



CAYUCOS SANITARY DISTRICT

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

GOVERNING BOARD
R. Enns, President
S. Lyon, Vice-President
H. Miller, Director
J. Curti, Director
M. Shopshear, Director

BOARD OF DIRECTORS REGULAR MEETING AGENDA THURSDAY, NOVEMBER 16, 2023 AT 5:00PM 200 ASH AVENUE, CAYUCOS, CALIFORNIA 93430

1. ESTABLISH QUORUM AND CALL TO ORDER

2. PUBLIC COMMENT

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

3. 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. Meeting Minutes

1. Approval of minutes for the September 21, 2023 Board of Directors Regular Meeting **Pg. 1**
2. Approval of minutes for the October 5, 2023 Board of Directors Special Meeting **Pg. 4**

B. Financial Reports: September 2023

1. Check Register – Wells Fargo (General Checking Account) **Pg. 6**
2. Check Register – Wells Fargo (CIP Checking Account) **Pg. 8**
3. Cash, Savings, and Investment Report **Pg. 9**
4. Budget vs. Actual Status Report **Pg. 10**
5. Capital Improvement Projects Report **Pg. 11**

C. Financial Reports: October 2023

1. Check Register – Wells Fargo (General Checking Account) **Pg. 12**
2. Check Register – Wells Fargo (CIP Checking Account) **Pg. 14**
3. Cash, Savings, and Investment Report **Pg. 15**
4. Budget vs. Actual Status Report **Pg. 16**
5. Capital Improvement Projects Report **Pg. 17**

4. STAFF COMMUNICATIONS AND INFORMATIONAL ITEMS: No Action Required

A. District Manager's Report: September & October 2023

B. New Will-Serves: September & October 2023

- 78 Saint Mary Ave. / Lindahl / 064-125-038 / SFR Addition
- 320 Cayucos Creek Rd. / Travioli / 064-024-019 / SFR New
- 94 24th St. / Little / 064-183-021 / SFR New
- 39 S Ocean Ave. / Payton / 064-119-005 / Mixed New

Extended Will-Serves:

- 3176 Shearer Ave. / Lema / 064-411-019 / SFR Addition
- 210 Cerro Gordo Ave. / Purchase / 064-372-014 / SFR New
- 560 Pacific Ave. / Marquart / 064-148-008 / ADU New
- 625 Pacific Ave. / Toman / 064-113-007 / 3 SFR New, 2 ADU New

Finald Will-Serves:

- 176 E St. / Nairne / 064-117-004 / ADU New
- 164 F St. Petrucci / 064-118-013 / SFR New
- 71 8th St. / Mainwaring / 064-146-036 / MFR Remodel

Grants of License:

None

Continue-to-Serves:

- 833 Park Ave. / Ontiveros / 064-081-066 / ADU New

5. **PRESENTATION AND ACCEPTANCE OF THE CAYUCOS SANITARY DISTRICT FY 2022/23 FINAL AUDIT BY ADAM GUISE OF MOSS, LEVY & HARTZHEIM (Handout)**
6. **DISCUSSION AND CONSIDERATION TO AUTHORIZE THE DISTRICT MANAGER TO EXECUTE THE MEMORANDUM OF UNDERSTANDING (“MOU”) FOR CENTRAL COAST REGIONAL BIOSOLIDS COOPERATIVE Pg. 20**
7. **DISCUSSION AND CONSIDERATION TO APPROVE A PUBLIC WORKS CONTRACT FOR FY 2023/24 IN THE AMOUNT OF \$40,000.00 WITH N. BRENT KNOWLES CONSTRUCTION FOR REPAIR, PAVING AND SLURRY SERVICES ASSOCIATED WITH DISTRICT EMERGENCIES Pg. 27**
8. **DISCUSSION AND CONSIDERATION TO APPROVE RESOLUTION 2023-06 ADOPTING THE 2023 COUNTY JOINDER AMENDMENT TO THE SECOND AMENDED AND RESTATED JOINT POWERS AGREEMENT OF THE INTEGRATED WASTE MANAGEMENT AUTHORITY Pg. 40**
9. **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.
10. **FUTURE SCHEDULED MEETINGS**
 - January 18, 2024 – Regular Board Meeting
 - February 15, 2024 – Regular Board Meeting
 - March 21, 2024 – Regular Board Meeting

11. ADJOURNMENT

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

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



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GOVERNING BOARD

R. Enns, President

S. Lyon, Vice-President

H. Miller, Director

J. Curti, Director

BOARD OF DIRECTORS REGULAR MEETING MINUTES THURSDAY, SEPTEMBER 21, 2023 AT 5:00 P.M. 200 ASH AVENUE, CAYUCOS, CALIFORNIA 93430

1. ESTABLISH QUORUM AND CALL TO ORDER

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

Directors present: President Robert Enns, Director John Curti, Director Hannah Miller

Directors absent: Director Lyon

Staff present: District Manager Rick Koon and Administrative Accounting Manager Gayle Good

2. PUBLIC COMMENT

President Enns opened the meeting to Public Comment.

Visitor Mike Shopshear introduced himself and asked the Board to consider him as a candidate for the vacant Board position.

3. CONSENT CALENDAR: Recommended to Approve

A. Meeting Minutes

1. Approval of minutes for the August 17, 2023 Board of Directors Regular Meeting

B. Financial Reports: August 2023

1. Check Register – Wells Fargo (General Checking Account)
2. Check Register – Wells Fargo (CIP Checking Account)
3. Cash, Savings, and Investment Report
4. Budget vs. Actual Status Report FY
5. Capital Improvement Projects Report

President Enns opened the meeting to Public Comment.

Hearing no comment, President Enns closed Public Comment.

On item 3.B.5, Director Curti asked for clarification regarding the expenditures for the UV Bulb Replacement Project. District Manager Koon explained that the project would likely end up slightly over budget (under \$5,000) do to increasing materials costs. The overage will be removed from another line item.

President Enns opened the meeting to Public Comment.

Hearing no comment, President Enns closed Public Comment.

MOTION: 1st by Curti, to approve items 3.A.1 - 3.B.5 on the Consent Calendar as prepared. Motion was seconded by Miller.

VOTE: 3-0 Motion passed

4. STAFF COMMUNICATIONS AND INFORMATION ITEMS: No Action Required

A. District Manager's Report: August 2023

B. New Will-Serves: August 2023

- 62 13th St. / Sechser & Fort / 064-164-019 /SFR Addition

- 184 I St. / Berry / 064-128-002 / Roof Deck
- 3280 Ocean Blvd. / McGee / 064-423-010 / Deck Replacement
- 1335 Cass Ave. / Hench / 064-172-001 / SFR Remodel
- 1651 Cass Ave. / Ross / 064-172-015 / SFR Remodel & New Guesthouse
- 573 Pacific Ave. / Cameron / 064-144-009 / SFR Demo/Rebuild

Extended Will-Serves:

None

Finalized Will-Serves:

- 23 Bakersfield Ave. / Corral MH LLC / 064-042-032 / SFR Remodel
- 768 Pacific Ave. / Heckenberg / 064-149-015 / SFR Remodel

Grants of License:

None

Continue-to-Serves:

- 3086 Studio Dr. / Baserga / 064-275-028 / SFR Remodel
- 527 Saint Mary Ave. / Jackson / 064-132-020 / Deck Replacement

Manager Koon gave a summary of the previous month’s activities. He explained that we are experiencing an increase in will-serve applications as we work with the County departments to be certain that all building projects that may impact the District are fully reviewed. He also described at length the processes and projects the staff needs to undertake to efficiently change the UV bulbs for the associated CIP project.

President Enns opened the meeting to Public Comment.

Hearing no comment, President Enns closed Public Comment.

Items 4.A – B were received and accepted.

5. REVIEW AND DISCUSSION OF THE PRELIMINARY CAYUCOS-MORRO BAY CEMETERY DISTRICT DESIGN LAYOUT

Manager Koon described the expanded plans to include a chapel and maintenance building. The scope of the project was discussed by the Board, centering on location/construction concerns including rocky ground for burial sites, view from the highway, move of an above-ground existing water line through the site, as well as the compatibility with future County plans for access for a camping area, parking, bike path, desal, etc., were all discussed at length.

Concerns regarding possible impacts on our future recycled water plans were also considered.

Manager Koon offered to take individual Board members on a walking tour of the area to get a better idea of where the discussed locations were situated.

President Enns opened the meeting to Public Comment.

Hearing no comment, President Enns closed Public Comment.

Item 5 was reviewed and accepted.

6. DISCUSSION AND CONSIDERATION TO APPROVE THE ISSUANCE OF A CONDITIONAL INTENT-TO-SERVE LETTER FOR THE STANLEY RESIDENCE AT 3427 GILBERT AVE. (APN 064-405-010)

Manager Koon described how the residence would tie into the nearest manhole utilizing a small private pump and a private force main. The project will need to adhere to similar conditions as placed on the “Valley” project such as LAFCO will need to approve annexing the property into the District.

President Enns opened the meeting to Public Comment.

Hearing no comment, President Enns closed Public Comment.

MOTION: 1st by Miller, to issue a conditional Intent-to-Serve letter for the Stanley Residence at 3427 Gilbert Ave. (APN 064-405-010). Motion was seconded by Curti.

VOTE: 3-0 Motion passed

7. DISCUSSION AND CONSIDERATION TO APPROVE A GRANT OF LICENSE AND AGREEMENT AFFECTING REAL PROPERTY FOR 3280 OCEAN BLVD. (APN 064-423-010)

Manager Koon went over the design plans for the re-placement of the decking piers. The piers have been relocated farther away from our line and they will not affect our pipe. The existing deck was legal non-conforming and while it is still within our easement, the proposed Grant of License will protect future access issues with the line.

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

MOTION: 1st by Curti, to approve a Grant of License and Agreement affecting real property at 3280 Ocean Blvd. (APN 064-423-010). Motion was seconded by Miller.

VOTE: 3-0 Motion passed

8. DISCUSSION AND CONSIDERATION TO AMEND THE FY 23/24 CIP BUDGET TO CARRY OVER THE FY 22/23 CIP BUDGET'S CHANEY-TO-TORO MAIN LINE REPLACEMENT PROEJCT IN THE AMOUNT OF \$35,000

Manager Koon explained that the initial stage of the project approved FY22/23 has not yet been completed and continues into this fiscal year.

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

MOTION: 1st by Miller, to approve amendment of the FY 23/24 CIP Budget to carry over the FY 22/23 CIP Budget's Chaney-to-Toro Main Line Replacement Project in the amount of \$35,000. Motion was seconded by Curti.

VOTE: 3-0 Motion passed

9. BOARD MEMBER COMMENTS

None

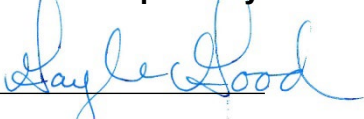
10. FUTURE SCHEDULED MEETINGS

- October 5, 2023 – Special Board Meeting
- October 19, 2023 – Regular Board Meeting
- November 23, 2023 – Regular Board Meeting

11. ADJOURNMENT

The meeting adjourned at 6:10 p.m.

Minutes Respectfully Submitted By:

X 

Gayle Good
Administrative Accounting Manager



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H. Miller, Director

J. Curti, Director

M. Shopshear, Director

BOARD OF DIRECTORS SPECIAL MEETING MINUTES THURSDAY, OCTOBER 5, 2023 AT 5:00 P.M. 200 ASH AVENUE, CAYUCOS, CALIFORNIA 93430

1. ESTABLISH QUORUM AND CALL TO ORDER

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

Directors present: President Robert Enns, Vice-President Shirley Lyon, Director Miller and Director John Curti

Staff present: District Manager Rick Koon and Administrative Services Manager Amy Lessi

2. PUBLIC COMMENT

President Enns encouraged the two present applicants to introduce themselves to the Board and make a statement regarding their interest in and qualifications for serving on the Board, then opened the meeting to Public Comment.

Justin Smith introduced himself and outlined his qualifications and experience in water treatment.

Michael Shopshear introduced himself and elaborated on his interest in serving on the Board, highlighting his volunteer work for the community.

Hearing no further comment, President Enns closed Public Comment.

3. DISCUSSION AND CONSIDERATION TO APPOINT A DIRECTOR TO FILL THE VACANCY FOR DISTRICT 2 OF THE CAYUCOS SANITARY DISTRICT BOARD OF DIRECTORS AND TO REVIEW COMMITTEE ASSIGNMENTS

Director Miller expressed the significance of serving on the CSD Board of Directors. She relayed her positive experiences with Mr. Shopshear as the owner/operator of Nelson's Garage, and was impressed by his role in and involvement with Cayucos's annual 4th of July parade. She expressed appreciation for Mr. Smith's experience in water treatment. Vice-President Lyon complimented each applicant's introductory statements and wondered if Mr. Shopshear might be taking on too much, considering his role as Vice-President of the Cayucos Lion's Club is already demanding. President Enns relayed his positive experiences working with Mr. Smith in association with his role at Cambria CSD, and complimented his responsiveness, knowledge and professionalism. President Enns shared his appreciation for Mr. Shopshear's history of volunteer work in the community and complimented his business practices at Nelson's Garage. Director Curti asked Mr. Smith what he learned from Cambria CSD's recent issues.

President Enns opened the meeting to Public Comment.

Mr. Smith agreed that it is important to know what not to do, and emphasized the importance of gaining community support.

Director Miller offered Mr. Smith the opportunity to share any community projects he's been involved with. He responded that he lives and works in Cayucos, running the water treatment plant and maintaining infrastructure south of the cemetery, knows rules and regulations well, and considers himself to be financially prudent and considerate of the ratepayer's money.

President Enns offered Mr. Shopshear the opportunity to add further comment, and he added that while he does not have wastewater or water treatment experience, he is not afraid of a new challenge, has a mechanical mind and is a quick learner and is detail-oriented.

Hearing no further comment, President Enns closed Public Comment.

The Board deliberated and ultimately determined that the candidate with the strongest history of community-service-related work would be the most valuable addition to the Board at this time.

MOTION: 1st by Lyon, to appoint Michael Shopshear to fill the vacancy for District 2 of the Cayucos Sanitary District Board of Directors. Motion was seconded by Miller.

VOTE: 4-0 Motion passed

The Board discussed committee assignments and decided that Director Curti would replace Director Frank on the Finance Committee, Vice-President Lyon would replace Director Frank on the Personnel Committee, and that Director Shopshear would replace Vice-President Lyon on the O&M Committee.

President Enns opened the meeting to Public Comment.

Hearing no comment, President Enns closed Public Comment.

4. ADJOURNMENT

The meeting adjourned at 5:32 p.m.

Minutes Respectfully Submitted By:

X *Amy Lessi*

Amy Lessi
Administrative Services Manager

Cayucos Sanitary District General Checking - Wells Fargo (Payments Only) September 2023

Date	Num	Name	Amount
09/01/2023	DD09012301	ARIAS, MANUEL	0.00
09/01/2023	DD09012302	COLLINS, JONATHAN W	0.00
09/01/2023	DD09012304	GOOD, GAYLE	0.00
09/01/2023	DD09012305	HOOPER, SARAH L	0.00
09/01/2023	DD09012306	KOON, RICHARD L	0.00
09/01/2023	DD09012307	LAKEY, NICK E	0.00
09/01/2023	DD09012308	LESSI, AMY M	0.00
09/01/2023	DD09012309	OWENS, JUSTIN D	0.00
09/01/2023	DD09012303	CURTI, JOHN H.	0.00
09/01/2023	23899	ENNS, ROBERT	-91.45
09/01/2023	23900	LYON, SHIRLEY A	-91.45
09/01/2023	EDD090123	EDD	-1,874.15
09/01/2023	FED090123	US TREASURY	-8,584.18
09/01/2023	DEF090123	CALPERS (RETIREMENT)	-1,075.00
09/01/2023	PERS090123	CALPERS (RETIREMENT)	-4,011.09
09/05/2023	HLTH090523	CALPERS (HEALTH)	-13,784.65
09/05/2023	60263823243	ALLIED ADMINISTRATORS FOR DELTA DENTAL	-823.54
09/06/2023	23909	ABALONE COAST ANALYTICAL, INC.	-3,176.40
09/06/2023	23910	AMAZON	-661.15
09/06/2023	23911	COASTAL ROLL OFF SERVICE	-2,693.57
09/06/2023	23912	DXP ENTERPRISES, INC.	-724.33
09/06/2023	23913	MINER'S ACE HARDWARE	-311.86
09/06/2023	23914	MISSION COUNTRY DISPOSAL - WRRF	-273.81
09/06/2023	23915	MISSION UNIFORM SERVICE	-486.70
09/06/2023	23916	MORRO ROCK MUTUAL WATER CO. UTILITY 782	-84.68
09/06/2023	23917	PG&E LS#1	-645.97
09/06/2023	23918	PG&E LS#2	-1,210.84
09/06/2023	23919	PG&E LS#3	-246.74
09/06/2023	23920	PG&E LS#4	-584.01
09/06/2023	23921	PG&E LS#5	-3,238.59
09/06/2023	23922	PG&E OFFICE	-221.38
09/06/2023	23923	PG&E WELL	-30.63
09/06/2023	23924	PG&E WRRF	-4,438.84
09/06/2023	23925	POSTMASTER	-194.00
09/06/2023	23926	QUICK TECH COMPUTERS	-2,290.00
09/06/2023	23927	SPEEDY COASTAL MESSENGER, INC.	-670.00
09/06/2023	23928	USA BLUE BOOK	-106.02
09/06/2023	23929	WELLS FARGO VENDOR FIN SERV	-486.92
09/06/2023	23930	BLUE-WHITE INDUSTRIES	-179.68
09/12/2023	23931	PATHIAN ADMINISTRATORS	-205.72
09/12/2023	23932	BRENNTAG PACIFIC, INC.	-2,530.63
09/12/2023	23933	CALNET3	-451.89
09/12/2023	23934	CHARTER INTERNET	-951.85
09/12/2023	23935	DUKE ENERGY/WESTBOUND SOLAR 2	-13,426.88

Date	Num	Name	Amount
09/12/2023	23936	WESTERN ALLIANCE BANK - SERIES B	-100,964.38
09/14/2023		QuickBooks Payroll Service	-22,582.37
09/14/2023	23937	FIRSTNET (AT&T)	-426.24
09/15/2023	DD09152301	ARIAS, MANUEL	0.00
09/15/2023	DD09152302	COLLINS, JONATHAN W	0.00
09/15/2023	DD09152303	GOOD, GAYLE	0.00
09/15/2023	DD09152304	HOOPER, SARAH L	0.00
09/15/2023	DD09152305	KOON, RICHARD L	0.00
09/15/2023	DD09152306	LAKEY, NICK E	0.00
09/15/2023	DD09152307	LESSI, AMY M	0.00
09/15/2023	DD09152308	OWENS, JUSTIN D	0.00
09/15/2023	EDD091523	EDD	-1,877.80
09/15/2023	FED091523	US TREASURY	-7,931.40
09/15/2023	PERS091523	CALPERS (RETIREMENT)	-3,986.40
09/15/2023	DED091523	CALPERS (RETIREMENT)	-1,075.00
09/21/2023	23938	B&K VALVES & EQUIPMENT, INC.	-605.94
09/21/2023	23939	BUSINESS CARD 4841	-278.43
09/21/2023	23940	EXECUTIVE JANITORIAL	-225.00
09/21/2023	23941	GOLD COAST ENVIRONMENTAL, INC.	-5,257.94
09/25/2023	23942	EXXONMOBIL	-671.27
09/25/2023	23943	SOCAL GAS	-21.00
09/26/2023	23944	BREZDEN PEST CONTROL	-141.00
09/26/2023	23945	COASTAL COPY, INC	-43.91
09/26/2023	23946	SHAPE INC.	-366.13
09/28/2023		QuickBooks Payroll Service	-22,241.50
09/29/2023	DD09292301	ARIAS, MANUEL	0.00
09/29/2023	DD09292302	COLLINS, JONATHAN W	0.00
09/29/2023	DD09292303	CURTI, JOHN H.	0.00
09/29/2023	23947	ENNS, ROBERT	-137.17
09/29/2023	DD09292304	GOOD, GAYLE	0.00
09/29/2023	DD09292305	HOOPER, SARAH L	0.00
09/29/2023	DD09292306	KOON, RICHARD L	0.00
09/29/2023	DD09292307	LAKEY, NICK E	0.00
09/29/2023	DD09292308	LESSI, AMY M	0.00
09/29/2023	DD09292309	MILLER, HANNAH P	0.00
09/29/2023	DD09292310	OWENS, JUSTIN D	0.00
09/29/2023	EDD092923	EDD	-1,829.09
09/29/2023	FED092923	US TREASURY	-7,816.34
09/29/2023	FED092923b	US TREASURY	-170.68
09/29/2023	PERS092923	CALPERS (RETIREMENT)	-3,986.40
09/29/2023	DEF092923	CALPERS (RETIREMENT)	-1,625.00
09/29/2023	12561525026	COLONIAL LIFE INSURANCE PREMIUMS	-78.87
Total Operating Expenses			-255,197.86

**Cayucos Sanitary District
CIP Checking - Wells Fargo
(Payments Only)
September 2023**

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Amount</u>
09/25/2023	11568	FASTENAL	-144.03
09/25/2023	11569	WATER SYSTEMS CONSULTING, INC.	-19,405.00
Total CIP Expenses			-\$19,549.03

Cayucos Sanitary District Cash, Savings and Investment Report September 2023

Bank Accounts	Current Balance	
Wells Fargo General Checking	\$842,227	
Wells Fargo CIP	\$248,733	
Wells Fargo Savings (CFF)	\$237,599	
Wells Fargo - USDA	\$326,315	
Petty Cash	\$175	
LAIF	\$8,696	
Total	\$1,663,745	
Investments		
CalTrust	\$2,511,182	
Cetera Cash/MM	\$17,550	
Cetera Treasury/Securities	\$47,715	(Fixed Income)
Total	\$2,576,448	
Grand Total	\$4,240,192	
MCD Wells Fargo Deposit CD	\$25,000	Franchise Deposit on Hold

**Cayucos Sanitary District
FY 23/24 Financial Report
Budget vs. Actual
September 2023**

	Current Month	YTD Actual Rev/Exp	YTD Budget	Approved Budget 23/24	% of Budget
Ordinary Income/Expense					
Income					
4000 · SEWER INCOME	264,117	800,101	794,038	3,176,150	25%
4100 · WILL SERVE INCOME	575	2,375	22,050	88,200	3%
4200 · RENTAL INCOME	33,749	36,785	10,650	42,600	86% *
4300 · SOLID WASTE INCOME	19,644	24,651	31,900	127,600	19%
4400 · SLOCO TAX ASSESSMENTS	2,440	25,975	294,600	1,178,400	2%
4500 · SAVINGS INTEREST INCOME	569	2,462	875	3,500	70% **
4600 · INVESTMENT INTEREST	7,758	23,430	5,000	20,000	117% **
4700 · OTHER INCOME	-	-	1,150	4,600	0%
Total Income	328,853	915,779	1,160,263	4,641,050	20%
Expense					
5000 · PAYROLL EXPENSES					
5100 · ADMINISTRATIVE PAYROLL	47,666	109,270	103,325	413,300	26%
5200 · COLLECTIONS PAYROLL	17,357	37,390	46,688	186,750	20%
5300 · TREAT PAYROLL	36,019	82,749	79,088	316,350	26%
5400 · DIRECTOR PAYROLL	700	1,100	2,000	8,000	14%
5500 · VESTED PAYROLL BENEFITS	302	906	950	3,800	24%
5600 · ADMIN PAYROLL TAXES & BENEFITS	9,019	48,037	34,400	137,600	35% ***
5700 · COLL PAYROLL TAXES & BENEFITS	6,178	35,154	28,975	115,900	30% ***
5800 · TREAT PAYROLL TAXES & BENEFITS	11,171	47,663	36,800	147,200	32% ***
5900 · DIRECTOR PAYROLL TAXES & BENEFITS	54	84	150	600	14%
Total 5000 · PAYROLL EXPENSES	128,465	362,354	332,375	1,329,500	27%
6000 · OPERATING EXPENSES					
6050 · SPECIAL PROJECTS	-	-	3,250	13,000	0%
6100 · ADMIN OPERATING EXPENSES	4,343	471,281	227,119	908,475	52% ****
6500 · COLLECTIONS OPERATING EXPENSES	4,161	28,792	63,138	252,550	11%
7000 · TREATMENT OPERATING EXPENSES	114,842	422,823	400,975	1,603,900	26%
Total 6000 · OPERATING EXPENSES	123,346	922,896	694,481	2,777,925	33%
Total Expense	251,811	1,285,249	1,026,856	4,107,425	31%
Net Ordinary Income	77,042	(369,471)	133,406	533,625	
Net Income	77,042	(369,471)	133,406	533,625	

* CMB remitted portion of annual rents.

** Increase in rates and bond market.

*** Insurance premiums and CalPERS unfunded liability balances are paid in July for FY 23/24.

**** USDA loan payment made in August.

Cayucos Sanitary District Capital Improvement Projects Report FY 23/24 September 2023

	Current Month	YTD Actual Rev/Exp	Approved Budget 23/24	Percent Used YTD
CAPITAL IMPROVEMENTS				
1601 - Sewer Main Repairs	0.00	0.00	75,000.00	0%
1601.2 Chaney to Toro Main Replacement	19,405.00	0.00	35,000.00	55%
1608 - Main Admin				
1608.3 - Computers/Server Upgrades	639.50	0.00	6,000.00	11%
1608.4 - Generator Installation	0.00	0.00	35,000.00	0%
1614 - LS #5				
1614.2 - Spare Pump	0.00	0.00	20,000.00	0%
1616 - RWQCB Recycled Water Program	0.00	0.00	20,000.00	0%
1650 - WRRF Improvements				
1650.5 - Outfall Inspection & Buoy Replacement	0.00	0.00	50,000.00	0%
1650.6 - UV Bulb Replacement	144.03	52,315.02	50,000.00	105%
Total Capital Improvements	\$20,188.53	\$52,315.02	\$291,000.00	18%

**Cayucos Sanitary District
General Checking - Wells Fargo
(Payments Only)
October 2023**

Date	Num	Name	Amount
10/03/2023	B2327555283	ALLIED ADMINISTRATORS FOR DELTA DENTAL	-823.54
10/03/2023	23948	ABALONE COAST ANALYTICAL, INC.	-2,962.00
10/03/2023	23949	BREZDEN PEST CONTROL	-240.00
10/03/2023	23950	CAYUCOS BEACH MUTUAL WATER CO. #1	-93.36
10/03/2023	23951	CAYUCOS BEACH MUTUAL WATER CO. #2	-133.44
10/03/2023	23952	MINER'S ACE HARDWARE	-239.10
10/03/2023	23953	MISSION UNIFORM SERVICE	-489.75
10/03/2023	23954	MORRO ROCK MUTUAL WATER CO. UTILITY 782	-75.51
10/03/2023	23955	QUICK TECH COMPUTERS	-1,650.50
10/03/2023	23956	SPEEDY COASTAL MESSENGER, INC.	-715.00
10/05/2023	HLTH100523	CALPERS (HEALTH)	-13,784.65
10/05/2023	23957	HOOPER, SARAH L	-313.26
10/05/2023	23958	CARMEL & NACCASHA, LLP	-2,078.36
10/05/2023	23959	KITZMAN WATER	-108.75
10/05/2023	23960	MISSION COUNTRY DISPOSAL - WRRF	-273.81
10/05/2023	23961	PG&E LS#1	-619.85
10/05/2023	23962	PG&E LS#2	-1,112.82
10/05/2023	23963	PG&E LS#3	-248.96
10/05/2023	23964	PG&E LS#4	-541.99
10/05/2023	23965	PG&E LS#5	-3,122.36
10/05/2023	23966	PG&E OFFICE	-231.23
10/05/2023	23967	PG&E WRRF	-4,456.99
10/09/2023	23968	ALPHA FIRE & SECURITY ALARM CORP	-105.00
10/09/2023	23969	COASTAL ROLL OFF SERVICE	-2,473.25
10/09/2023	23970	WELLS FARGO VENDOR FIN SERV	-387.43
10/10/2023	23971	PATHIAN ADMINISTRATORS	-205.72
10/10/2023	23972	CALNET3	-428.50
10/10/2023	23973	CHARTER INTERNET	-951.85
10/10/2023	23974	SLOCTC ASH	-132.20
10/11/2023	23975	CSA 10A SLO CO PW LS#3	-212.12
10/11/2023	23976	CSA 10A SLO CO PW LS#4	-212.12
10/12/2023		QuickBooks Payroll Service	-22,963.67
10/13/2023	DD10132301	ARIAS, MANUEL	0.00
10/13/2023	DD10132302	COLLINS, JONATHAN W	0.00
10/13/2023	DD10132303	GOOD, GAYLE	0.00
10/13/2023	DD10132304	HOOPER, SARAH L	0.00
10/13/2023	DD10132305	KOON, RICHARD L	0.00
10/13/2023	DD10132306	LAKEY, NICK E	0.00
10/13/2023	DD10132307	LESSI, AMY M	0.00
10/13/2023	DD10132308	OWENS, JUSTIN D	0.00
10/13/2023	PERS101323	CALPERS (RETIREMENT)	-3,986.40
10/13/2023	DEF101323	CALPERS (RETIREMENT)	-1,625.00
10/13/2023	EDD101323	EDD	-1,968.04
10/13/2023	FED101323	US TREASURY	-8,140.30

Date	Num	Name	Amount
10/16/2023	23977	CSDA	-8,187.00
10/16/2023	23978	CWEA	-103.00
10/16/2023	23979	WATER SYSTEMS CONSULTING, INC.	-2,372.50
10/16/2023	23980	SCOTT PREWITT	-200.00
10/17/2023	23981	USA BLUE BOOK	-198.29
10/19/2023	23982	DUKE ENERGY/WESTBOUND SOLAR 2	-11,062.48
10/19/2023	23983	ENDRESS+HAUSER, INC.	-1,241.36
10/19/2023	23984	FIRSTNET (AT&T)	-426.91
10/19/2023	23985	XYLEM WATER SOLUTIONS U.S.A., INC.	-4,393.95
10/23/2023	23986	BUSINESS CARD 4841	-448.24
10/23/2023	23987	BUSINESS CARD 8913	-1,050.24
10/23/2023	23988	SOCAL GAS	-21.33
10/23/2023	23989	HOOPER, SARAH L	-81.92
10/26/2023		QuickBooks Payroll Service	-22,165.32
10/27/2023	DD10272301	ARIAS, MANUEL	0.00
10/27/2023	DD10272302	COLLINS, JONATHAN W	0.00
10/27/2023	DD10272304	GOOD, GAYLE	0.00
10/27/2023	DD10272305	HOOPER, SARAH L	0.00
10/27/2023	DD10272306	KOON, RICHARD L	0.00
10/27/2023	DD10272307	LAKEY, NICK E	0.00
10/27/2023	DD10272308	LESSI, AMY M	0.00
10/27/2023	DD10272310	OWENS, JUSTIN D	0.00
10/27/2023	DD10272303	CURTI, JOHN H.	0.00
10/27/2023	23990	ENNS, ROBERT	-91.45
10/27/2023	23991	LYON, SHIRLEY A	-91.45
10/27/2023	DD10272309	MILLER, HANNAH P	0.00
10/27/2023	EDD102723	EDD	-1,836.28
10/27/2023	FED102723	US TREASURY	-7,866.74
10/27/2023	PERS102723	CALPERS (RETIREMENT)	-3,986.40
10/27/2023	DEF102723	CALPERS (RETIREMENT)	-1,625.00
10/30/2023	23992	COASTAL COPY, INC	-51.61
10/30/2023	23993	EXXONMOBIL	-679.80
10/30/2023	23994	OASIS EQUIPMENT RENTAL	-75.04
10/30/2023	23995	STAPLES ADVANTAGE (Gov. Acct)	-205.90
10/31/2023	13521993004	COLONIAL LIFE INSURANCE PREMIUMS	-52.58
Total Operating Expenses			-146,621.62

**Cayucos Sanitary District
CIP Checking - Wells Fargo
(Payments Only)
October 2023**

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Amount</u>
10/16/2023	11570	WATER SYSTEMS CONSULTING, INC.	-7,322.50
		Total CIP Expenses	-\$7,322.50

Cayucos Sanitary District Cash, Savings and Investment Report October 2023

Bank Accounts	Current Balance	
Wells Fargo General Checking	\$941,399	
Wells Fargo CIP	\$241,904	
Wells Fargo Savings (CFF)	\$238,601	
Wells Fargo - USDA	\$404,223	
Petty Cash	\$175	
LAIF	\$8,774	
Total	\$1,835,076	
Investments		
CalTrust	\$2,516,944	
Cetera Cash/MM	\$18,378	
Cetera Treasury/Securities	\$47,100	(Fixed Income)
Total	\$2,582,423	
Grand Total	\$4,417,498	
MCD Wells Fargo Deposit CD	\$25,000	Franchise Deposit on Hold

**Cayucos Sanitary District
FY 23/24 Financial Report
Budget vs. Actual
October 2023**

	Current Month	YTD Actual Rev/Exp	YTD Budget	Approved Budget 23/24	% of Budget
Ordinary Income/Expense					
Income					
4000 · SEWER INCOME	264,595	1,064,697	1,058,717	3,176,150	34%
4100 · WILL SERVE INCOME	49,800	52,175	29,400	88,200	59%
4200 · RENTAL INCOME	-	36,785	14,200	42,600	86% *
4300 · SOLID WASTE INCOME	4,340	28,991	42,533	127,600	23%
4400 · SLOCO TAX ASSESSMENTS	39,161	65,136	392,800	1,178,400	6%
4500 · SAVINGS INTEREST INCOME	572	3,035	1,167	3,500	87% **
4600 · INVESTMENT INTEREST	8,671	32,101	6,667	20,000	161% **
4700 · OTHER INCOME	-	-	1,533	4,600	0%
Total Income	367,140	1,282,919	1,547,017	4,641,050	28%
Expense					
5000 · PAYROLL EXPENSES					
5100 · ADMINISTRATIVE PAYROLL	31,777	141,047	137,767	413,300	34%
5200 · COLLECTIONS PAYROLL	10,775	48,165	62,250	186,750	26%
5300 · TREAT PAYROLL	25,830	108,579	105,450	316,350	34%
5400 · DIRECTOR PAYROLL	400	1,500	2,667	8,000	19%
5500 · VESTED PAYROLL BENEFITS	302	1,208	1,267	3,800	32%
5600 · ADMIN PAYROLL TAXES & BENEFITS	7,617	55,654	45,867	137,600	40%
5700 · COLL PAYROLL TAXES & BENEFITS	5,323	40,476	38,633	115,900	35%
5800 · TREAT PAYROLL TAXES & BENEFITS	9,027	56,690	49,067	147,200	39%
5900 · DIRECTOR PAYROLL TAXES & BENEFITS	31	115	200	600	19%
Total 5000 · PAYROLL EXPENSES	91,081	453,435	443,167	1,329,500	34%
6000 · OPERATING EXPENSES					
6050 · SPECIAL PROJECTS	-	-	4,333	13,000	0%
6100 · ADMIN OPERATING EXPENSES	13,217	486,870	302,825	908,475	54% ***
6500 · COLLECTIONS OPERATING EXPENSES	11,642	40,434	84,183	252,550	16%
7000 · TREATMENT OPERATING EXPENSES	105,592	528,414	534,633	1,603,900	33%
Total 6000 · OPERATING EXPENSES	130,450	1,055,719	925,975	2,777,925	38%
Total Expense	221,532	1,509,154	1,369,142	4,107,425	37%
Net Ordinary Income	145,608	(226,235)	177,875	533,625	
Net Income	145,608	(226,235)	177,875	533,625	

* CMB remitted portion of annual rents.

** Increase in rates and bond market.

*** USDA loan payment made in August.

**Cayucos Sanitary District
Capital Improvement Projects Report
FY 23/24
October 2023**

	<u>Current Month</u>	<u>YTD Actual Rev/Exp</u>	<u>Approved Budget 23/24</u>	<u>Percent Used YTD</u>
CAPITAL IMPROVEMENTS				
1601 - Sewer Main Repairs	0.00	0.00	75,000.00	0%
1601.2 Chaney to Toro Main Replacement	7,322.50	19,405.00	35,000.00	76%
1608 - Main Admin				
1608.3 - Computers/Server Upgrades	0.00	639.50	6,000.00	11%
1608.4 - Generator Installation	0.00	0.00	35,000.00	0%
1614 - LS #5				
1614.2 - Spare Pump	0.00	0.00	20,000.00	0%
1616.2 - RWQCB Recycled Water Program	0.00	0.00	20,000.00	0%
1650 - WRRF Improvements				
1650.5 - Outfall Inspection & Buoy Replacement	0.00	0.00	50,000.00	0%
1650.6 - UV Bulb Replacement	243.05	52,459.05	50,000.00	105%
Total Capital Improvements	\$7,565.55	\$72,503.55	\$291,000.00	25%



CAYUCOS SANITARY DISTRICT STAFF REPORT

TO: BOARD OF DIRECTORS
FROM: RICK KOON, DISTRICT MANAGER
DATE: NOVEMBER 7, 2023
SUBJECT: MONTHLY MANAGER'S REPORT: SEPTEMBER & OCTOBER 2023

ADMINISTRATIVE

- We now have 232 customers enrolled in E-Billing and 689 on Auto-Pay (ACH).
- Staff continues to work with the SLO County Planning and Building Department to assure all building permits are routed to the District for review.
- The Consolidation Study's next draft will be reviewed in December, with a final draft due after the first of the year.
- The District's Series B loan payment was made on October 1.
- The SLO Land Conservancy has asked to extend escrow until the end of the year for Lot 7N; staff and Legal Counsel have reviewed and approved the extension.
- We have started the hiring process for a Collections Trainee and two interviews will be held on November 9th.
- Staff continues to work with Chevron and the County on the future services for the Estero property.
- Staff met with the Cayucos-Morro Bay Cemetery District and they are looking into revising their plans in response to the Board's feedback and concerns.
- **REMINDER:** Board members **Enns, Lyon and Miller** must complete their mandatory Harassment Prevention Training by **December 31, 2022**. Please contact Amy for the details.

CAPITAL PROJECTS

- The UV replacement project bulbs, quartz sleeves and wipers have been delivered. Staff replaced the bulbs in both vessels (120 total) and then cleaned both vessels with citric acid. Both vessels operate at maximum UV transmittance with minimal power required.

OPERATIONS & MAINTENANCE: SEPTEMBER & OCTOBER

CIP: Ordered a new 3127 Pump for the shelf as a backup for Lift Station 5

Daily Operations of Note:

- Pump down, scrape, and bleach wet wells; clean probes and test generators
- Conduct weekly alarm testing at all lift stations
- Jet 8,845' of main lines, including hard-to-access and root problem areas
- Participate in Vector Training Solutions for SDRMA
- Respond to 67 USAs
- Perform oil changes for both low flow pumps at Lift Station 5
- Replace hanging mechanism for large pump cables at Lift Station 5
- Lubricate garage doors, locks, hinges of shop doors, Jetter hitch and Ford 550 locks
- Rehab of Lift Station 5 generator to keep rodents out
- Rehab of Lift Station 3: anti-rust and repaint interior
- Replace "No Parking: signs at Lift Station 2 with ones labeled "Tow Away Zone"
- Annual virtual meeting with our 811 representative to ask and answer questions
- Landscape maintenance duties surrounding the downtown shop and lift stations
- Make updates to Diamond Maps to make it more accurate
- Pull pump #1 and return it to Lift Station 5 wet well after repair
- Pull Pump #3 from Lift Station 5 and send off to Xylem for repair
- Clean up pump leads at the junction box, as they were originally not sealed and let in moisture
- Remove ice plant/brush covering our two manholes on corner of Hwy 1 and Old Creek Rd.
- Collect quotes for future work on work trucks

Call Outs:

- **9/21:** Lift Station 5 low flow pump #1 seal failed. NL received alarm at approximately 6:30 AM and put low flow pump #3 into lead. We addressed the situation first thing when we got into work for the day. Pulled pump and sent it off to Xylem for repair.
- **10/15:** Lift Station 5 lost power, received SCADA notification at 1:41PM, checked tablet to confirm station was still running, checked with SH that the plant was okay. Power came back on at 1:46PM.

WATER RESOURCE RECOVERY FACILITY: SEPTEMBER & OCTOBER

Daily Operations of Note:

- Completed all quarterly, monthly, weekly, and daily maintenance tasks
- Exercised generator
- Calibrated on-line meters
- Checked eyewash stations and fire extinguishers
- Completed all daily and weekly lab tests
- Completed all Monthly Reports
- Effluent Turbidimeters verified on Sept. 5
- ACIP performed on MOS 2 on Sept. 6
- HCIP performed on MOS 2 on Sept. 7
- Started weekly in-house testing of COD on Sept. 13, which should help us anticipate biological trends faster
- Permeate Pump 3 removed for repair on Sept. 14
- Attempted break-in to Admin. Building and Ford F350; Sheriff responded on Sept. 26
- Ongoing throughout Sept.: preparing for change out of UV bulbs
- Performed Annual Ocean Plan Testing and Annual Toxicity Testing on Oct. 10
- Performed flush of influent lines from Lift Station 5 on Oct. 11
- Power outage on Oct. 15, all reset OK
- Deep Blue performed Annual Fire Pump Testing on Oct. 17
- Replaced all UV lamps in UV Vessel 1 on Oct. 18
- Replaced all UV lamps in UV Vessel 2 on Oct. 25
- Permeate Pump 3 is still out for repair

WRRF Influent

- Average influent for September: **187,684 gallons per day**
- Total influent for September: **5.63 million gallons**
- Average influent for October: **168,724 gallons per day**
- Total influent for October: **5.23 million gallons**

WRRF Effluent

- Average effluent for September: **200,803 gallons per day**
- Total effluent for September: **6.02 million gallons**
- Average effluent for October: **195,900 gallons per day**
- Total effluent for October: **6.07 million gallons**

CAYUCOS SANITARY DISTRICT

BASIC FINANCIAL STATEMENTS
June 30, 2023

CAYUCOS SANITARY DISTRICT
TABLE OF CONTENTS
June 30, 2023

FINANCIAL SECTION

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

BASIC FINANCIAL STATEMENTS

Statement of Net Position – Enterprise Fund..... 9
Statement of Revenues, Expenses, and Changes
in Net Position – Enterprise Fund..... 11
Statement of Cash Flows – Enterprise Fund..... 12
Notes to Basic Financial Statements..... 14

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of Net Pension Liability..... 29
Schedule of Net Pension Contributions 30

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Cayucos Sanitary District
Cayucos, California

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the major fund of the Cayucos Sanitary District (District) as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Cayucos Sanitary District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the major fund of the Cayucos Sanitary District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Cayucos Sanitary District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Cayucos Sanitary District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Cayucos Sanitary District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Cayucos Sanitary District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of Proportionate Share of Net Pension Liability, and the Schedule of Net Pension Contributions, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 2022 financial statements, and our report dated January 13, 2023, 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, 2022, 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 1, 2023, 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, King & Helgeson LLP

Santa Maria, California

November 1, 2023

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 2022-2023 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, 2023. 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 are stated as operating expenses, and capital expenditures are capitalized and depreciated over the lives of the fixed assets rather than expensed when incurred.

FINANCIAL HIGHLIGHTS

The key financial highlight for FY2022-2023 are as follows:

Interest expense significantly decreased due to the buy-down of principal for the Western Alliance Series B loan in FY 2021-2022.

The final payment was made to the City of Morro Bay for utilization of the shared Wastewater Treatment Plant.

Payroll Taxes and Benefits had a \$197,622 reduction in expense primarily due to the adjustment for expected vs. actual returns on investment in the CalPERS pension plan.

SOURCES OF REVENUES

The District's total revenue for the fiscal year was \$4,645,296 inclusive of the following:

Sewer Service (User) Charge

The main 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 \$3,208,898 in annual income to the District, equal to 69% of total revenues.

Sewer Standby (Service Availability) Fee

The District charges its customers who are owners of vacant lots for the expense of maintaining a sewer system available to buildable properties. Sewer standby fees generated \$17,242 in annual income 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 District's property tax revenue this year was \$1,119,974 representing 24% of total revenues.

Sewer Connection and Permit Fees

In FY 2022-2023, the District generated \$80,500 in combined sewer connection fees and sewer inspection fees representing less than 2% of total revenues.

District staff also reviews all plans for new construction and remodel projects and inspects all sewer tie-ins occurring within the District's boundaries, resulting in permit fees of \$7,125 which include charges for processing and issuance of Sewer Will-Serves.

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 Ultimius 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. Investment income totaled \$41,241 including all accounts.

Lease & 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. Additionally, the District holds a small lease for the property adjacent to the WRRF upon which the solar field sits. The lease and rental income generated in FY 2022-2023 was \$109,770, which included \$51,317 in arrears for prior fiscal years' remittances. Annual income was less than 3% 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.). Due to the desire of the Board to lower the impact of Mission Country Disposal's 2022 rate increase to our customers, no franchise fees were collected from November 2022 through May of 2023, which reduced income to \$40,061, or less than 1% of total revenues.

Miscellaneous Income

In FY 2022-2023 the District received \$20,485 in miscellaneous income derived from various sources which included \$9,804 from Mission Country Disposal for the AB-939 recycling development program and \$9,068 from the County of SLO from Economic Development Funds. The balance was made up of miscellaneous reimbursements.

CAYUCOS SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

SOURCES OF EXPENSES

The total expenses of the District in FY 2022-2023 were \$4,002,347. There was an overall decrease of \$267,143 equal to a 6% decrease from prior FY 2021-2022 as shown below, mainly due to decreased professional services and interest expense along with reduction in pension expense.

CATEGORY	FY 2023	FY 2022	\$ CHANGE	% CHANGE
Gross Wages	\$807,028	\$761,757	\$45,271	6%
Payroll Taxes and Benefits	207,839	405,461	-197,622	-49%
Directors' Fees	6,100	7,450	-1,350	-18%
Office Expense	28,869	31,333	-2,464	-8%
Dues and Subscriptions	11,754	9,815	1,939	20%
Miscellaneous Business Expense	3,286	1,845	1,441	78%
Permits and Licenses	18,728	12,886	5,842	45%
Professional Services	84,461	228,905	-144,444	-68%
Insurance	179,414	147,419	31,995	22%
Taxes & Assessments	11,373	43,888	-32,515	-74%
Utilities	232,667	263,451	-30,784	-12%
Telephone	10,057	9,377	680	7%
Vehicle Expense	17,938	13,870	4,068	29%
Maintenance and Operations	153,965	156,099	-2,134	-1%
MB Wastewater Treatment Plant O&M (Includes MMRP Funding)	41,552	6,965	34,587	497%
Lab	104,728	93,561	11,167	12%
Depreciation	1,451,868	1,271,030	180,838	14%
Total Operating Expenses	3,371,627	3,465,112	-93,485	-3%
Interest Expense	630,720	804,378	173,658	28%
Total Non-Operating Expenses	\$630,720	\$804,378	\$173,658	-22%
Total Expenses	\$4,002,347	\$4,269,490	\$-267,143	-6%

CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of FY 2022-2023, the District held \$47,809,896 in capital assets. This amount represents a net decrease (including additions, deletions, and accumulated depreciation) of \$1,435,725.

	FY 2023	FY 2022	CHANGE
Land	\$3,969,048	\$3,969,048	\$0
Construction in Progress	22,273	70,794	-48,521
Total Non-Depreciable	\$3,991,321	\$4,039,842	\$-48,521
Depreciable Assets			
Facility - Office	\$1,243,019	\$1,243,019	\$0
Conveyance System	4,928,201	4,928,201	0
Subsurface Lines	2,127,442	2,127,442	0
Sewage Treatment Facilities	48,392,450	48,327,826	64,624
Sewage Collection Facilities	1,878,590	1,878,590	0
Trucks	109,212	109,212	0
Office Equipment	65,822	65,822	0
Collection Equipment	613,660	613,660	0
Treatment Equipment	92,162	92,162	0
Total Depreciable	\$59,450,558	\$59,385,934	\$64,624
Summary			
TOTAL CAPITAL ASSETS	\$63,441,879	\$63,425,776	\$16,103
Less: Accumulated Depreciation	(15,631,983)	(14,180,155)	(1,451,828)
NET CAPITAL ASSETS	\$47,809,896	\$49,245,621	(\$1,435,725)

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 treatment plant and collection system, \$7,641 was invested in replacing the drainage swale at the WRRF with a culvert.

CURRENT FINANCIAL ISSUES AND CONCERNS

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

Long Term Liabilities:

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 40 years. Principal balance at the end of FY22/23 is \$23,876,500.

To fund the final stages of the CSWP, the Western Alliance Series B loan was amended in February of 2021, extending the \$5.0 million line of credit to \$9.0 million at 4.64% for 10 years. FY22/23 ended with a principal balance of \$4,351,913.

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.

Morro Bay-Cayucos SD Wastewater Treatment Plant and Infrastructure:

As the utility of the shared plant comes to a close, in 2022 the District and the City of Morro Bay entered a contract with an appraisal firm to determine the value of the old facilities, associated infrastructure and jointly-held properties.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT:

This report is a general overview of the District's finances and demonstrates the District's accountability for the funds received. 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.

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CAYUCOS SANITARY DISTRICT
STATEMENT OF NET POSITION - ENTERPRISE FUND
June 30, 2023
With Comparative Totals as of June 30, 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets:		
Cash and investments - cash equivalents (Note 3)	\$ 2,345,818	\$ 2,419,026
Cash and investments - non cash equivalents (Note 3)	2,583,028	1,720,219
Accounts receivable	208,404	223,439
Interest receivable	1,452	1,962
Lease receivable - current	43,280	28,484
Other receivables	40,022	3,230
Land held for resale	2,205,315	2,205,315
	<u>7,427,319</u>	<u>6,601,675</u>
Noncurrent Assets:		
Lease receivable - noncurrent	180,321	199,998
Capital assets (Note 4):		
Non depreciable		
Land	3,969,048	3,969,048
Construction in progress	22,273	70,794
Depreciable		
Subsurface lines	2,127,442	2,127,442
Sewage treatment facilities	48,392,450	48,327,826
Conveyance system	4,928,201	4,928,201
Sewage collection facilities	1,878,590	1,878,590
Trucks	109,212	109,212
Office equipment	65,822	65,822
Collection equipment	613,660	613,660
Office building	1,243,019	1,243,019
Treatment equipment	92,162	92,162
	<u>63,441,879</u>	<u>63,425,776</u>
Accumulated depreciation	<u>(15,631,983)</u>	<u>(14,180,115)</u>
Net capital assets	<u>47,809,896</u>	<u>49,245,661</u>
Total noncurrent assets	<u>47,990,217</u>	<u>49,445,659</u>
Total assets	<u>55,417,536</u>	<u>56,047,334</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	<u>372,720</u>	<u>166,694</u>
Total deferred outflows of resources	<u>372,720</u>	<u>166,694</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, 2023
With Comparative Totals as of June 30, 2022

	<u>2023</u>	<u>2022</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 21,017	\$ 177,988
Accrued payroll	32,256	29,973
Accrued interest	224,582	225,669
Customer deposits	325	325
Security deposit - MCD	25,000	25,000
Current portion of compensated absences (Notes 6 and 7)	17,046	23,075
Current portion of construction loans payable (Notes 5 and 6)	540,386	532,064
Current portion of certificates of participation (Notes 5 and 6)	432,000	425,000
	<hr/>	<hr/>
Total current liabilities	1,292,612	1,439,094
Long-Term Liabilities:		
Compensated absences (Notes 6 and 7)	34,091	46,149
Net pension liability (Notes 6 and 8)	808,798	419,978
Construction loans payable (Notes 5 and 6)	3,811,527	4,351,913
Certificates of participation (Notes 5 and 6)	23,444,500	23,876,500
	<hr/>	<hr/>
Total liabilities	29,391,528	30,133,634
DEFERRED INFLOWS OF RESOURCES		
Pensions	60,217	380,664
Leases	222,594	226,762
	<hr/>	<hr/>
Total deferred inflows of resources	282,811	607,426
NET POSITION		
Net investment in capital assets	19,581,483	20,060,184
Unrestricted	6,534,434	5,412,784
	<hr/>	<hr/>
Total net position	<u>\$ 26,115,917</u>	<u>\$ 25,472,968</u>

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

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

For the Fiscal Year Ended June 30, 2023

With Comparative Totals for the Fiscal Year Ended June 30, 2022

	<u>2023</u>	<u>2022</u>
Operating Revenues:		
Sewer services fees	\$ 3,208,898	\$ 3,185,404
Permit fees	7,125	4,625
Total operating revenues	<u>3,216,023</u>	<u>3,190,029</u>
Operating Expenses:		
Gross wages	807,028	761,757
Payroll taxes and benefits	207,839	405,461
Directors' fees	6,100	7,450
Office expense	28,869	31,333
Dues and subscriptions	11,754	9,815
Miscellaneous business expense	3,286	1,845
Permits and licenses	18,728	12,886
Professional services	84,461	228,905
Insurance	179,414	147,419
Taxes and assessments	11,373	43,888
Utilities	232,667	263,451
Telephone	10,057	9,377
Vehicle expense	17,938	13,870
Maintenance and operations	153,965	156,099
Treatment plant	41,552	6,965
Lab	104,728	93,561
Depreciation	1,451,868	1,271,030
Total operating expenses	<u>3,371,627</u>	<u>3,465,112</u>
Net operating income (loss)	<u>(155,604)</u>	<u>(275,083)</u>
Non-Operating Revenues (Expenses):		
Rent income	37,623	29,220
Lease revenue	72,147	28,947
Taxes and assessments	1,119,974	1,023,046
Grants		4,503,344
Investment income (loss)	41,241	(56,807)
Franchise fees	40,061	84,492
Interest expense	(630,720)	(804,378)
Other revenue	20,485	7,876
Stand by fees	17,242	16,987
Total non-operating revenues (expenses)	<u>718,053</u>	<u>4,832,727</u>
Capital Contributions:		
Connection fees	<u>80,500</u>	<u>56,906</u>
Change in net position	642,949	4,614,550
Net position:		
Net position, beginning of fiscal year	<u>25,472,968</u>	<u>20,858,418</u>
Net position, end of fiscal year	<u>\$ 26,115,917</u>	<u>\$ 25,472,968</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, 2023
With Comparative Totals for the Fiscal Year Ended June 30, 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 3,194,266	\$ 3,071,373
Payments to vendors	(1,066,167)	(1,140,000)
Payments to employees	(1,174,424)	(925,410)
	<u>953,675</u>	<u>1,005,963</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property taxes	1,119,974	1,023,046
Franchise fees	40,061	84,492
Stand by fees	17,242	16,987
Other revenue	20,485	7,876
	<u>1,197,762</u>	<u>1,132,401</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Grants received		4,503,344
Purchase of capital assets	(18,508)	(312,008)
Principal paid on long-term debt	(957,064)	(5,825,962)
Interest paid on long-term debt	(631,807)	(753,034)
Connection fees	80,500	56,906
	<u>(1,526,879)</u>	<u>(2,330,754)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	41,751	12,557
Rent	37,623	29,220
Lease revenue	72,860	27,227
Proceeds from land held for resale		338,050
Purchase of investments	(850,000)	
Sale of investments		88
	<u>(697,766)</u>	<u>407,142</u>
Net increase (decrease) in cash and cash equivalents	(73,208)	214,752
Cash and cash equivalents, July 1	<u>2,419,026</u>	<u>2,204,274</u>
Cash and cash equivalents, June 30	<u>\$ 2,345,818</u>	<u>\$ 2,419,026</u>
Reconciliation to Statement of Net Position:		
Cash and investments - cash equivalents	<u>\$ 2,345,818</u>	<u>\$ 2,419,026</u>
Total cash and investments- cash equivalents	<u>\$ 2,345,818</u>	<u>\$ 2,419,026</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, 2023
With Comparative Totals for the Fiscal Year Ended June 30, 2022

	<u>2023</u>	<u>2022</u>
Reconciliation of operating income (loss) to net cash provided (used)		
by operating activities:		
Operating income (loss)	\$ (155,604)	\$ (275,083)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	1,451,868	1,271,030
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
Accounts receivable	15,035	(141,503)
Other receivables	(36,792)	22,847
Deferred outflows - pensions	(206,026)	(204)
Payable to the City of Morro Bay		(107,568)
Accounts payable	(167,375)	140,632
Accrued payroll	2,283	5,597
Compensated absences	(18,087)	4,214
Net pension liability	388,820	(269,395)
Deferred inflows - pensions	(320,447)	355,396
	<u>\$ 953,675</u>	<u>\$ 1,005,963</u>
Net cash provided by operating activities		

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, No. 80, and No. 90.

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.
- 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 of all fund types. The District maintains one major 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.

- 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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 accrued and unused sick leave is paid out for one half of accumulated time up to 90 days accrued.
- 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.
- 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. Lease Receivable – The City’s lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the City may receive variable lease payments that are dependent upon the lessee’s revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. 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.

O. 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.

P. 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.

Q. 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 represents a consumption of net position by the government that applies to future periods. 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 an acquisition of net position by the government that applies to a future periods. The District has two items which qualify for reporting in this category; refer to Notes 8 and 9 for a detailed listing of the deferred inflows of resources the District has reported.

S. Future Accounting Pronouncements

Statement No. 99	"Omnibus 2022"	The provisions of this statement are effective in April 2022 except for the provisions related to leases, PPPs, SBITAs, financial guarantees and derivative instruments. The provisions related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022. The provisions related to financial guarantees and derivative instruments are effective for fiscal years beginning after June 15, 2023.
Statement No. 100	"Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62"	The provisions of this statement are effective for fiscal years beginning after June 15, 2023.
Statement No. 101	"Compensated Absences"	The provisions of this statement are effective for fiscal years beginning after December 15, 2023.

CAYUCOS SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 3 - CASH AND INVESTMENTS

Investments are carried at fair value in accordance with GASB Statement No. 72. On June 30, 2023 and June 30, 2022, the District had the following cash and investments on hand:

	2023	2022
Cash on hand	\$ 175	\$ 175
Cash in banks	2,345,643	2,418,851
Investments	2,583,028	1,720,219
Total	<u>\$ 4,928,846</u>	<u>\$ 4,139,245</u>

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

	2023	2022
Cash and investments-cash equivalents	\$ 2,345,818	\$ 2,419,026
Cash and investments-non cash equivalents	2,583,028	1,720,219
Total	<u>\$ 4,928,846</u>	<u>\$ 4,139,245</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, 2023:

	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			
Mortgage pass-through securities	\$ 50,337	\$ 50,337	\$ -
Total investments measured at fair value	50,337	<u>\$ 50,337</u>	<u>\$ -</u>
Investments measured at amortized cost			
CalTrust medium term fund	2,499,063		
Certificate of deposit	25,000		
LAIF	8,628		
Total investments	<u>\$ 2,583,028</u>		

Investments Authorized by the California Government Code

The table on the following page 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.

CAYUCOS SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 3 - CASH AND INVESTMENTS (Continued)

Investments Authorized by the California Government Code (Continued)

<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	\$75,000,000
State Registered Warrants, Notes, or Bonds	5 years	None	None
Notes and Bonds of other Local California Agencies	5 years	None	None

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:

2023					
<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months Or Less</u>	<u>13-24 Months</u>	<u>25-60 Months</u>	<u>More than 60 Months</u>
Mortgage pass-through securities	\$ 50,337	\$ -	\$ -	\$ 306	\$ 50,031
CalTrust medium term fund	2,499,063	2,499,063			
Certificate of deposit	25,000	25,000			
State investment pool (LAIF)	8,628	8,628			
	<u>\$ 2,583,028</u>	<u>\$ 2,532,691</u>	<u>\$ -</u>	<u>\$ 306</u>	<u>\$ 50,031</u>

2022					
<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months Or Less</u>	<u>13-24 Months</u>	<u>25-60 Months</u>	<u>More than 60 Months</u>
Mortgage pass-through securities	\$ 59,985	\$ 29	\$ -	\$ 411	\$ 59,545
CalTrust medium term fund	1,626,753	1,626,753			
Certificate of deposit	25,000	25,000			
State investment pool (LAIF)	8,481	8,481			
	<u>\$ 1,720,219</u>	<u>\$ 1,660,263</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,545</u>

CAYUCOS SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 3 - CASH AND INVESTMENTS (Continued)

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.

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Minimum Legal Rating</u>	<u>2023 Rating as of Fiscal Year End</u>			
			<u>AAA</u>	<u>AA+</u>	<u>AA-</u>	<u>Not Rated</u>
			Mortgage pass-through securities	\$ 50,337	N/A	\$ 50,337
CalTrust medium term fund	2,499,063	N/A				2,499,063
Certificate of deposit	25,000	N/A				25,000
State investment pool (LAIF)	8,628	N/A				8,628
	<u>\$ 2,583,028</u>		<u>\$ 50,337</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,532,691</u>

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Minimum Legal Rating</u>	<u>2022 Rating as of Fiscal Year End</u>			
			<u>AAA</u>	<u>AA-</u>	<u>Baa</u>	<u>Not Rated</u>
			Mortgage pass-through securities	\$ 59,985	N/A	\$ 59,985
CalTrust medium term fund	1,626,753	N/A				1,626,753
Certificate of deposit	25,000	N/A				25,000
State investment pool (LAIF)	8,481	N/A				8,481
	<u>\$ 1,720,219</u>		<u>\$ 59,985</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,660,234</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, 2023, none of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

CAYUCOS SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 3 - CASH AND INVESTMENTS (Continued)

Custodial Credit Risk (Continued)

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 credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as the Local Agency Investment Fund).

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.

NOTE 4 - SCHEDULE OF CAPITAL ASSETS

A schedule of changes in capital assets and depreciation for the fiscal year ended June 30, 2023, is shown below:

	Balance July 1, 2022	Additions	Deletions	Transfers	Balance June 30, 2023
Non-depreciable					
Land	\$ 3,969,048	\$ -	\$ -	\$ -	\$ 3,969,048
Construction in progress	70,794	10,867		(59,388)	22,273
Total non depreciable	<u>\$ 4,039,842</u>	<u>\$ 10,867</u>	<u>\$ -</u>	<u>\$ (59,388)</u>	<u>\$ 3,991,321</u>
Depreciable					
Office building	\$ 1,243,019	\$ -	\$ -	\$ -	\$ 1,243,019
Subsurface lines	2,127,442				2,127,442
Sewage treatment facilities	48,327,826	7,641	(2,405)	59,388	48,392,450
Conveyance system	4,928,201				4,928,201
Sewage collection facilities	1,878,590				1,878,590
Collection equipment	613,660				613,660
Office equipment	65,822				65,822
Treatment equipment	92,162				92,162
Trucks	109,212				109,212
	59,385,934	7,641	(2,405)	59,388	59,450,558
Less accumulated depreciation	14,180,115	1,451,868			15,631,983
Total depreciable	<u>\$ 45,205,819</u>	<u>\$ (1,444,227)</u>	<u>\$ (2,405)</u>	<u>\$ 59,388</u>	<u>\$ 43,818,575</u>
Net capital assets	<u>\$ 49,245,661</u>	<u>\$ (1,433,360)</u>	<u>\$ (2,405)</u>	<u>\$ -</u>	<u>\$ 47,809,896</u>

CAYUCOS SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 4 - SCHEDULE OF CAPITAL ASSETS (Continued)

A schedule of changes in capital assets and depreciation for the fiscal year ended June 30, 2022, is shown below:

	Balance July 1, 2021	Additions	Deletions	Transfers	Balance June 30, 2022
Non-depreciable					
Land	\$ 3,769,048	\$ 200,000	\$ -	\$ -	\$ 3,969,048
Construction in progress	42,605,038	234,340		(42,768,584)	70,794
Construction in progress-CSWP alternatives analysis	55,825			(55,825)	
Construction in progress-WWTP alternatives analysis	46,883			(46,883)	
Total non depreciable	<u>\$ 46,476,794</u>	<u>\$ 434,340</u>	<u>\$ -</u>	<u>\$ (42,871,292)</u>	<u>\$ 4,039,842</u>
Depreciable					
Office building	\$ 1,243,019	\$ -	\$ -	\$ -	\$ 1,243,019
Subsurface lines	2,098,642			28,800	2,127,442
Sewage treatment facilities	5,542,406			42,785,420	48,327,826
Conveyance system	4,900,734			27,467	4,928,201
Sewage collection facilities	1,878,590				1,878,590
Collection equipment	584,055			29,605	613,660
Office equipment	65,822				65,822
Treatment equipment	14,494	77,668			92,162
Trucks	109,212				109,212
	<u>16,436,974</u>	<u>77,668</u>		<u>42,871,292</u>	<u>59,385,934</u>
Less accumulated depreciation	12,909,085	1,271,030			14,180,115
Total depreciable	<u>\$ 3,527,889</u>	<u>\$ (1,193,362)</u>	<u>\$ -</u>	<u>\$ 42,871,292</u>	<u>\$ 45,205,819</u>
Net capital assets	<u>\$ 50,004,683</u>	<u>\$ (759,022)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,245,661</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 were 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. 2019 Series A-1 loan was repaid in full during the fiscal year ended June 30, 2021. Future debt service payments on the existing debt are as shown on the following page:

NOTE 5 - LOANS AND CERTIFICATES OF PARTICIPATION PAYABLE (Continued)

2021 Series B Loan			
Fiscal Year			
Ending	Principal	Interest	Total
2024	\$ 540,386	\$ 201,929	\$ 742,315
2025	565,459	176,855	742,314
2026	591,697	150,618	742,315
2027	619,151	123,163	742,314
2028	647,880	94,434	742,314
2029-2030	1,387,340	97,289	1,484,629
Total	<u>\$ 4,351,913</u>	<u>\$ 844,288</u>	<u>\$ 5,196,201</u>

2021 Certificates of Participation			
Fiscal Year			
Ending	Principal	Interest	Total
2024	\$ 432,000	\$ 414,058	\$ 846,058
2025	440,000	406,428	846,428
2026	447,000	398,667	845,667
2027	455,000	390,774	845,774
2028	463,000	382,741	845,741
2029-2033	2,441,000	1,788,145	4,229,145
2034-2038	2,662,000	1,565,030	4,227,030
2039-2043	2,903,000	1,321,701	4,224,701
2044-2048	3,165,000	1,056,382	4,221,382
2049-2053	3,453,000	767,002	4,220,002
2054-2058	3,766,000	451,400	4,217,400
2059-2062	3,249,500	114,785	3,364,285
Total	<u>\$ 23,876,500</u>	<u>\$ 9,057,113</u>	<u>\$ 32,933,613</u>

NOTE 6 - LONG-TERM LIABILITIES

The changes in long-term liabilities at June 30, 2023 and June 30, 2022, are as follows:

	July 1, 2022	Additions	Retirements	June 30, 2023	Due within one year
Construction loans payable	\$ 4,883,977	\$ -	\$ 532,064	\$ 4,351,913	\$ 540,386
2021 certificates of participation	24,301,500		425,000	23,876,500	432,000
Compensated absences	69,224	73,957	92,044	51,137	17,046
Net pension liability	419,978		388,820	808,798	
	<u>\$ 29,674,679</u>	<u>\$ 73,957</u>	<u>\$ 1,437,928</u>	<u>\$ 29,088,348</u>	<u>\$ 989,432</u>

	July 1, 2021	Additions	Retirements	June 30, 2022	Due within one year
Construction loans payable	\$ 10,709,939	\$ -	\$ 5,825,962	\$ 4,883,977	\$ 532,064
2021 certificates of participation	24,301,500			24,301,500	425,000
Compensated absences	65,010	65,214	61,000	69,224	23,075
Net pension liability	689,373		269,395	419,978	
	<u>\$ 35,765,822</u>	<u>\$ 65,214</u>	<u>\$ 6,156,357</u>	<u>\$ 29,674,679</u>	<u>\$ 980,139</u>

NOTE 7 - COMPENSATED ABSENCES

As of June 30, 2023, it is estimated that the District’s employees have \$51,137 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.

The Plans’ provisions and benefits in effect at June 30, 2023, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
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	12.21% + \$59,775	7.47% + \$1,230

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 were \$120,564 for the fiscal year ended June 30, 2023.

NOTE 8 - DEFINED BENEFIT PENSION PLAN (Continued)

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

At June 30, 2023, the District reported a liability of \$808,798 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 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, 2022, and 2021 was as follows:

	<u>Miscellaneous</u>
Proportion-June 30, 2021	0.02212%
Proportion-June 30, 2022	<u>0.01728%</u>
Change-Increase (Decrease)	<u><u>-0.00484%</u></u>

For the fiscal year ended June 30, 2023, the District recognized pension credit of \$17,089. 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, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 120,564	\$ -
Differences between expected and actual experience	16,242	10,878
Changes in assumptions	82,878	
Net difference between projected and actual earnings on retirement plan investments	148,150	
Adjustment due to differences in proportions	3,604	42,560
Difference in actual contributions and proportionate share of contributions	1,282	6,779
	<u>\$ 372,720</u>	<u>\$ 60,217</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.

\$120,564 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 fiscal year ended June 30, 2024.

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>
2023	\$ 45,476
2024	37,148
2025	18,702
2026	90,613
Total	<u>\$ 191,939</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, 2021 actuarial valuation was determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Projected Salary Increase	Varies by Entry Age and Service
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter

- (1) The mortality table used was developed based on CalPERS' specific data. The probabilities are based on the 2021 CalPERS' Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS' Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS' website.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of 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. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are as follows:

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return (a,b)</u>
Global Equity - cap-weighted	30.0%	4.54%
Global Equity - non-cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporations	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
Total	<u>100.0%</u>	

(a) An expected inflation of 2.30% was used for this period.

(b) Figures are based on the 2021 Asset Liability Management Study.

NOTE 8 - DEFINED BENEFIT PENSION PLAN (Continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Subsequent Events

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS' Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS' Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions are reflected in the GASB Statement No. 68 accounting valuation reports for the June 30, 2022, measurement date.

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 6.90 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 (5.90 percent) or 1 percentage-point higher (7.90 percent) than the current rate:

	1% Decrease <u>5.90%</u>	Discount Rate <u>6.90%</u>	1% Increase <u>7.90%</u>
District's proportionate share of the net pension plan liability	\$ 1,214,650	\$ 808,798	\$ 474,882

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, 2023, the District had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2023.

NOTE 9 – LEASE RECEIVABLE

In July 2009, the District and a co-lessor, the City of Morro Bay entered into a lease for the property at 1700 Embarcadero in Morro Bay, California. Under the lease, the Morro Dunes Trail Park & Campgrounds Inc agreed to pay the District semi-annual payments that started at \$9,039 in 2008 and are adjusted annually by CPI through August 2028. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a current discount rate of 5.3%, which is the implicit rate used for the agreement. In fiscal year 2023, the District recognized \$70,393 of lease revenue and \$9,895 of interest revenue under the lease.

NOTE 9 – LEASE RECEIVABLE (Continued)

In June 2022, the District entered into a lease for the property under the solar array at 800 Toro Creek Road, Morro Bay, California. Under the lease, Rec Solar Commercial Corporation agreed to pay the District annual payments on \$3,600 starting in June 2022 through June 2027. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3%, which is the implicit rate used for the agreement. In fiscal year 2023, the District recognized \$1,754 of lease revenue and \$1,848 of interest revenue under the lease.

NOTE 10 - CONTINGENCIES

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

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REQUIRED SUPPLEMENTARY INFORMATION

CAYUCOS SANITARY DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
Last 10 Years*
As of June 30, 2023

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Proportion of the net pension liability	0.00700%	0.00777%	0.00634%	0.00621%	0.00606%
Proportionate share of the net pension liability	\$ 808,798	\$ 419,978	\$ 689,373	\$ 636,106	\$ 584,314
Covered payroll	\$ 606,962	\$ 535,380	\$ 365,219	\$ 309,496	\$ 296,478
Proportionate share of the net pension liability as percentage of covered payroll	133.3%	78.4%	188.8%	205.5%	197.1%
Plan's total pension liability	\$ 49,525,975,138	\$ 46,174,942,264	\$ 43,702,930,887	\$ 41,426,453,489	\$ 38,944,855,364
Plan's fiduciary net position	\$ 37,975,170,163	\$ 40,766,653,876	\$ 32,822,501,335	\$ 31,179,414,067	\$ 29,308,589,559
Plan fiduciary net position as a percentage of the total pension liability	76.68%	88.29%	75.10%	75.26%	75.26%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	
Proportion of the net pension liability	0.00598%	0.00590%	0.00569%	0.00469%	
Proportionate share of the net pension liability	\$ 592,893	\$ 510,398	\$ 390,527	\$ 291,955	
Covered payroll	\$ 287,078	\$ 283,428	\$ 252,538	\$ 257,826	
Proportionate share of the net pension liability as percentage of covered payroll	206.5%	180.1%	154.6%	113.2%	
Plan's total pension liability	\$ 37,161,348,332	\$ 33,358,627,624	\$ 31,771,217,402	\$ 30,829,966,631	
Plan's fiduciary net position	\$ 27,244,095,376	\$ 24,705,532,291	\$ 24,907,305,871	\$ 24,607,502,515	
Plan fiduciary net position as a percentage of the total pension liability	73.31%	74.06%	78.40%	79.82%	

Notes to Schedule:

Changes in assumptions

In the reporting fiscal year ended June 30, 2023, the discount rate was reduced from 7.15% to 6.90% and price inflation was reduced from 2.50% to 2.30%.

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

CAYUCOS SANITARY DISTRICT
SCHEDULE OF NET PENSION CONTRIBUTIONS
Last 10 Years*
As of June 30, 2023

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

	2023	2022	2021	2020	2019
Contractually required contribution (actuarially determined)	\$ 120,564	\$ 106,828	\$ 91,965	\$ 70,877	\$ 58,972
Contribution in relation to the actuarially determined contributions	120,564	106,828	91,965	70,877	58,972
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 701,994	\$ 606,962	\$ 535,380	\$ 365,219	\$ 309,496
Contributions as a percentage of covered payroll	17.17%	17.60%	17.18%	19.41%	19.05%
	2018	2017	2016	2015	
Contractually required contribution (actuarially determined)	\$ 57,084	\$ 51,948	\$ 50,972	\$ 40,776	
Contribution in relation to the actuarially determined contributions	57,084	51,948	50,972	40,776	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	
Covered payroll	\$ 296,478	\$ 287,078	\$ 283,428	\$ 252,538	
Contributions as a percentage of covered payroll	19.25%	18.10%	17.98%	16.15%	

Notes to Schedule:

Changes in assumptions

In the reporting fiscal year ended June 30, 2023, the discount rate was reduced from 7.15% to 6.90% and price inflation was reduced from 2.50% to 2.30%.

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



CAYUCOS SANITARY DISTRICT STAFF REPORT

TO: BOARD OF DIRECTORS

FROM: RICK KOON, DISTRICT MANAGER

DATE: NOVEMBER 7, 2023

SUBJECT: DISCUSSION AND CONSIDERATION TO AUTHORIZE THE DISTRICT MANAGER TO EXECUTE THE MEMORANDUM OF UNDERSTANDING ("MOU") FOR CENTRAL COAST REGIONAL BIOSOLIDS COOPERATIVE

DISCUSSION

The Cities of Paso Robles and San Luis Obispo have been hosting workshops on the upcoming regulatory requirements for Biosolids. Biosolids are produced once a wastewater plant's sludge is dewatered. Upcoming regulations will target the presence of PFAs in Biosolids.

16 agencies representing nearly all the significant generators of biosolids from San Miguel to Santa Barbara have now stated their commitment to participate in the new Regional Biosolids Cooperative and are prepared to sign the MOU.

The MOU is meant to be a first formal step towards cooperating to establish a regional advanced biosolids processing facility. The MOU will be an important foundation for future efforts like pursuing grants and hiring professional service providers. The MOU has no legal or financial obligations for the District at this time.

It is anticipated the MOU will be amended from time to time in the future as the project needs evolve and any future financial obligations will be brought to the Board for approval. Staff and Legal Counsel have reviewed the MOU and approved it.

RECOMMENDATION

Staff recommends that the Board of Directors authorize the District Manager to execute the MOU for Central Coast Regional Biosolids Cooperative.

Memorandum of Understanding for Central Coast Regional Biosolids Cooperative

This Memorandum of Understanding (“MOU”), effective as of the last date signed below, is by and among the following government entities in the Central Coast region of California: City of San Luis Obispo, City of Paso Robles, City of Santa Maria, City of Atascadero, City of Morro Bay, Cayucos Sanitary District, South San Luis Obispo County Sanitation District, Avila Beach Community Services District, San Miguelito Mutual Water Company, Templeton Community Services District, San Miguel Community Services District, Cambria Community Services District, City of Pismo Beach, City of Santa Barbara, Goleta Sanitary District, and the Nipomo Community Services District. These agencies are individually referred to herein as a “Party,” and collectively as “Parties”.

Whereas, all the Parties operate wastewater treatment systems that generate biosolids. The volume of biosolids each Party generates varies, depending on the size and type of its wastewater system (e.g., ponds systems vs. mechanical treatment processes), but all Parties have a similar need to properly dispose biosolids.

Whereas, biosolids contain pollutants and are closely regulated by the State of California (Central Coast Regional Water Quality Control Board) and U.S. Environmental Protection Agency. The County of San Luis Obispo has a moratorium on land application of biosolids. Landfill regulations recently changed and biosolids may no longer be disposed in landfills. Due to a lack of local disposal options, most Parties haul their biosolids to facilities in Santa Maria or Kern County, where it is mixed with other organic waste streams and composted, then applied to land.

Whereas, the State of California recently required most Parties to test their biosolids for per- and polyfluorinated alkyl substances (PFAS), which are commonly referred to as “forever chemicals” due to their resistance to degradation in the environment. PFAS have been widely used in common household and personal care products for many years. In general, all Parties have low levels of various PFAS species in their biosolids.

Whereas, composting does not break down PFAS, because very high temperatures are required to break the strong carbon-fluorine bonds in PFAS. Consequently, compost derived from biosolids contains PFAS. Compost also contains micro-plastics, which is an emerging concern for local farmers. Existing biosolids receiving facilities do not have plans to address these issues, and rather, are counting on classification as PFAS passive receivers in order to be exempt from liability, which is uncertain.

Whereas, in 2021, representatives of the Cities of Paso Robles and San Luis Obispo began to collectively explore ways to advance the processing of their biosolids and eliminate potential future liabilities associated with PFAS. They discovered new technologies are available, such as high-temperature pyrolysis, which are capable of

eliminating PFAS in biosolids and converting biosolids into valuable products such as biochar. These technologies would be very expensive for any individual Party to install and operate, but may be cost-effective if all wastewater agencies in the region pool their biosolids waste streams and process it all at one regional facility.

In 2022 and 2023, the Parties convened a series of workshops, conducted by a professional facilitator, to explore interest in a regional biosolids cooperative. The Parties learned:

- a. Most of the communities between northern San Luis Obispo County and northern Santa Barbara County already cooperate on a variety of common areas of interest, including water and solid waste management;
- b. Pending regulatory changes at the State and Federal level could lead to a prohibition of land application of biosolids or compost derived from biosolids;
- c. Cooperating would enable a facility to be large enough that it would be economical to install advanced processing equipment;
- d. A local facility would reduce out-of-county truck trips, thus help control long-term costs and reduce greenhouse gas emissions;
- e. Advanced processing would greatly reduce the volume of biosolids and convert the material into valuable products such as renewable natural gas and biochar. These products may be sold to markets and the revenue may be used to offset the cost of an advanced processing facility;
- f. Cooperating increases the likelihood that private enterprises will participate in establishing a new facility, by ensuring the facility receives enough feedstock to justify a large expenditure for advanced equipment;
- g. Several regional biosolids cooperatives are presently forming throughout California;
- h. State Senate Bill (SB) 1383 has created demand for new facilities that divert organic waste streams from landfills and process it into valuable products such as renewable natural gas;
- i. Grant funding is available from the State of California for establishment of new organic waste processing facilities;
- j. There may be potential to further improve the economics of a regional facility by making it large enough to receive and process all organic waste streams, including green waste collected by waste haulers, spoiled packaged food waste, agricultural waste, etc.; and
- k. Additional work is needed, such as evaluating available technologies, visiting model facilities in other areas, and soliciting proposals from professional engineering firms to help with project delivery.

In May and June 2023, representatives of the Parties each stated informally their commitment to participate in a cooperative with the purpose of establishing a regional facility capable of advanced processing of biosolids. The purpose of this MOU is to formalize that commitment and clarify how the Parties will participate.

NOW, THEREFORE, the Parties do hereby agree as follows:

- a. The Parties will support further efforts to plan a regional advanced biosolids processing facility by allowing appropriate staff to participate in any future workshops and providing any non-confidential information about their biosolids reasonably requested.
- b. Parties will, in each Party's reasonable discretion, cooperate on applications to the State and Federal government for grant funding. For example, if any one Party takes the lead on a grant application, the other Parties agree to provide information and timely letters of support as needed.
- c. Grant programs often require "matching funds" in the form of "in-kind" or "cost share," which can be fulfilled by staff time spent working on the funded project. If necessary, Parties agree to the extent reasonably feasible to track and report their staff time spent on the grant-funded activity.
- d. The Parties will endeavor to establish a regional facility that receives and processes biosolids for a fee that is no greater than the average cost of what all Parties are currently paying (e.g., \$70 per ton) for biosolids hauling and disposal. However, the Parties acknowledge that current costs are projected to rise and will take that into consideration when evaluating the cost of a new regional facility. The Parties will also consider the many other less quantifiable benefits of a new regional facility, such as environmental improvements (e.g., reduction of greenhouse gas emissions) and reduction of liabilities associated with pollutants such as PFAS.
- e. Many private entities are well-equipped to efficiently deliver advanced biosolids processing facilities. The Parties or a Party may solicit proposals from private entities to design, build, operate, and finance a new regional advanced biosolids processing facility. This MOU is intended to signal to such private entities that the Parties will commit to supporting the facility by entering into long-term agreements to deliver their biosolids.
- f. This MOU does not include any financial obligations for the Parties other than staff time at this time. However, this MOU may be amended from time-to-time, as needed, to address the evolving needs of the Parties as they explore establishing a regional facility. For example, if funding is needed for planning, siting, or environmental permitting, the Parties may decide to share the costs.
- g. This MOU shall not be changed or amended except upon written consent of the Parties.
- h. This MOU is not intended to and does not create any legally binding obligations, rights or remedies between the Parties. This MOU reflects the good-faith intention of the Parties to cooperate in the manner set forth herein, while recognizing that no Party shall be bound to any action as a result of this MOU.

- i. Each Party represents that each such Party signing this MOU has been duly authorized by that entity to execute this Memorandum of Understanding on its behalf.
- j. Any Party may withdraw from this MOU at any time for any reason. However, the Parties will make their best effort to provide no less than 60 days' notice of a Party's intent to withdraw.
- k. This MOU may be executed in counterparts, each of which shall constitute an original, but all of which shall constitute one and the same agreement.
- l. Each Party agrees and acknowledges that this MOU does not commit any agency to take any action, expend any funds, or commit to any specific project. Any future facility will be subject to review pursuant to the California Environmental Quality Act.
- m. This MOU shall become effective on the last date set forth below.

By: _____ Date: _____
 Aaron Floyd
 Utilities Director
 City of San Luis Obispo

By: _____ Date: _____
 Christopher Alakel
 Utilities Director
 City of Paso Robles

By: _____ Date: _____
 Shad Springer
 Utilities Director
 City of Santa Maria

By: _____ Date: _____
 Nick DeBar
 Public Works Director
 City of Atascadero

By: _____ Date: _____
Greg Kwolek
Public Works Director
City of Morro Bay

By: _____ Date: _____
Rick Koon
District Manager
Cayucos Sanitary District

By: _____ Date: _____
Jeremy Ghent
District Administrator
South San Luis Obispo County Sanitation District

By: _____ Date: _____
Brad Hagemann
General Manager
Avila Beach Community Services District

By: _____ Date: _____
Dwayne Chisam
General Manager
San Miguelito Mutual Water Company

By: _____ Date: _____
Jeff Britz
General Manager
Templeton Community Services District

By: _____ Date: _____
Kelly Dodds
General Manager
San Miguel Community Services District

By: _____ Date: _____
Matthew McElhenie
General Manager
Cambria Community Services District

By: _____ Date: _____
Ben Fine
Public Works Director
City of Pismo Beach

By: _____ Date: _____
Clifford Maurer
Public Works Director
City of Santa Barbara

By: _____ Date: _____
Steve Wagner
General Manager
Goleta Sanitary District

By: _____ Date: _____
Ray Dienzo
General Manager
Nipomo Community Services District

END OF DOCUMENT



CAYUCOS SANITARY DISTRICT STAFF REPORT

TO: BOARD OF DIRECTORS

FROM: RICK KOON, DISTRICT MANAGER

DATE: NOVEMBER 7, 2023

SUBJECT: DISCUSSION AND CONSIDERATION TO APPROVE A PUBLIC WORKS CONTRACT FOR FY 2023/24 IN THE AMOUNT OF \$40,000.00 WITH N. BRENT KNOWLES CONSTRUCTION FOR REPAIR, PAVING AND SLURRY SERVICES ASSOCIATED WITH DISTRICT EMERGENCIES

DISCUSSION

With El Nino weather events projected for this winter, staff would like to have a contract with a local contractor in place in case of emergencies.

The District has previously had this type of contract with Brent Knowles Construction and it comes in very handy when needed. Their response time is usually no more than an hour after being called, and Brent himself responds and discusses what is needed to perform the task with District staff. The \$40,000 is an approved budgeted expense in the FY 23/24 Budget.

RECOMMENDATION

Staff recommends that the Board of Directors approve a Public Works Contract for FY 2023/24 in the amount of \$40,000.00 with N. Brent Knowles Construction for repair, paving and slurry services associated with District emergencies.

**CONTRACTOR SERVICES AGREEMENT
ON-CALL AND EMERGENCY REPAIRS
N. BRENT KNOWLES CONSTRUCTION, INC.**

This Contractor Services Agreement (“Agreement”) is made this _____ day of November, 2023 (the “Effective Date”) by and between the Cayucos Sanitary District, a California special district (the “District”), and J. Brent Knowles Construction, Inc., a California contractor (the “Contractor”); collectively referred to herein as the “Parties.”

WHEREAS, District is a special district organized under the laws of the State of California; and

WHEREAS, in accordance with Public Contracts Code Section 22030, District has elected to become subject to the uniform construction cost accounting procedures set forth in Article 2 (commencing with Section 22010) of the Public Contract Code (the Uniform Public Construction Cost Accounting Act or “UPCCAA”); and

WHEREAS, Public Contracts Code Section 22032 (a) provides that public projects of sixty thousand dollars (\$60,000) or less may be performed by negotiated contract, or by purchase order; and

WHEREAS, District owns and operates a sewer treatment and collection system that requires specialized services and equipment to meet the public safety and health needs of its customers; and

WHEREAS, District does not have the qualified personnel or equipment available to perform all such maintenance and repair; and

WHEREAS, Contractor provides certain services and skills, which are of benefit to District; and

WHEREAS, District desires to enter into this negotiated contract pursuant to Public Contract Code Section 22032 (a) with Contractor to perform on-call and emergency repairs and minor modifications to its facilities on the basis of issued Task Orders, as further provided in this Agreement, provided that the cost of such services provided pursuant to this Agreement does not exceed sixty thousand dollars (\$60,000).

NOW THEREFORE, in consideration of the mutual covenants and conditions set forth herein, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. **TERM.** This Agreement shall remain in full force and effect from its Effective Date until June 30, 2024 to provide the services described in Section 2 below, unless terminated as provided herein.
2. **SCOPE OF SERVICES.** Contractor shall satisfactorily perform all services (the “Services”) as described in Exhibit “A,” and as further specified by individual Task Order authorizations per Exhibit “D,” both of which are attached hereto and incorporated herein.

3. **PAYMENT AND RETENTION.** District shall pay Contractor in accordance with the payment schedule set forth in Exhibit "B," attached hereto and incorporated herein, provided however, that total compensation pursuant to this Agreement shall not exceed sixty thousand dollars (\$60,000). In the event that this Agreement is terminated prior to the satisfactory completion of Services, District shall pay to Contractor the actual value of the work performed up to the time of termination.

In accordance with the requirements of Public Contract Code Section 20104.50 (f), the following summary is incorporated into this Agreement relating to payment. This Agreement is subject to the provisions of Article 1.7 (commencing at Section 20104.50) of Division 2, Part 3 of the Public Contract Code regarding prompt payment of contractors by local governments. Article 1.7 mandates certain procedures for the payment of undisputed and properly submitted payment requests within 30 days after receipt, for the review of payment requests, for notice to Contractor of improper payment requests, and provides for the payment of interest on progress payment requests which are not timely made in accordance with that Article. This Agreement hereby incorporates the provisions of Article 1.7 as though fully set forth herein. In accordance with the requirements of Public Contract Code Section 22300, that Section is incorporated into this Agreement and permits the substitution of securities for any monies withheld by a public agency to ensure performance under a contract, at the request and expense of the Contractor.

4. **TERMINATION.** This Agreement may be terminated upon the following:
 - a. District's written confirmation of Contractor's satisfactory completion of all services described in Section 2, above, and District's final payment pursuant to Section 3 above; or
 - b. District's five (5) day written notice of termination.
5. **INDEMNIFICATION.** Contractor shall indemnify, defend and hold harmless District, and any and all of its employees, officials and agents from and against any liability (including liability for claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or costs of any kind, whether actual, alleged or threatened, including attorney's fees and costs, court costs, interest, defense costs, and expert witness fees), where the same arise out of, are a consequence of, or are in any way attributable to, in whole or in part, the performance of this Agreement by Contractor or by any individual or entity for which Contractor is legally liable, including, but not limited to, officers, agents, employees or subcontractors of Contractor.
6. **INSURANCE.** Contractor shall maintain, prior to the beginning of and for the duration of this Agreement, insurance coverage as specified in Exhibit "C," attached hereto and incorporated herein.
7. **PREVAILING WAGES AND DIR REGISTRATION.** In accordance with California Labor Code Section 1725.5, Contractors and Subcontractors (as defined by California Labor Code Section 1722.1) bidding on or engaging in

the performance of any Public Works contracts in California shall be registered with the Department of Industrial Relations.

In accordance with California Labor Code Section 1770 and 1773, the District has determined that prevailing wage rates apply to this project. Copies of the prevailing rates of per diem wages applicable to this Contract are available from the California Division of Labor Statistics and Research at <https://www.dir.ca.gov/Public-Works/Prevailing-Wage.html> or 455 Golden Gate Ave. 9th Floor, San Francisco, CA 94102. Any employee whose type of work is not covered by any of the classified wage rates shall be paid not less than the rate of wage listed for the classification which most nearly corresponds to the type of work performed.

Pursuant to California Labor Code Section 1775, the Contractor shall forfeit no more than \$50 per calendar day, or portion of a day, for each worker paid less than the prevailing rates for such work or craft, and the penalty shall be imposed and distributed pursuant to Section 1775.

The following Labor Code sections are hereby referenced and made a part of this Agreement:

1. Section 1775 - Penalty for Failure to Comply with Prevailing Wage Rates.
2. Section 1777.5 - Apprenticeship Requirements.
3. Section 1813 - Penalty for Failure to Pay Overtime.
4. Sections 1810 and 1811 - Working Hour Restrictions.
5. Section 1776 - Payroll Records.
6. Section 1773.8 - Travel and Subsistence Pay.

The District will not recognize any claims for additional compensation because of the payment of the wages set forth in the Contract.

The Project is subject to compliance monitoring and enforcement by the Department of Industrial Relations. Contractor shall post job site notices, as prescribed by regulation. Contractor shall comply with all requirements of Labor Code Section 1771.4, except the requirements that are exempted by the Labor Commissioner for the Project.

8. MISCELLANEOUS.

- a. *Time.* District and Contractor agree that time is of the essence in this Agreement.
- b. *Waiver.* The waiver of any breach of any condition, covenant, term, or provision of this Agreement by any party to this Agreement shall not be deemed to be a waiver of any preceding or subsequent breach under the Agreement, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

- c. *Assignment.* The Contractor shall not assign the performance of this Agreement, nor any part thereof, without the prior written consent of the District.
- d. *Construction.* The Parties agree that each has had an opportunity to have their counsel review this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement or any amendments or exhibits thereto. The captions of the sections are for convenience and reference only, and are not intended to be construed to define or limit the provision to which they relate.
- e. *Entire Agreement.* This Agreement constitutes the final, complete, and exclusive statement of the terms of the agreement between the Parties pertaining to the Agreement and supersedes all prior and contemporaneous agreements, promises, representations, warranties, understandings, or undertakings by either of the Parties, either oral or written, of any character or nature. No party has been induced to enter this Agreement by, nor is any party relying on, any representation or warranty outside those expressly set forth in this Agreement. Amendments to this Agreement shall be in writing and shall be made only with the mutual written consent of all the Parties to this Agreement.
- f. *Attorneys' Fees.* In any litigation, arbitration, or other proceeding in law or equity by which one party to the Agreement seeks to enforce its rights under the Agreement, to resolve an alleged dispute, breach, default, or misrepresentation in connection with any of the provisions of this Agreement, to seek a declaration of any rights or obligations under this Agreement, or to interpret the provisions of this Agreement, the prevailing party shall be entitled to recover from the losing party actual attorneys' fees incurred to resolve the dispute and to enforce the final judgment, award, decision, or order and such fees, costs, or expenses shall be in addition to any other relief to which the prevailing party may be entitled.
- g. *Record Audit.* In accordance with Government Code, Section 8546.7, records of both the District and the Contractor shall be subject to examination and audit by the Auditor General for a period of three (3) years after final payment.
- h. *Contractor's License.* Contractor must possess at the time of commencing work and throughout the project duration, a Contractor's License, issued by the State of California, which is current and in good standing. Contractor shall ensure that any subcontractor working on the Project possesses at the time of commencing work and throughout the Project duration, a Contractor's License, issued by the State of California, which is current and in good standing.

- i. *Claims.* In accordance with the requirements of Public Contract Code Section 9204(e), a copy of Public Contract Code Section 9204 is attached hereto and made a part of these specifications.
- j. *Provisions Required by Law.* Each and every provision of law and clause required by law to be inserted in this Agreement shall be deemed to be inserted herein and the Agreement shall be read and enforced as though it were included herein, and if through mistake or otherwise any such provision is not inserted, or is not currently inserted, then upon application of either party the Agreement shall forthwith be physically amended to make such insertion or correction.

[SIGNATURES TO FOLLOW ON NEXT PAGE]

DRAFT

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

CAYUCOS SANITARY DISTRICT

CONTRACTOR

RICK KOON,
District Manager

By: _____
Its: _____
Date: _____

Attest:

_____,

Approved As To Form:

TIMOTHY J. CARMEL,
District Counsel

EXHIBIT "A"

SCOPE OF SERVICES

Contractor shall perform on-call and emergency repair services as further defined within individual task order authorizations following a format substantially similar to Exhibit "D", which is attached hereto and incorporated herein by this reference.

DRAFT

EXHIBIT "B"
PAYMENT

District agrees to pay Contractor in accordance with the Contractor Labor & Equipment T&M Rate Sheet, which is attached hereto and incorporated herein by this reference. The total cumulative amount of all Task Orders shall not exceed sixty thousand dollars (\$60,000). Contractor will perform work as specifically defined by Task Order authorizations issued by the District. Contractor will bill the District on a time and material or time, material, and procedure basis upon completion of the work defined by a Task Order. District will pay bills within thirty (30) days of receipt.

DRAFT

EXHIBIT "C"

INSURANCE REQUIREMENTS

Contractor shall procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Contractor, his agents, representatives, employees or subcontractors.

Minimum Scope of Insurance

Coverage shall be at least as broad as:

1. Insurance Services Office Commercial General Liability coverage (occurrence Form CG 0001).
2. Insurance Services Office Form Number CA 0001 covering Automobile Liability Code 1 (any auto).
3. Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.
4. Course of Construction insurance covering all risks of loss less policy exclusions.
5. Performance and Payment Bonds for the full amount of the contract.

Minimum Limits of Insurance

Contractor shall maintain limits no less than:

1. General Liability: (Including operations, products and completed operations.)
\$1,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this Agreement or the general aggregate limit shall be twice the required occurrence limit.
2. Automobile Liability: **\$1,000,000** per accident for bodily injury and property damage.
3. Employer's Liability: **\$1,000,000** per accident for bodily injury or disease.
4. Course of Construction: Completed value of the Agreement with no coinsurance penalty provisions.

Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by the District. District may require the Contractor to provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention.

Other Insurance Provisions

The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

1. **The District, its employees, officials, and agents are to be covered as insureds** with respect to liability arising out of work or operations performed by or on behalf of the Contractor including materials, parts or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Contractor's insurance (at least as broad as ISO Form CG 20 10 11 85), as a separate Owner's and Contractor's Protective Liability Policy, or on the Entity's own form.
2. For any claims related to this project, **the Contractor's insurance coverage shall be primary** insurance as respects the District, its employees, officials, and agents. Any insurance or self-insurance maintained by the District, its employees, officials, agents shall be in excess of the Contractor's insurance and shall not contribute with it.
3. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled by either party, except after thirty (30) days' prior to written notice by certified mail, return receipt requested, has been given to the District.

Course of construction policies shall contain the following provisions:

1. The District shall be named as loss payee.
2. The insurer shall waive all rights of subrogation against the District.

Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII or otherwise acceptable to District.

Claims Made Policies

If any of the required policies provide claims-made coverage, the District requires that coverage be maintained for a period of 5 years after completion of the contract.

Verification of Coverage

Contractor shall **furnish the District with original certificates and amendatory endorsements** effecting coverage required by this clause. The endorsements should be on forms provided by the District or on other than the Districts forms, provided those endorsements or policies conform to the requirements. All certificates and endorsements are to be received and approved by the District before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Contractor's obligation to provide them. The District reserves the right to

require complete, certified copies of all required insurance policies, including endorsements affecting the coverage required by these specifications at any time.

Subcontractors

Contractor shall require and verify all subcontractors maintain insurance subject to all of the requirements stated herein.

DRAFT

EXHIBIT "D"
CSD TASK ORDER APPROVAL FORM

CSD CONTRACT: _____ TO NO. _____

CONTRACTOR: _____

PROJECT/TASK NAME: _____

DATE: _____

The Scope of Services, attached hereto as Exhibit "D.1" and incorporated herein by this reference, shall constitute an approved Task Order pursuant to the Contract referenced above between Cayucos Sanitary District ("District") and Contractor Name Here ("Contractor").

Contractor agrees to perform the services described in Exhibit "D" within the time set forth in the Project Schedule, described in Exhibit "D.2" attached hereto and incorporated herein, for a fee amount of [INSERT DOLLAR AMOUNT HERE], unless otherwise modified by District's Manager in a signed writing/subsequent Task Order Approval Form. All charges shall be consistent with the Compensation/Fee Rate Schedule which is attached as Exhibit "B" and incorporated herein by this reference.

Performance of the services shall be subject to the terms and conditions contained in the Agreement.

CAYUCOS SANITARY DISTRICT

By: _____ Date: _____

Printed Name and Title

CONTRACTOR

By: _____ Date: _____

Printed Name and Title



CAYUCOS SANITARY DISTRICT STAFF REPORT

TO: BOARD OF DIRECTORS

FROM: PETER CRON, EXECUTIVE DIRECTOR, IWMA

DATE: NOVEMBER 7, 2023

SUBJECT: DISCUSSION AND CONSIDERATION TO APPROVE RESOLUTION 2023-06 ADOPTING THE 2023 COUNTY JOINDER AMENDMENT TO THE SECOND AMENDED AND RESTATED JOINT POWERS AGREEMENT OF THE INTEGRATED WASTE MANAGEMENT AUTHORITY

DISCUSSION

On October 15th, 2021, The County of San Luis Obispo Board of Supervisors voted to leave the San Luis Obispo County IWMA.

On March 21, 2023, the Board of Supervisors gave direction to county staff to initiate discussions with the San Luis Obispo County IWMA and its member agencies to rejoin the IWMA.

On April 12, 2023, your Board met to discuss the prospect of the County rejoining the JPA (Joint Powers Agreement) and gave IWMA staff direction to begin discussions. IWMA and County Department of Public Works (PW) staff have met and discussed the necessary coordination to bring the County back into the IWMA.

On June 14, 2023, your Board appointed an Ad Hoc Committee to engage work with IWMA Staff and members of the County Board of Supervisors to discuss the conditions and process of rejoining the IWMA and discuss representation on the IWMA Board.

At the October 11, 2023, IWMA Board meeting the Board of Directors for the San Luis Obispo County Integrated Waste Management Authority voted to approve the Joinder Agreement "as to form". This Joinder agreement was prepared and delivered to County Department of Public Works as a pathway for the Unincorporated County to rejoin the IWMA.

The Joinder agreement fundamentally addresses two issues.

1. It allows the County to rejoin the JPA with one seat and one vote on the IWMA Board.
2. It allows the IWMA Board to move the election of its officers to the beginning of the year.

At the October 31, 2023, Board of Supervisors meeting the County Board of Supervisors voted to approve a resolution adopting the Second Amended and Restated Joint Powers Agreement of the San Luis Obispo County Integrated Waste Management Authority as amended by the 2023 County Joinder Agreement, which enables the County to rejoin as a member.

On a separate item the County Board of Supervisors voted to Adopt a resolution to increase the Solid Waste Management Fee for solid waste collection customers in accordance with Government Code Section 66016 to match the IWMA's solid waste management fee to 4.4% in accordance with IWMA resolution No. 2023-06-03.

Impact:

The Unincorporated County's return to the IWMA will create the following impacts on workload and revenue for the IWMA.

The IWMA would assume responsibility for the following tasks.

- Capacity Planning. (Edible Food and Organics Processing)
- Electronic Annual Reporting for County Areas
- Management of the NDFE (Non-disposal facility element)
- Management of the Siting Element
- SB 1383 Outreach and Education for unincorporated areas
- AB 939 programs for the unincorporated county areas

The IWMA would receive additional revenue from the following sources.

- Solid waste management fee from Unincorporated areas at 4.4%
- Increased revenue from the Land Fill Tipping Fee Surcharge from Unincorporated areas
- Increase in Block Grant funding from CalRecycle.

The County's return to the IWMA will be a benefit to the rate payer as well as the jurisdictions that the agency serves.

RECOMMENDATION

Staff recommends that the Board of Directors approve Resolution 2023-06 Adopting the 2023 County Joinder Amendment to the Second Amended and Restated Joint Powers Agreement of the Integrated Waste Management Authority.

RESOLUTION NO. 2023-06

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CAYUCOS SANITARY DISTRICT ADOPTING 2023 COUNTY JOINDER AMENDMENT TO THE SECOND AMENDED AND RESTATED JOINT POWERS AGREEMENT OF THE INTEGRATED WASTE MANAGEMENT AUTHORITY

Recitals

WHEREAS, on May 10, 1994, an agreement was executed by and between the incorporated cities of San Luis Obispo County (“Cities”) and the County of San Luis Obispo, forming a joint powers authority pursuant to the provisions of the Joint Exercise of Powers Act (Government Code sections 6500 et seq.), for the purpose of facilitating the development of waste diversion programs and projects that provide economies of scale without interfering with individual agencies’ exercise of power within their own jurisdiction (hereinafter referred to as the “JPA Agreement”); and

WHEREAS, pursuant to the JPA Agreement, the power to perform the responsibilities of the joint powers authority was vested in the San Luis Obispo County Integrated Waste Management Authority Board of Directors (“IWMA Board”); and

WHEREAS, in or around 2001, a Memorandum of Agreement (“MOA”) was executed by and between the Cities, the County of San Luis Obispo, and certain special districts within San Luis Obispo County that possessed solid waste authority (“Authorized Districts”), amending the JPA Agreement to include the Authorized Districts for representation on the IWMA Board, which MOA was replaced on execution of the Second Amended and Restated JPA Agreement; and

WHEREAS, the Board of Directors of the IMMA directed IWMA staff that on the County of San Luis Obispo’s approval to rejoin the IWMA, to circulate the 2023 County Joinder Amendment to the Second Amended and Restated JPA (“Joinder Amendment”) to the Participating Agencies for approval (a true and correct copy of the 2023 County Joinder Amendment to JPA is attached hereto as Exhibit A), including among the Authorized Districts with representation on the Board through their designated representative; and

WHEREAS, the JPA Agreement, as last amended, authorized amendments to the JPA Agreement on vote of a majority of the Members, and this resolution is intended to express the approval of Members and acknowledged agreement of all other Participating Agencies.

WHEREAS, the County wishes to join the Cities and the Authorized Districts (together “Participating Agencies”) in confirming and conferring upon the IWMA as separate legal entity the powers necessary to enable them to achieve their waste diversion goals and to comply with the Integrated Waste Management Act, Assembly Bill 341, Assembly Bill 1826, Senate Bill 1383, and all current and future state-mandated laws, rules and regulations to the extent allowed by law and as provided in the JPA Agreement.

WHEREAS, the Board of Directors of the Cayucos Sanitary District desires to acknowledge, accept, and agree to be bound by the terms and conditions of the Joinder Amendment to the Second Amended and Restated JPA.

NOW, THEREFORE, IT IS HEREBY RESOLVED by the Board of Directors of the Cayucos Sanitary District, that the Cayucos Sanitary District acknowledges, accepts, and agrees to be bound by the terms and conditions of the Joinder Amendment to the Second Amended and Restated JPA.

ADOPTED by the Board of Directors of the Cayucos Sanitary District on November 16, 2023, by the following roll call votes:

AYES:
NOES:
ABSENT:
ABSTAINED:

Robert B. Enns, President of the Board of Directors
Cayucos Sanitary District

ATTEST:

Rick Koon, District Manager
Cayucos Sanitary District

APPROVED AS TO FORM:

Timothy J. Carmel
District Counsel

EXHIBIT “A”

2023 COUNTY JOINDER AMENDMENT TO THE SECOND AMENDED AND RESTATED JOINT POWERS AGREEMENT OF THE INTEGRATED WASTE MANAGEMENT AUTHORITY

This County Joinder Amendment (“County Joinder”), dated _____, 2023, to the SECOND AMENDED AND RESTATED JOINT POWERS AGREEMENT (“2022 JPA Agreement”) is by and between the incorporated cities of Arroyo Grande, Atascadero, El Paso de Robles, Grover Beach, Morro Bay, Pismo Beach, and San Luis Obispo, all being municipal corporations of the State of California and located within the boundaries of the County of San Luis Obispo California, (collectively, the “Cities”) and the County of San Luis Obispo, by its joinder herein.

A. On or about May 10, 1994, an agreement was executed by and between the Cities and the County of San Luis Obispo forming a joint powers authority pursuant to the provisions of the Joint Exercise of Powers Act (the “Original JPA Agreement”), through which such member agencies created and established a public entity identified as the San Luis Obispo County Integrated Waste Management Authority (“IWMA”).

B. On or around 2001, the Cities, County, and certain special districts within the County (“Authorized Districts”) executed a Memorandum of Agreement (“MOA”) amending the Original JPA Agreement to include the Authorized Districts for representation on the IWMA Board.

C. On or about November 15, 2021, the County withdrew from the IWMA, after which the remaining Cities and Authorized Districts elected to reestablish and continue the IWMA, on the terms set forth in the Second Amended and Restated Joint Powers Agreement of the Integrated Waste Management Authority, which was adopted by the participating agencies in 2022 (“2022 JPA Agreement”).

D. On or about October 31, 2023, the County officially elected to rejoin the IWMA, including on the terms set forth the 2022 JPA Agreement, as amended hereby.

Based on the foregoing, the Cities, Authorized Districts, including the County through its joinder, hereby agree to the following amendments to the 2022 JPA Agreement reflecting the County’s joinder.

1. Title Amendment and List of Participating Agencies Attachment. The Title of the 2022 JPA shall be amended to read “Second Amended and Restated Joint Powers Agreement to Establish an Integrated Waste Management Authority.” The List of Participating Agencies attached to the 2022 JPA Agreement is replaced with the list attached to this Joinder Amendment.

2. Definitions. Section 1, entitled, “Definitions” shall be amended to include the following new definitions or amended definitions.

A. County shall be added as a definition. “County” means any unincorporated areas of the County of San Luis Obispo.

B. The following referenced definitions replace those of the same number in the 2022 JPA Agreement in their entirety.

“1.17 “Members” means the Cities and the County who are members of this regional agency, formed pursuant to Public Resources Code section 40970 et seq, and the one (1) Authorized District Representative pursuant to Public Resources Code section 40977.”

“1.18 “Participating Agency” or “Participating Agencies” means and shall include the Cities, the County and the Authorized Districts who are signatories to this Agreement, including by way of joinder, delegating powers to the Authority pursuant to this Agreement, and participating in the governance of the IWMA.”

C. Notwithstanding the foregoing, the definition of “MRF”, was inadvertently included within the definition of “Members”, in the 2022 JPA Agreement, and such definition shall remain the definition of “MRF” and is not deleted.

3. Section 8, entitled “Boundaries” is amended and restated in its entirety to read:

“Section 8. Boundaries. The boundaries of the Authority shall be the boundaries of the collective Participating Agencies. If a Participating Agency withdraws from the Authority, the boundaries shall be modified to exclude the area of the withdrawing agency. If a qualified agency joins the Authority, the boundaries shall be modified to include the area of the joining Participating Agency. Section 8 shall not prevent the Authority’s use and/or operation of facilities outside of its boundaries within the County of San Luis Obispo.”

4. Section 9, entitled “Organization” shall be amended to include a new paragraph 9.2(g) to read as follows:

“(g) County. The County shall be entitled to appoint one representative to the Authority which representative shall consist of one (1) member from Board of Supervisors. The County may elect to have an alternate member from the Board of Supervisors in addition to any official member but said appointed alternate shall be able to vote only in the absence of the official representative.”

5. County Joinder. The County hereby joins the IWMA pursuant to the terms and conditions in the 2022 JPA Agreement as amended hereby, and the undersigned hereby consent.

6. Omnibus Change. Wherever references to “Cities” is used or “Cities and Authorized Districts”, are used in the 2022 JPA Agreement, including in its recitals, such references shall expressly be read to include the County unless context expressly dictates otherwise.

7. Ratification. The 2022 JPA Agreement is hereby ratified and confirmed and shall continue in full force and effect in accordance with its terms and provisions, as amended hereby.

8. Effective Date. This Joinder Amendment shall take effect when adopted by each of the Cities, the County, with the Authorized Districts consenting to the joinder of the County, as evidenced by their execution pursuant to resolutions of such governing bodies authorizing such execution and shall remain in full force and effect until dissolved pursuant to the provisions herein. This Joinder Amendment may be executed in counterparts which together shall constitute a single agreement. Electronically executed signatures may be accepted in lieu of originals if a Member agency has authorized electronic signatures through policy or otherwise.

CAYUCOS SANITARY DISTRICT

By: _____
Robert B. Enns
President

Date _____

By: _____
Rick Koon
District Manager

Resolution No. 2023-06

APPROVED AS TO FORM AND LEGAL EFFECT:

By: _____
Timothy J. Carmel
District Counsel