold for retail, or any other substance, such as dirt, sand or fine rocks which act in a similar manner.
- b. "District Sewer System" means the Cayucos Sanitary District Sewer conveyance system and processing facilities. The system includes, but is not limited to, storm drains, commercial and residential sewer systems, and gutters.
- c. "Cat Fecal Matter" shall include both cat urine and cat excrement.

C. Unlawful to Discharge.

It is unlawful for any person to discharge, place or cause to be deposited into the District Sewer System, Cat Litter and/or Cat Fecal Matter.

D. Violation, Penalty.

Any person discharging, placing or causing to be deposited into the District Sewer System, Cat Litter and/or Cat Fecal Matter, shall be guilty of a misdemeanor.

SECTION 3: If any section, subsection, subdivision, paragraph, sentence, clause or phrase of this Ordinance or any part thereof is for any reason held to be unlawful, such decision shall not affect the validity of the remaining portion of this Ordinance or any part thereof. The Board of Directors hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause, or phrase thereof, irrespective of the fact that any one or more section, subsection, subdivision, paragraph, sentence, clause or phrase be declared unlawful.

SECTION 4: This Ordinance shall become effective thirty (30) days after the date of its adoption, and within fifteen (15) days after its adoption, it shall be posted in accordance with Section 6490 of the Health and Safety Code.

On motion of Board Member Fones, seconded by Board Member Bell, and by the following roll call vote, to wit:

AYES:	Enns, Raimondo, Bell, Fones, McHale
NOES:	None
ABSENT:	None

the foregoing Ordinance was passed and adopted this 18th day of October, 2006.

SIGNED: Robert B. Enns, President, Board of Directors
APPROVED AS TO CONTENT: Bonnie E. Connelly, District Manager
ATTEST: Nancy Martin, Deputy Clerk
APPROVED AS TO FORM: Ziyad I. Naccasha, District General Co-Counsel

ORDINANCE NO. 26

AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE CAYUCOS SANITARY DISTRICT REGULATING SEWER LATERAL INSTALLATION, MAINTENANCE AND REPAIR

WHEREAS, the Cayucos Sanitary District (the "District") is formed under Health and Safety Code Section 6400 et seq. and is authorized to provide sewer service to inhabitants within its boundaries and to adopt rules and regulations for operation and maintenance of its sewage collection system; and

WHEREAS, the District Board of Directors finds that it is in the best interest of the District, its customers and its sanitary sewer system, to regulate the location, installation, maintenance and repair of sewer line laterals; and

WHEREAS, the State Water Resources Control Board Order No. 2006-0003 (adopted May 2, 2006) requires the District to adopt a Sewer System Management Plan and demonstrate through its sanitary sewer system use ordinances and resolutions, that it possesses the necessary legal authority to prevent illicit or harmful discharges into its sanitary sewer system; and require that sewers, line connections, and laterals be properly designed, constructed, and maintained; and ensure access to all necessary facilities for inspection and maintenance; limit the discharge of fats, oils, and grease and other debris that may cause blockages; and enforce any violation of its sewer regulations; and

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE CAYUCOS SANITARY DISTRICT DOES ORDAIN AS FOLLOWS:

SECTION 1: The above recitals and findings are true, correct and incorporated herein.

SECTION 2: Resolution No. 88-1 of the Cayucos Sanitary District titled RESOLUTION OF THE BOARD OF DIRECTORS OF CAYUCOS SANITARY DISTRICT ESTABLISHING DISTRICT POLICY FOR MAINTENANCE, REPAIR AND INSTALLATION OF SEWER LATERALS AND BUILDING SEWERS, as adopted on February 15, 1988, is hereby repealed in its entirety.

SECTION 3:

A. PURPOSE AND INTENT.

The purpose and intent of this Ordinance is to regulate the installation, maintenance, and repair of sewer laterals within the District. Such regulation is intended to ensure that sewer laterals are properly installed and maintained in order for the District's sanitary sewer system to work correctly, efficiently and effectively.

B. DEFINITIONS.

For purposes of this Ordinance, the following words and phrases shall mean as follows:

1. "Addition" or "Remodel" is an addition to an existing structure of more than 400 square feet, and the addition of two (2) or more new plumbing fixtures.
2. "Backflow Valve" is a check valve specifically designed to prevent the reverse flow of sewage in a lateral.
3. "Branched" or "Common Lateral" is a joint connection of two or more building units to the same lateral.
4. "District" is the Cayucos Sanitary District.
5. "Exfiltration" is the liquid wastes and liquid-carried wastes, which unintentionally leak out of a sewer pipe system and into the environment.
6. "Infiltration" is groundwater that enters into the sanitary sewer system.
7. "Inflow" is storm water that enters into the sanitary sewer system.
8. "Lateral" or "Sewer Lateral" is a privately owned pipeline connecting a building sewer to a sewer main.
9. "Manager" is the District Manager of the Cayucos Sanitary District.
10. "Private Sewer System" is a sewer or system of sewers serving more than one (1) building unit that is not owned by the District.
11. "Public Nuisance" refers to conditions or activities on properties, both public and private, which have or threaten to affect the environment and/or the health or safety of the public, including but not limited to the following conditions:
 - a. The piping and fittings have leaks or breaks, or are otherwise subject to exfiltration or leakage of sewage;
or
 - b. The piping and fittings provide connections other than those permitted by this Ordinance or the California Plumbing Code, or are otherwise subject to inflow and infiltration, whether accidentally, negligently, or intentionally; or
 - c. Non-sanitary sewer connections or sewer connections otherwise subject to inflow and infiltration,

whether accidentally, negligently or intentionally.

12. "Qualified Repair" means a repair that has been made within the last five (5) years that significantly improves the condition of an existing lateral and results in a lateral in good working order.
13. "Satisfactory Condition" when used herein is indicated by fulfilling one of the following:
 - a. Final inspection and approval of a Sewer Lateral Permit, District-issued Sewer Lateral Certificate, Final Will-Serve Letter or other written inspection report evidencing compliance with District standards and requirement for connection/installation, repair or replacement; or
 - b. Written approval and acceptance by the District Manager (or designee) of a tape video record of a closed-circuit television (CCTV) inspection of the sewer lateral.
14. "Sewage" means all water or combination of liquid and water-carried solid or semi-solid waste conducted away from residences, business buildings, institutions and other sources, which is known as domestic sewage, together with liquid or water-carried solid or semi-solid waste resulting from a manufacturing process employed in commercial or industrial establishments, including the washing, cleaning or drain water from such process, which is known as industrial waste.
15. "Sewer" or "Sewer Main" or "Main" is any District-owned sewer pipe and appurtenances within a street or public right-of-way receiving or intended to receive the discharges from more than one sewer lateral.

C. SEWER LATERALS AND CONNECTIONS.

1. All laterals from the building wall up to and including the sewer main connection are the responsibility of the property owner(s) of the connected building. All property owner(s) whose properties are connected to a sewer main or are otherwise connected to the District's sewer system shall, at their own expense, maintain the sewer lateral and ensure that the lateral, or any portion thereof, is free of displaced, offset or open joints, cracks, leaks, inflow or infiltration, root intrusion or other conditions likely to increase the chance for lateral blockage or failure. All property owners shall ensure that laterals drain freely to the sewer main without excessive sags or offsets that collect grease or sediment.
2. No person, entity or organization shall break or cut into or connect to any sewer in any street, easement or right-of-way in the District or under the control of the District without first securing a permit to do so from the District. Prior to beginning work, plans describing the work to be performed shall be submitted to and approved by the District Manager (or designee).
3. Each property utilizing the District's sewer system shall have a separate lateral connected to the sewer main. Notwithstanding the foregoing sentence, branched or common laterals shall only be permitted in strict accordance with District regulations.

D. LOCATION OF SEWER LATERALS.

The District assumes no responsibility for the accuracy of the original sewer maps dated 1954, and as revised thereafter, or to the existence or non-existence of sewer laterals from the main line to the property line shown therein. Furthermore, the District assumes no responsibility in the event a lateral cannot be located, or if located, the lateral is not in a suitable location or situated as mapped.

E. INSPECTIONS AND REPAIRS OF SEWER LATERALS REQUIREMENTS.

1. Property owners shall inspect, and provide to the District, a report of the results of an inspection of the lateral on their property using closed circuit television (CCTV) inspection or other inspection or test method approved by the District Manager (or designee), under the following conditions:
 - a. When building a new structure on property with an existing lateral, or when otherwise proposing to connect a previously unconnected structure to an existing lateral; and
 - b. As a condition of approval for continuing service by the District of any building remodel project unless the property owner presents satisfactory proof to the District that the sewer lateral line is less than ten (10) years old or has been replaced within the last ten (10) years or has had a Qualified Repair; and
 - c. Upon a sewage overflow emanating from a lateral onto public property, including but not limited to a street or storm drain system, or has flowed onto private property owned by another property owner; and
 - d. Whenever the District finds that a sewage overflow emanating from a lateral presents a threat to public health or creates a public nuisance, even if it has not flowed across a property line; and
 - e. Defective laterals that have any of the following conditions: displaced or offset joints, root intrusion, substantial deterioration of the lines, damaged cleanout, defective cleanout, inflow, infiltration or any other condition likely to increase the chance for a lateral blockage or failure. As part of its periodic construction, maintenance and replacement of sewer mains, the District may discover defective laterals. The District may order the property owner to conduct an inspection, repair or replacement of any lateral that the District finds to be defective. Existing laterals shall not be used if they are found to be defective or if they fail District mandated inspections or tests, or if they were constructed of materials deemed unacceptable by the District Manager (or designee). Whenever a defective lateral is discovered, the property owner, at his/her sole expense, shall repair or replace the lateral. In the absence of a specific deadline, all inspection and testing work shall be completed within 60 days of notification by the District that such inspection is required unless alternative arrangements have been agreed to by the District in writing.
2. The District Manager (or designee) shall determine the extent of repair required, and such repair, short of complete replacement of the lateral, may be authorized at the sole discretion of the District Manager (or designee). The following requirements for lateral repair or replacements shall be met:
 - a. A repaired or replaced lateral shall be brought into compliance with the requirements and regulations of the District. Cleanout devices must be installed on all repaired or replaced laterals, and backflow valves may be required to be installed on laterals meeting the criteria of the District, in accordance with District

Ordinance No. 15, as may be amended, and all other relevant District regulations; and

- b. A replaced or repaired lateral shall not be covered or backfilled until it has been inspected by a District representative; and
- c. Roots, grease, or other material must be prevented from entering the sanitary sewer system during cleaning or repair of sewer laterals. In the event that material is permitted to enter the main causing or contributing to the cause of a sewage spill, the property owner and/or contractor performing such maintenance work, in addition to any criminal penalties imposed, shall be held civilly liable to the District for any fines or other costs or expenses incurred by the District resulting from the spill.

F. REQUIREMENTS FOR DOCUMENTATION COMPLIANCE BEFORE ISSUANCE OF SEWER LATERAL CERTIFICATE:

- 1. The District will accept any of the following documents as verification of compliance herewith and, upon payment of all applicable fees, shall issue a Sewer Lateral Certificate:
 - a. Evidence that the sewer lateral is less than ten (10) years old; or
 - b. A copy of a District-issued Sewer Lateral Permit or inspection report evidencing complete replacement of the sewer lateral and a determination that it was in good and working order within the last ten (10) years.
 - c. A copy of a District-issued Sewer Lateral Permit or inspection report evidencing repair of the sewer lateral and a determination that it was in good and working order within the last five (5) years.
 - d. A California State licensed contractor's receipt of work completed, indicating that the sewer lateral is less than ten (10) years old or has been replaced within the last ten (10) years or has had a Qualified Repair.

G. SEWER LATERAL CERTIFICATE.

- 1. A Sewer Lateral Certificate shall be issued by the District upon presentation of sufficient proof that a property owner has complied with this Ordinance, and upon payment of all applicable fees.
- 2. A Sewer Lateral Certificate shall be effective for the following period of time:
 - a. A maximum period often (10) years from the date of inspection and approval by the District of connection in the case of new construction on property with an existing lateral, or when connecting a previously unconnected structure to an existing lateral; or
 - b. A period not to exceed ten (10) years from the date of inspection and approval by the District of a complete lateral replacement; or
 - c. A period not to exceed five (5) years when counting from the date of inspection and approval by the District of a Qualified Repair.

H. IMPOSITION OF CHARGES, FINES AND PENALTIES FOR VIOLATIONS.

1. It is unlawful for any person or entity to act in a manner inconsistent with the provisions set forth herein. Any person or entity found to be in violation of this Ordinance shall be guilty of a misdemeanor. Every day such person or entity is in violation of this Ordinance shall constitute a new and separate offense.
2. The District shall have the authority to recover from a property owner the District's actual expenses incurred in responding to lateral caused overflows on private property, or any other expenses incurred by the District in enforcing the provisions set forth herein.

SECTION 4: If any section, subsection, subdivision, paragraph, sentence, clause or phrase of this Ordinance or any part thereof is for any reason held to be unlawful, such decision shall not affect the validity of the remaining portion of this Ordinance or any part thereof. The Board of Directors hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause, or phrase thereof, irrespective of the fact that any one or more section, subsection, subdivision, paragraph, sentence, clause or phrase be declared unlawful.

SECTION 5: That all previous ordinances that are inconsistent with the provisions of this Ordinance are hereby repealed.

SECTION 6: This Ordinance shall become effective thirty (30) days after the date of its adoption, and within fifteen (15) days after its adoption, it shall be posted in accordance with Section 6490 of the Health and Safety Code.

On motion of Director McHale, seconded by Director Fones, and on the following roll call vote, to-wit:

AYES: Raimondo, Fones, McHale, Lyon
NOES: None
ABSENT: Enns

the foregoing Ordinance is hereby adopted this 17th day of September, 2008.

SIGNED: Robert B. Enns, President, Board of Directors
APPROVED AS TO CONTENT: Bill Callahan, District Manager
ATTEST: Nancy Martin, Deputy Clerk
APPROVED AS TO FORM: Timothy J. Carmel, District Counsel

ORDINANCE NO. 27

**AN ORDINANCE OF THE BOARD OF DIRECTORS
OF THE CAYUCOS SANITARY DISTRICT
GOVERNING COMMON SEWER LATERALS SERVICING MULTIPLE PARCELS**

WHEREAS, the Cayucos Sanitary District (the "District") is formed under Health and Safety Code Section 6400 et seq. and is authorized to provide sewer service to its District; and

WHEREAS, the District finds that situations exist where multiple parcels with separate buildings are serviced by a common sewer lateral; and

WHEREAS, in some instances these property owner(s) may seek to subdivide their properties and/ or that the properties may be sold or transferred; and

WHEREAS, the District finds that it is in the interest of the District, the property owner(s) and the public, that as these multiple parcels being served by a common sewer lateral are sold and/ or subdivided, each separate improved parcel so created or sold shall be required to install an independent sewer lateral connection to the District's main sewer line;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE CAYUCOS SANITARY DISTRICT DOES ORDAIN AS FOLLOWS:

SECTION 1: The above recitals and finding are true, correct and incorporated herein.

SECTION 2: Resolution No. 88-5 of the Cayucos Sanitary District titled RESOLUTION ESTABLISHING REQUIREMENTS AND FEES FOR CONVERTING MULTIPLE USE OF A COMMON BUILDING SEWER LATERAL TO SEPARATE SERVICE CONNECTIONS, as adopted on November 21, 1988, is hereby repealed its entirety.

SECTION 3:

A. PURPOSE AND INTENT.

The purpose and intent of this Ordinance is to regulate the location, construction, installation, and use of common sewer laterals in the District. The District finds that it is in the best interest of the District, its customers, and the public that wherever possible, each separately owned parcel of property shall be independently connected to the District's sewer system.

B. DEFINITIONS.

For purposes of this Ordinance, the following words and phrases shall mean as follows:

1. "Backflow Valve" when used herein refers to a check valve specifically designed to prevent the reverse flow of sewage in a lateral.
2. "Branched or "Common Lateral" when used herein refers to a joint connection of two or more separately or individually owned properties sharing the same lateral.
3. "Building" when used herein refers to a structure or dwelling that is connected to the District sewer system.
4. "Building Sewer" when used herein refers to sewer and drain pipe constructed within and under a building.
5. "District" when used herein refers to the Cayucos Sanitary District.

6. "Dwelling" when used herein refers to a house, condominium, apartment, or townhome connected to the District sewer system.
7. "Exfiltration" when used herein refers to sewage that leaks out of sewer pipes.
8. "Infiltration" when used herein refers to ground water that enters into the sanitary sewer system.
9. "Inflow" when used herein refers to storm water that enters into the sanitary sewer system.
10. "Sewer Lateral" when used herein means a privately owned pipeline connecting a building sewer to a sewer main.
11. "Manager" when used herein refers to the Manager of the Cayucos Sanitary District.
12. "Private Sewer System" when used herein means a sewer system serving more than one (1) separately owned building.
13. "Sewage" when used herein means all water or combination of liquid and water- carried solid or semi-solid waste conducted away from residences, business buildings, institutions and other sources, which is known as domestic sewage, together with liquid or water- carried solid or semi-solid waste resulting from a manufacturing process employed in industrial establishments, including the washing, cleaning or drain water from such process, which is known as industrial waste.
14. "Sewer Main" when used herein means any District-owned sewer pipe within a street or public right-of-way receiving or intended to receive the discharges of more than one sewer lateral.

C. LOCATION OF SEWER LATERALS.

The District assumes and/or maintains no responsibility for the accuracy of the original sewer maps dated 1954, and as revised thereafter, as to the existence or non-existence of sewer laterals from the main line to the property line inscribed thereon. Furthermore, the District assumes and/or maintains no responsibility in the event the lateral cannot be located, or if located, not being in a suitable location nor situated in the as mapped location.

D. PROHIBITION OF COMMON BUILDING SEWER LATERALS AND CONNECTIONS.

1. Notwithstanding Section 3, Subsection E of this Ordinance, the District requires that each separately owned parcel install its own separate sewer lateral connection to the District sewer main.
2. When two or more buildings located on separate parcels under common ownership are connected to a common lateral, prior to transfer of ownership of any parcel so connected and/ or prior to the final approval of a further subdivision, the owner shall provide a separate sewer lateral line to connect each such parcel to the District sewer main line. All work is to be performed at the property owner's sole expense, including payment of any inspection, permit(s), legal and other related fees.
3. Where two or more buildings on separate parcels under different ownership are found to be connected to a branched or common lateral, each such structure located on a separate parcel shall be disconnected from the branched or common lateral and separate laterals shall be provided. The owner on whose property the sewer lateral is located

on or stubbed to will be responsible to undergo a closed-circuit television (CCTV) inspection, and to repair or replace their lateral, if required to do so, in accordance with Ordinance No. 26, as such may be amended from time to time. The property owner, absent his/her own separate sewer lateral, will be required to pay all inspection and related fees plus costs of installing such sewer lateral.

E. EXCEPTIONS TO PROHIBITION OF COMMON BUILDING SEWER LATERALS AND CONNECTIONS.

Branched or common laterals shall be permitted only in the following instances:

1. Where two or more buildings are situated upon the same parcel, in which case all such buildings may, by permit authorized by the District, be joined in the use of one connecting sewer; provided that the connection conforms in all other respects to the provisions of this Ordinance and a drawn plan of the joint connection be first submitted to and approved by the District. As a further condition of obtaining such a permit, all such buildings shall be owned by the same person or entity.
2. Where, in the opinion and at the sole discretion of the District, it is impossible or impractical to connect a building on a single parcel to the main sewer except in conjunction with the connection of a building(s) on other parcels, a joint connection may be allowed, provided that the connection conforms in all other respects to the provisions of this Ordinance. A plan for such a joint connection shall first be submitted to and approved by the District. A permit for each individual parcel addressing the identification of the responsible party for maintenance, and liability for maintenance and overflow damages, and a private written easement agreement in force covering any and all structures and facilities located within, running on, over and across the boundaries of the private easement shall be required.

F. OPERATION AND MAINTENANCE OF PRIVATE SEWER SYSTEMS.

1. Any person or entity responsible for the operation and maintenance of a private sewer system that serves two or more buildings shall:
 - a. Ensure that the private sewer system is designed and constructed in accordance with the specifications approved by the District.
 - b. Periodically clean the sewer lines in order to prevent overflows due to sewer system blockages caused by grease, roots, debris, and other causes.
 - c. Respond to sewer overflows that occur in the private sewer system, contain the spilled sewage to the extent feasible, eliminate the cause, and mitigate the public health and environmental impacts of the overflow in a timely manner.
 - d. Report all sewer overflows that occur in the private sewer system to the District within twenty four (24) hours of the occurrence and provide any additional information that may be required by the District.
 - e. Pay any fines or levies imposed on the District or on the person or entity responsible for the operation and maintenance of the private sewer system that may result from regulatory action following an overflow from the private sewer system.

G. INSPECTION AND REPAIR OF SEWER LATERALS.

1. In accordance with Ordinance No. 26, as same may be amended from time to time, under certain mandatory conditions, a property owner shall provide for a CCTV inspection of their sewer lateral. If the lateral is found to be defective, the property owner will be required to repair or replace the lateral.
2. A repaired or replaced lateral shall be brought into compliance with the requirements of the District. Cleanout devices must be installed on all repaired or replaced laterals, and backflow valves may be required to be installed on laterals meeting the criteria of the District, in accordance with District Ordinance No. 15 (*amends No. 5*) and No. 26, as same may be amended from time to time.

H. IMPOSITION OF CHARGES FINES AND PENALTIES FOR VIOLATIONS.

1. It is unlawful for any person or property owner to act in a manner inconsistent with the provisions set forth herein. Any person, entity or organization found to be in violation of this Ordinance shall be guilty of a misdemeanor. Every day the property owner is in violation of this Ordinance shall constitute a new and separate offense.
2. The District shall have the authority to recover from a property owner the District's actual expenses incurred in responding to sewer overflows on private property, and any other expenses incurred by the District in enforcing the provisions set forth herein.
3. The District shall have the authority to establish, waive, suspend or otherwise modify any civil administrative penalty imposed by this section that exceed the direct costs to the District upon a showing by the property owner of severe financial hardship, or upon a showing that the property owner has satisfactorily repaired the lateral to a degree sufficient to ensure avoidance of further violations.

I. DELINQUENT CHARGES TO CONSTITUTE LIEN.

Delinquent charges for overflow-related expenses and administrative penalties, and accrued penalties thereon, described in Section 3, Subsection H herein, shall constitute a lien upon the real property served and such lien shall continue until the charge and all penalties thereon are paid to the District.

J. COURT ACTION.

As a separate, distinct and cumulative remedy established for collection of any charges or penalties imposed, an action may be brought in the District's name in any court of competent jurisdiction to enforce the lien provided for in Section 3, Subsection I herein. Reasonable attorney's fees shall be awarded to the prevailing party in such action.

SECTION 4: If any section, subsection, subdivision, paragraph, sentence, clause or phrase of this Ordinance or any part thereof is for any reason held to be unlawful, such decision shall not affect the validity of the remaining portion of this Ordinance or any part thereof The Board of Directors hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause, or phrase thereof, irrespective of the fact that any one or more section, subsection, subdivision, paragraph, sentence, clause or phrase be declared unlawful.

SECTION 5: That all previous ordinances that are inconsistent with the provisions of this Ordinance are hereby repealed.

SECTION 6: This Ordinance shall become effective thirty (30) days after the date of its adoption, and within fifteen (15) days after its adoption, it shall be posted in accordance with Section 6490 of the Health and Safety Code.

On motion of Director Foster, seconded by Director Chivens, and on the following roll call vote, to-wit:

AYES: Fones, Lyon, Foster, Chivens
NOES: None
ABSENT: None
ABSTAIN: Enns

the foregoing Ordinance is hereby adopted this 21st day of April, 2011.

SIGNED: Robert B. Enns, President, Board of Directors
APPROVED AS TO CONTENT: Bill Callahan, District Manager
ATTEST: Lewis Brookins, Clerk to the Board
APPROVED AS TO FORM: Timothy J. Carmel, District Counsel

ORDINANCE NO. 28

ORDINANCE OF THE BOARD OF DIRECTORS OF THE CAYUCOS SANITARY DISTRICT ESTABLISHING A FEE SCHEDULE FOR VARIOUS SERVICES

WHEREAS, the Board of Directors of the Cayucos Sanitary District (hereinafter referred to as "District") is authorized, pursuant to Health and Safety Code Sections 6520.5 and 6521 to prescribe, revise, and collect fees and charges for various services furnished by it in connection with its sanitation or sewerage systems; and

WHEREAS, the Board of Directors has determined a need to establish a fee schedule for the services described in Exhibit "A" attached hereto in order to recover the estimated costs required to provide the services for which the charges and fees are imposed; and

WHEREAS, the District has determined such fees and charges represent reasonable administrative costs not in excess of the actual costs incurred for processing and handling of sewer service applications, issuance of permits and certificates, performance of inspections, enforcement and related activities; and

WHEREAS, a public hearing was held on February 21, 2007; and

WHEREAS, said public hearing was properly noticed; and

WHEREAS, the Board of Directors provided an opportunity for the public to comment on the proposed schedule of fees; and

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE CAYUCOS SANITARY DISTRICT DOES ORDAIN AS FOLLOWS:

SECTION 1: The above recitals and findings are true, correct and incorporated herein.

SECTION 2: The purpose and intent of the Ordinance is to prescribe, revise, and collect fees and charges for various sewer and ancillary services provided by the Cayucos Sanitary District in connection with its sanitation and sewerage systems.

SECTION 3: The District shall, by resolution, establish the rates and amounts which will be charged for the services set forth in Exhibit "A" attached hereto and incorporated herein by this reference. Said charges and fees may be amended at any time by resolution of the Board of Directors.

SECTION 4: If any section, subsection, subdivision, paragraph, sentence, clause or phrase of this Ordinance or any part thereof is for any reason held to be unlawful, such decision shall not affect the validity of the remaining portion of this Ordinance or any part thereof. The Board of Directors hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause, or phrase thereof, irrespective of the fact that any one or more section, subsection, subdivision, paragraph, sentence, clause or phrase be declared unlawful.

SECTION 5: That all previous ordinances that are inconsistent with the provisions of this Ordinance are hereby repealed.

SECTION 6: This Ordinance shall become effective thirty (30) days after the date of its adoption, and within fifteen (15) days after its adoption, it shall be posted in accordance with Section 6490 of the Health and Safety Code.

On motion of Director McHale, seconded by Director Lyon, and on the following roll call vote, to wit:

AYES:	McHale, Lyon, Raimondo
NOES:	None
ABSENT:	None
ABTAIN:	Enns, Fones

the foregoing Ordinance is hereby adopted this 21st day of February, 2007.

SIGNED:	Robert B. Enns, President, Board of Directors
APPROVED AS TO CONTENT:	Bonnie E. Connelly, District Manager
ATTEST:	Nancy Martin, Deputy Clerk
APPROVED AS TO FORM:	Timothy J. Carmel, District Counsel

Exhibit "A"
To Ordinance No. 28

Fee Schedule		
FEE/SERVICE CHARGE	CHARGES	NOTES
Copies: -Letter (8 ½" x 11") -Legal (8 ½" x 14") -Oversize (11" x 17") -Special: reports, drawings, plans, blueprints, lists, etc.	Per Copy (one-sided): -\$.11/\$.19/\$.27 -*\$.22 for each copy >90 + time -\$.11/\$.19/\$.28 -*\$.22 for each copy >72 + time -\$.13/\$.22/\$.3.2 -*\$.24 for each copy >60 + time - Per copy based on paper size plus time allocation and any outside service costs	Number of single-sided copies: 1-30/ 31-60/ 61-90 *>90 copies 1-24/ 25-48/ 49-72 *>72 copies 1-20/ 21-40/ 41-60 *>60 copies
Will-Serve Letter Application-(SFR)	\$75 (originating)	Valid for 12 months
Will-Serve Letter Extension	\$50/each	Issued for 12 mos.
Will-Serve Letter Application – (Non-SFR); projects	\$200	Non-SFR projects and properties with sewer easements
Sewer Connection Fee	\$7,860. + \$100 for inspection	Each dwelling unit and equivalent dwelling unit (EDU)
Sewer Lateral Inspection Fee: -First call (original inspection) -Subsequent call (rework; failure to pass	\$100 \$30/each call thereafter	
Leak/Backup/Stoppage Detection: -First call -Second & each subsequent call	No charge \$30/each call thereafter	Charge waived if source is determined to be a District main line blockage or stoppage
Returned Check	\$35	Reasonable admin. costs, including bank charges and processing and handling of returned check

ORDINANCE NO. 29

AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE CAYUCOS SANITARY DISTRICT ESTABLISHING INFORMAL BIDDING PROCEDURES UNDER THE UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING ACT

BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE CAYUCOS SANITARY DISTRICT ("District") AS FOLLOWS:

Section 1: Informal Bid Procedures.

Public projects, as defined by Section 22002 of the California Uniform Public Construction Cost Accounting Act (the "Act"; Public Contract Code Sections 22000, et seq.) and in accordance with the limits listed in Public Contract Code Section 22032, may be let to contract by informal procedures as set forth in Public Contract Code Sections 22030, et seq.

Section 2: Contractors List.

A list of contractors shall be developed and maintained in accordance with the provisions of Public Contract Code Section 22034 and criteria promulgated from time to time by the California Uniform Construction Cost Accounting Commission (the "Commission").

Section 3: Notice Inviting Informal Bids.

Where a public project is to be performed which is subject to the provisions of this Ordinance, a notice inviting informal bids shall be mailed to all of the contractors for the category of work to be bid, as shown on the list developed in accordance with Section 2 above, and to all construction trade journals as specified by the Commission in accordance with Public Contract Code Section 22036. Additional contractors and/or construction trade journals may be notified at the discretion of the District, provided however:

1. If there is no list of qualified contractors maintained by the District for the particular category of work to be performed, the notice inviting bids shall be sent only to the construction trade journals specified by the Commission.
2. If the product or service is proprietary in nature such that it can be obtained only from a certain contractor or contractors, the notice inviting informal bids may be sent exclusively to such contractor or contractors.

Section 4: Award of Contracts.

The District Manager is authorized to award informal contracts pursuant to this Ordinance, and the procedures promulgated hereunder.

Section 5: Effective Date.

This Ordinance shall take effect and be in full force and effect thirty (30) days after its passage.

Section 6: Within fifteen (15) days after passage of this Ordinance, it shall be published once, together with the names of the Directors voting thereon, in a newspaper of general circulation within the District. Additionally, this Ordinance shall be posted for one week in three (3) public places in the District.

Section 7: Severability.

If any section, subsection, sentence, clause, or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The Board of Directors hereby declares that it would have passed this Ordinance and each and every section, subsection, sentence, clause, or phrase not declared invalid or unconstitutional without regard to whether any portion of the Ordinance would be subsequently declared invalid or unconstitutional.

Introduced at a regular meeting of the Board of Directors on April 15, 2009, and passed and adopted by the Board of Directors of the Cayucos Sanitary District on the 15th day of April, 2009, by the following roll call vote:

AYES:	Enns, McHale, Fones, Lyon, Foster
NOES:	None
ABSENT:	None
ABSTAINING:	None

SIGNED:	Robert B. Enns, President, Board of Directors
ATTEST:	Bonnie E. Connelly, Clerk
APPROVED AS TO FORM:	Timothy J. Carmel, District Legal Counsel

ORDINANCE NO. 30

**AN ORDINANCE OF THE BOARD OF DIRECTORS
OF THE CAYUCOS SANITARY DISTRICT
ADOPTING MANDATORY ORGANIC WASTE DISPOSAL
REDUCTION REGULATIONS TO COMPLY WITH THE
REQUIREMENTS OF SB 1383**

WHEREAS, the Cayucos Sanitary District (the “District”) is duly formed under Health and Safety Code Section 6400 et seq. and is authorized to provide garbage collection and disposal services (solid waste) to its residents within its boundaries, and Health and Safety Code Section 6521 expressly empowers the District to may make and enforce all necessary and proper regulations for the removal of garbage; and

WHEREAS, State recycling law, Assembly Bill 939 of 1989, the California Integrated Waste Management Act of 1989 (California Public Resources Code Section 40000, et seq., as amended, supplemented, superseded, and replaced from time to time), requires cities, counties and districts to reduce, reuse, and recycle (including composting) Solid Waste generated in their jurisdiction to the maximum extent feasible before any incineration or landfill disposal of waste, to conserve water, energy, and other natural resources, and to protect the environment; and

WHEREAS, State recycling law, Assembly Bill 341 of 2011 (approved by the Governor of the State of California on October 5, 2011, which amended Sections 41730, 41731, 41734, 41735, 41736, 41800, 42926, 44004, and 50001 of, and added Sections 40004, 41734.5, and 41780.01 and Chapter 12.8 (commencing with Section 42649) to Part 3 of Division 30 of, and added and repealed Section 41780.02 of, the Public Resources Code, as amended, supplemented, superseded and replaced from time to time), places requirements on Commercial Businesses and Multi-Family Premises that generate a specified threshold amount of Solid Waste to arrange for recycling services and requires jurisdictions to implement a mandatory Commercial recycling program; and

WHEREAS, State Organics Materials recycling law, Assembly Bill 1826 of 2014 (approved by the Governor of the State of California on September 28, 2014, which added Chapter 12.9 (commencing with Section 42649.8) to Part 3 of Division 30 of the Public Resources Code, relating to Solid Waste, as amended, supplemented, superseded, and replaced from time to time), requires Commercial Businesses and Multi-Family Premises that generate a specified threshold amount of Solid Waste, Recyclable Materials, and Organic Materials per week to arrange for recycling services for that waste, requires jurisdictions to implement a recycling program to divert Organic Materials from Commercial Businesses and Multi-Family Premises subject to the law, and requires jurisdictions to implement a mandatory Commercial Organic Materials recycling program; and

WHEREAS, SB 1383, the Short-lived Climate Pollutant Reduction Act of 2016, requires CalRecycle to develop regulations to reduce Organic Waste in landfills as a source of methane. The regulations place requirements on multiple entities including jurisdictions, residential households, Multi-Family Premises, Commercial Businesses, Commercial Edible Food Generators, haulers, Self-Haulers, Food Recovery Organizations, and Food Recovery Services to support achievement of the SB 1383 statewide Organic Waste disposal reduction targets; and

WHEREAS, SB 1383, the Short-lived Climate Pollutant Reduction Act of 2016, requires jurisdictions to adopt and enforce an ordinance or enforceable mechanism to implement relevant provisions of SB 1383 Regulations. This ordinance will also help reduce food insecurity by requiring Commercial Edible Food Generators to arrange to have the maximum amount of their Edible Food, that would otherwise be disposed, be recovered for human consumption; and

WHEREAS, requirements in the attached regulations are consistent with other adopted goals and policies of the Cayucos Sanitary District; and

WHEREAS, the Board of Directors of the Cayucos Sanitary District now desires to adopt Mandatory Organic Waste Disposal Reduction Regulations to provide for the implementation of SB 1383.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE CAYUCOS SANITARY DISTRICT DOES ORDAIN AS FOLLOWS:

SECTION 1. The above recitals are true, correct, and are hereby incorporated herein by this reference.

SECTION 2. The Cayucos Sanitary District Mandatory Organic Waste Disposal Reduction Regulations are hereby adopted, as set forth in Exhibit A, which Exhibit is attached hereto and incorporated herein by this reference.

SECTION 3: If any section, subsection, subdivision, paragraph, sentence, clause or phrase of this Ordinance or any part thereof is for any reason held to be unlawful, such decision shall not affect the validity of the remaining portion of this Ordinance or any part thereof. The Board of Directors hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause, or phrase thereof, irrespective of the fact that any one or more section, subsection, subdivision, paragraph, sentence, clause or phrase be declared unlawful.

SECTION 4: This Ordinance shall become effective thirty (30) days after the date of its adoption, and within fifteen (15) days after its adoption, it shall be posted in accordance with Section 6490 of the Health and Safety Code.

On motion of Director Miller, seconded by Director Frank, and on the following roll call vote, to-wit:

AYES:	Enns, Chivens, Lyon, Miller, Frank
NOES:	None
ABSENT:	None

The foregoing Ordinance is hereby adopted this 18th day of November, 2021.

SIGNED:	Robert B. Enns, President of the Board of Directors
APPROVED AS TO CONTENT:	Rick Koon, District Manager
APPROVED AS TO FORM:	Timothy J. Carmel, District Counsel



Section 7:

APPENDICES

Appendix “A”

Organizational Chart – Revision approved May 2021

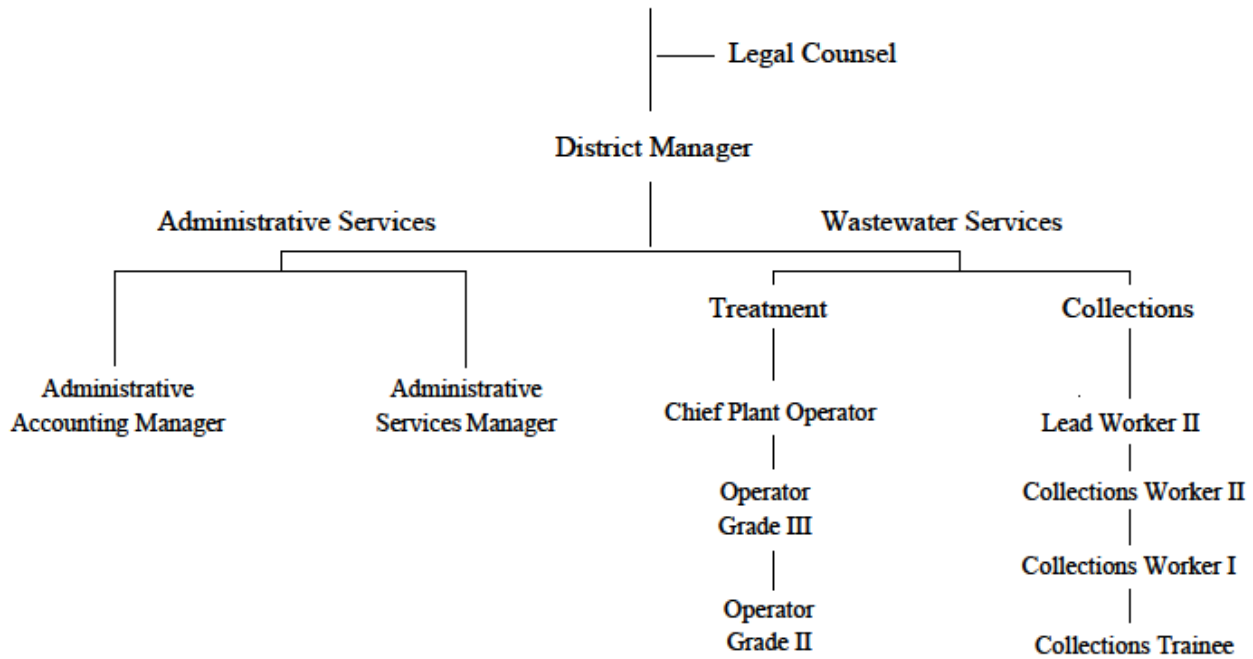


Cayucos Sanitary District

Organizational Chart

Revised May 2021

Board of Directors



Appendix “B”
District Rate History - new

Sewer Use Charges (EDU)

Ordinance or Resolution	Monthly Amount	Date Enacted
Res 1976-134	4.00	3/8/1976
Res 1980-6	8.20	1/1/1981
Res 1987-7	6.40	12/1/1987
Ord 14 (1991)	10.00	8/1/1991
Ord 17 (1993)	13.50	9/1/1993
Ord 18 (1995)	15.00	9/1/1995
Ord 22 (2003)	19.00	1/1/2004
Res 2005-4	24.00	5/1/2005
	28.00	7/1/2006
Res 2007-7	33.00	10/1/2007
	37.00	7/1/2008
	42.00	7/1/2009
	47.00	7/1/2010
	52.00	7/1/2011
Res 2017-2	67.00	7/1/2017
	82.00	7/1/2018
	88.00	7/1/2019
	94.00	7/1/2020
	98.00	7/1/2021

Standby Lot Fee

Ord 19 (1995)	7.50	
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Sewer Connection Fee

Ordinance or Resolution	Connection	Inspection
Res 1974-129	50.00	15.00
Ord 20 (1995)	2,450.00	50.00
Ord 22 (2003)	3,500.00	100.00
Res 2005-2	4,900	100.00
Res 2007-7	7,860.00	100.00

Notable Resolutions

Policy 2003-1 - Immediate Availability Fee Deferment Guidelines

Resolution 2005-4 - Residential Exceptions

Resolution 2009-7 - Modifying Methodology for Hotels and Motels & Baseline EDU Calculations for New Commercial Accounts

Resolution 2017-2 - Rate Increases Due to Development of Cayucos Sustainable Water Project

Appendix “C”

Authorized Investments – approved in 2020 – see Employee Handbook

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 evidence 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 district 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.)

Appendix “D”

Roles and Responsibilities of Investment Team – approved in 2020 – see Employee Handbook

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 Committee shall work together to receive and disseminate the information concerning investment or reinvestment.
4. The Committee shall make recommendations to the Board as to investment strategies.
5. The Committee 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.

Appendix “E”

Reserve Policy – approved in 2020 – see Employee Handbook

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

LOCAL AGENCY INVESTMENT GUIDELINES

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.

Appendix “F”

Website Privacy Policy – approved in 2020 – see Employee Handbook

The following Privacy Policy shall be posted to the District’s website under a link on the home page:

“The Cayucos Sanitary District (“District,” “we” or “us”) is concerned about privacy issues and wants you to be familiar with how we collect, use and disclose information. We are pleased to provide this Privacy Policy to inform you of our practices as information that we collect through this website. Please note that this Privacy Policy applies only to our online information-gathering and dissemination practices conducted in connection with this website and does not apply to any of our practices conducted offline. If you have any questions or comments about the Privacy Policy or our privacy practices, please contact us at clerk1csd@cayucossd.org.”

By accessing or using this website, you agree with all the terms of this Privacy Policy, so please do not access or use this website if you do not.

We may change this Privacy Policy at any time. Please take a look at the “Updated” legend at the top of this page to see when this Privacy Policy was last revised. Any changes to this Privacy Policy will become effective when posted to this website. By accessing or using the website after any such changes, you accept the revised Privacy Policy.

Personal Information We May Collect: We collect two types of information through this website: Personal Information and Other Information. “Personal Information” is information that identifies you or relates to you as an individual. “Other Information” is any information that does not reveal your specific identity or does not directly relate to an individual. Other Information is addressed below, under the heading “Other Information”.

We may collect Personal Information through the site such as:

- *Name*
- *Email address*
- *Mailing Address*
- *Preferences for electronic or physical delivery of newsletters*

We may use Personal Information:

- *To respond to your inquiries and fulfill your requests, such as to send you information, to register you for events, and to provide you District services.*
- *To keep a record of your contact information and correspondence, if you contact us through this website and to respond to you.*
- *To send you administrative information, including information regarding the websites and changes to our terms, conditions and policies.*
- *To facilitate social sharing functionality.*
- *For our internal business purposes, such as improving or modifying this website and operating and expanding our services.*
- *As we believe to be necessary or appropriate: (a) under applicable law, including laws outside your country of residence; (b) to comply with legal process; (c) to respond to requests from public or government authorities, including public or government authorities outside your country of residence; (d) to enforce our terms and conditions; (e) to protect our operations or those of any of our affiliates; (f) to protect our rights, privacy, safety or property, or yours or others; or (g) to pursue available remedies or limit the damages that we may sustain.*

How Personal Information May Be Disclosed:

- *To third parties providing us services such as website hosting, data analysis, IT services and infrastructure, customer service, email delivery, auditing and the like.*
- *To a third party (whether affiliated or unaffiliated with us) upon any reorganization of the District or transfer or some of all of its services to another entity.*
- *By you, on message boards, blogs and other services to which you are able to post information. Please note that any information you post or disclose through these services will become public information and may be available to visitors to this website and to the general public. We urge you to be thoughtful when disclosing your Personal Information, or any other information, on this site.*
- *To your friends associated with your social media account, to other website users as well as to your social media account provider, in connection with your social sharing activity, such as if you connect your social media account to your use of this website. By connecting your use of this website to your social media account, you authorize us to share information with your social media account provider and you understand that the use of the information we share will be governed by the social media site's privacy policy. If you do not want your Personal Information shared with other users or with your social media account provider, please do not connect your social media account with your use of this website and do not participate in social sharing on this website.*
- *as we believe to be necessary or appropriate: (a) under applicable law, including laws outside your country of residence; (b) to comply with legal process; (c) to respond to requests from public or government authorities, including public or government authorities outside your country of residence; (d) to enforce our terms and conditions; (e) to protect our operations; (f) to protect our rights, privacy, safety or property, or yours or others'; or (g) to allow us to pursue available remedies or limit the damages that we may sustain.*

Other Information We May Collect:

"Other Information" is any information that does not reveal your identity or relate to an individual, such as:

- *Browser information*
- *Information collected through cookies, pixel tags and other technologies*
- *Demographic information and Other Information you provide*
- *Aggregated information*
- *Zip codes*

How We May Collect Other Information:

We and our third-party service providers may collect other information in a variety of ways, including:

- *Through your browser: Most Internet browsers transmit certain information to websites that you visit, such as your computer's type (Windows or Macintosh) and its Media Access Control (MAC) address and screen resolution, and the type and version of your computer's Operating System and browser. We use this information to ensure this website functions properly.*
- *Using cookies: Cookies are text files, containing small amounts of information, which are downloaded to your computer, or smartphone or another device by which you visit a website. Cookies allow us to recognize your browsing device to assist with your use of this website. This can include helping us understand how this website is used, letting you navigate between pages efficiently, remembering your preferences, and generally improving your browsing experience. Cookies can also help ensure marketing you see online is more relevant to you and your interests. Although we do not intentionally use them for that purpose, our service providers may.*
- *If you do not want information to be collected through the use of cookies on your computer, most browsers allow you to automatically decline the transfer of cookies to your computer or other device, or to be given the choice of declining or accepting a particular cookie (or cookies) from a particular website. If cookies are disabled, however, some features of this website may not operate as intended. Information about procedures to disable cookies can be found on your Internet browser provider's website.*

- *Using applications:* We may use applications, including mobile applications or widgets, to collect information from you.
- *Using pixel tags and other similar technologies:* Pixel tags (also known as web beacons and clear GIFs) may be used in connection with some website pages and HTML-formatted email messages to, among other things, track the actions of users of this website and email recipients, measure the success of marketing campaigns and compile statistics about use of this website and response rates.
- *IP Address:* Your “IP Address” is a number that is automatically assigned to your computer or other web-browsing device by your Internet Service Provider (ISP). An IP Address is identified and logged automatically in our server log files whenever a user visits this website, along with the time of visit and the page(s) visited. Collecting IP Addresses is standard practice on the Internet and many websites do it automatically. We use IP Addresses for purposes such as measuring use of this website, helping diagnose server problems and administering this website.
- *From you:* We collect information when you provide it voluntarily, such as your company, title, interests and preferred means of communication. Unless combined with Personal Information, such information does not personally identify you or any other user of this website.
- *By aggregating information:* Aggregated Personal Information does not personally identify you or any other user of this website. For example, we may aggregate Personal Information to calculate the percentage of our users who have a particular telephone area code.

How We May Use and Disclose Other Information:

We may use and disclose Other Information for any purpose, except when applicable law requires to treat Other Information as Personal Information. In those situations, we may use and disclose Other Information for the purposes for which we use and disclose Personal Information.

In some instances, we may combine Other Information with Personal Information (such as combining your name with your company and title). If we combine any Other Information with Personal Information, we will treat the combined information as Personal Information as long as it is so combined.

Third Party Sites:

This Privacy Policy does not address, and we are not responsible for, the privacy, information or other practices of any third parties, including any third party operating any site to which this website contains a link. Please read the terms, conditions and policies of third-party sites before accessing or using them. The inclusion of a link on the Sites does not imply our endorsement of the linked site.

Security:

We use reasonable organizational, technical and administrative measures to protect Personal Information under our control. Unfortunately, no data storage system or method of Internet data transmission is perfectly secure. Please do not send sensitive or confidential information to us by email or by any other means in connection with this website. If you have reason to believe that your communications with us have been compromised in any way, please immediately notify us of the problem by contacting us as provided in the “Contact Us” page of this website.

Choices and Access:

Your choices regarding our use of your Personal Information for marketing purposes

You may opt-out of receiving these marketing-related emails by following the unsubscribe instructions in any message we send you, by emailing us at clerk1csd@cayucossd.org. We strive to honor such request(s) as soon as reasonably practicable.

How you can access, change or suppress your Personal Information:

You may request to review, correct, update, suppress or otherwise modify any Personal Information that you have previously provided to us through this website, or object to our use of such Personal Information by emailing us at [contact email address] or by other

means as noted on the “Contact Us” portion of this website. You may also oppose the processing or transferring of Personal Information to the extent the laws of your country require, if you have a legitimate reason to do so.

In your request, please state what information you would like us to change, and whether you would like to have your Personal Information removed from our database or otherwise let us know what limitations you would like to place on our use of your Personal Information. For your protection, we will only implement requests with respect to the Personal Information associated with the particular email address that you use to send us your request, and we may need to verify your identity before doing so. We strive to comply with requests as soon as reasonably practicable.

We may need to retain certain information for recordkeeping purposes, and there may also be residual information that will remain in our databases and other records. Such information will not be removed. We may, from time to time, re-contact former users of this website. Finally, we are not responsible for removing information from the databases of third parties (such as service providers) with whom we have shared your Personal Information.

Retention Period:

We will retain your Personal Information as necessary to fulfill the purposes outlined in this Privacy Policy unless a longer retention period is required or allowed by law.

Use of Site by Minors:

The Sites is not directed to children under the age of 13 and we request they not provide Personal Information through this website.

Cross-Border Transfer:

Your Personal Information may be stored and processed in any country in which we engage service providers, and by using our Sites you consent to the transfer of information to countries outside of your country of residence, including the United States, which may have different data protection rules than those in your country.

Sensitive Information:

We ask that you not send us, and you not disclose, any sensitive Personal Information (e.g., Social Security numbers, credit card or other payment card information, information related to racial or ethnic origin, political opinions, religion or other beliefs, health, criminal background or trade union membership) on or through this website or otherwise except as necessary to pay for District services.

Contacting Us:

If you have any questions about this Privacy Policy, please contact us by email at clerk1csd@cayucossd.org or by other means as noted on the “Contact Us” portion of this website.

Please note that email communications are not secure; accordingly, please do not include credit card information or other sensitive or confidential information in your emails to us.”

Confirmation of Receipt Acknowledgement Form

I hereby acknowledge that I have received a copy of the CAYUCOS SANITARY DISTRICT BOARD HANDBOOK. I understand that I am to promptly read its contents, then sign, date and return this page to the District office within two (2) weeks of receipt. I understand that if I have any questions about this Handbook or its contents, I am to discuss them with the President of the Board or the District Manager. I acknowledge that I am expected to read, understand, and adhere to the District's policies documented in this Handbook.

I recognize that this Handbook supersedes and replaces any previous handbooks, and to the extent that provisions of this Handbook conflict with previously issued policies or practices, this Handbook shall prevail. I agree that changes in the policies set out in the Handbook are not valid unless made and approved, in writing, by the Board of Directors.

Director's Name (print)

Director's Signature

Date: _____



AGENDA ITEM: 9

DATE: December 16, 2021

CAYUCOS SANITARY DISTRICT

TO: BOARD OF DIRECTORS

**FROM: RICK KOON
DISTRICT MANAGER**

DATE: DECEMBER 07, 2021

**SUBJECT: DISCUSSION AND CONSIDERATION OF NEW DISTRICT
BOARD COMMITTEE ASSIGNMENTS FOR 2022**

DISCUSSION:

Each year the Board appoints members to the standing committees. These committees (and their corresponding appointees from last year) are:

BUDGET COMMITTEE - FISCAL BUDGET/CAPITAL PROJECTS

Shirley Lyon
Hannah Miller

FINANCE COMMITTEE – BANKING & INVESTMENTS

Robert Enns
Robert Frank

O & M COMMITTEE – Technical Safety

Dan Chivens
Robert Enns

For this next year staff also recommends the Board appoint members to the following AD-HOC committees:

PERSONNEL COMMITTEE

WWTP/JPA COMMITTEE

RECOMMENDATION:

Staff recommends the assignment of Board members to Committee positions.