

TO: BOARD OF DIRECTORS

FROM: MARIO IGLESIAS
GENERAL MANAGER



DATE: SEPTEMBER 7, 2018



PRESENTATIONS AND REPORTS

The following presentations and reports are scheduled:

- C-1) DIRECTORS' ANNOUNCEMENTS OF DISTRICT AND COMMUNITY INTEREST AND REPORTS ON ATTENDANCE AT PUBLIC MEETINGS, TRAINING PROGRAMS, CONFERENCES AND SEMINARS.
Receive Announcements and Reports from Directors
- C-2) RECEIVE PUBLIC COMMENT ON PRESENTATIONS AND REPORTS PRESENTED UNDER ITEM C AND BY MOTION RECEIVE AND FILE PRESENTATIONS AND REPORTS

TO: BOARD OF DIRECTORS

FROM: MARIO IGLESIAS
GENERAL MANAGER



DATE: SEPTEMBER 7, 2018



CONSENT AGENDA

The following items are considered routine and non-controversial by staff and may be approved by one motion if no member of the Board wishes an item removed. If discussion is desired, the item may be removed from the Consent Agenda by a Board member and will be considered separately at the conclusion of the Administrative Items. Individual items on the Consent Agenda are approved by the same vote that approves the Consent Agenda, unless an item is pulled for separate consideration. The recommendations for each item are noted in bracket. Members of the public may comment on the Consent Agenda items.

**Questions or clarification may be made by the Board members
without removal from the Consent Agenda.**

- D-1) WARRANTS
[RECOMMEND APPROVAL]
- D-2) APPROVE AUGUST 8, 2018 REGULAR BOARD MEETING MINUTES
[RECOMMEND APPROVE MINUTES]
- D-3) APPROVE AMENDED GENERAL MANAGER EMPLOYMENT CONTRACT

TO: BOARD OF DIRECTORS

REVIEWED: MARIO IGLESIAS
GENERAL MANAGER

M

FROM: LISA BOGNUDA
FINANCE DIRECTOR

LSB

DATE: SEPTEMBER 7, 2018

**AGENDA ITEM
D-1
SEPTEMBER 12, 2018**

WARRANTS

HANDWRITTEN CHECKS
None

TOTAL COMPUTER CHECKS
\$228,903.20

VOIDS – NONE

COMPUTER GENERATED CHECKS – SEE ATTACHED



Nipomo Community Services District

Item D-1 Warrants SEPTEMBER 12, 2018
By Payment Number

Vendor Name	Description (Payable)	Payable Number	Payment Date	Amount
Payment: 4029				
Advantage Answering Plus, In	Answering service	000011-873-631	08/21/2018	198.68
				Payment 4029 Total: <u>198.68</u>
Payment: 4030				
Allweather Landscape Mainte	LMD	32752	08/21/2018	325.00
				Payment 4030 Total: <u>325.00</u>
Payment: 4031				
American Industrial Supply	Wedge anchor, hex bolts and	0321722	08/21/2018	1,001.99
				Payment 4031 Total: <u>1,001.99</u>
Payment: 4032				
AmeriPride	Uniforms	1502209284	08/21/2018	236.17
AmeriPride	Uniforms	1502204519	08/21/2018	686.99
				Payment 4032 Total: <u>923.16</u>
Payment: 4033				
Aqua-Metric Sales, Co.	3/4" and 1" meters	0070487	08/21/2018	16,666.65
				Payment 4033 Total: <u>16,666.65</u>
Payment: 4034				
AT&T	Telephone	11741704	08/21/2018	172.84
				Payment 4034 Total: <u>172.84</u>
Payment: 4035				
BC Pump Sales & Service, Inc.	Gaskets	32735	08/21/2018	600.44
				Payment 4035 Total: <u>600.44</u>
Payment: 4036				
BR Services	Quarterly gate maintenance	5161	08/21/2018	179.00
				Payment 4036 Total: <u>179.00</u>
Payment: 4037				
Brenntag Pacific, Inc.	Sodium hypochlorite	860756	08/21/2018	212.91
Brenntag Pacific, Inc.	Sodium hypochlorite	860753	08/21/2018	682.02
Brenntag Pacific, Inc.	Sodium hypochlorite	860755	08/21/2018	478.13
Brenntag Pacific, Inc.	Sodium hypochlorite	860752	08/21/2018	180.43
Brenntag Pacific, Inc.	Sodium hypochlorite	860754	08/21/2018	117.28
Brenntag Pacific, Inc.	Sodium hypochlorite	860751	08/21/2018	1,006.46
				Payment 4037 Total: <u>2,677.23</u>
Payment: 4038				
Brown, Kenneth	Uniform - Boot reimbursemen	AUG2018	08/21/2018	150.00
				Payment 4038 Total: <u>150.00</u>
Payment: 4039				
Burdine Printing	Postage for bills	37042B	08/21/2018	814.32
Burdine Printing	Mail bills	37005	08/21/2018	139.42
Burdine Printing	Mail bills	37042A	08/21/2018	155.15
Burdine Printing	Postage for bills	37005B	08/21/2018	184.24
				Payment 4039 Total: <u>1,293.13</u>
Payment: 4040				
California Municipal Statistics,	CAFR report statistics FY18	18080606	08/21/2018	950.00
				Payment 4040 Total: <u>950.00</u>
Payment: 4041				
California Rural Water Associa	Treatment certification exam	Ayala2018	08/21/2018	250.00
				Payment 4041 Total: <u>250.00</u>

Item D-1 Warrants SEPTEMBER 12, 2018

Vendor Name	Description (Payable)	Payable Number	Payment Date	Amount
Payment: 4042				
California Rural Water Associa	Distribution certification revie	20186045	08/21/2018	250.00
Payment 4042 Total:				250.00
Payment: 4044				
Carquest Auto Parts	Vehicle repair/maintenance	JUL2018	08/21/2018	130.44
Payment 4044 Total:				130.44
Payment: 4045				
Clever Ducks	Computer expense	25644	08/21/2018	2,535.00
Payment 4045 Total:				2,535.00
Payment: 4046				
Coastal Rolloff	Rolloff bin - 509 Southland	6151358	08/21/2018	683.30
Payment 4046 Total:				683.30
Payment: 4047				
CoreLogic Information Solutio	Final invoice for database sub	30377000	08/21/2018	154.50
Payment 4047 Total:				154.50
Payment: 4048				
Corix Water Products (US) Inc.	Valve disc kit, gaskets, stem n	17813024333	08/21/2018	520.22
Payment 4048 Total:				520.22
Payment: 4049				
Crystal Springs	Distilled water	JUL2018	08/21/2018	31.22
Payment 4049 Total:				31.22
Payment: 4050				
Engel & Gray, Inc.	Biosolids collection	87X00010	08/21/2018	2,724.92
Payment 4050 Total:				2,724.92
Payment: 4051				
Excel Personnel Services, Inc.	Employment agency	2587834	08/21/2018	434.00
Excel Personnel Services, Inc.	Employment agency	2582833	08/21/2018	412.30
Payment 4051 Total:				846.30
Payment: 4052				
Farm Supply Company	Insulation blanket	56001	08/21/2018	72.89
Payment 4052 Total:				72.89
Payment: 4053				
Hach Company	CHEMKEYS	11082276	08/21/2018	3,167.66
Payment 4053 Total:				3,167.66
Payment: 4054				
Hayes Advanced Design	Asphalt repair - Bennet,Kent,J	AUG2018	08/21/2018	3,856.00
Payment 4054 Total:				3,856.00
Payment: 4055				
Iglesias, Mario	Cell phone reimbursement - J	AUG2018	08/21/2018	130.00
Payment 4055 Total:				130.00
Payment: 4056				
Jan-Pro Central Coast	Janitorial services	78864	08/21/2018	727.14
Payment 4056 Total:				727.14
Payment: 4057				
More Office Solutions	B&W/Color copies	2161927	08/21/2018	183.52
More Office Solutions	B&W/Color copies	2167108	08/21/2018	90.24
More Office Solutions	B&W/Color copies	2167107	08/21/2018	73.60
Payment 4057 Total:				347.36
Payment: 4058				
Municipal Maintenance Equip	VACCON repair	0130132	08/21/2018	3,683.28
Payment 4058 Total:				3,683.28
Payment: 4059				
NexTraq	GPS subscription	AT01385511	08/21/2018	479.40
Payment 4059 Total:				479.40

Item D-1 Warrants SEPTEMBER 12, 2018

Vendor Name	Description (Payable)	Payable Number	Payment Date	Amount
Payment: 4060				
Nipomo Community Services	BLWWTF	AUG2018A	08/21/2018	544.52
Nipomo Community Services	805 Alta Vista - domestic	AUG2018B	08/21/2018	47.48
Nipomo Community Services	805 Alta Vista - landscape	AUG2018C	08/21/2018	42.51
Payment 4060 Total:				634.51
Payment: 4061				
Office Depot	Office supplies	175365219001	08/21/2018	77.65
Payment 4061 Total:				77.65
Payment: 4062				
PG&E	Electricity	AUG2018	08/21/2018	58,982.12
Payment 4062 Total:				58,982.12
Payment: 4063				
Quinn Company	Repair to Olympian generator	WON20006003	08/21/2018	5,570.33
Payment 4063 Total:				5,570.33
Payment: 4064				
Santa Maria Sun, LLC	Conservation ads	284352	08/21/2018	396.00
Santa Maria Sun, LLC	Conservation ads	284268	08/21/2018	396.00
Payment 4064 Total:				792.00
Payment: 4065				
SLO County Public Works	Utility encroachment permit-	6413	08/21/2018	342.00
Payment 4065 Total:				342.00
Payment: 4066				
SoCalGas	Heat - shop/office	AUG2018A	08/21/2018	15.38
Payment 4066 Total:				15.38
Payment: 4067				
State Water Resources Contro	T3 renewal - Iglesias	AUG2018	08/21/2018	90.00
Payment 4067 Total:				90.00
Payment: 4068				
Streator Pipe & Supply	Adapter spears, pvc	S1446331.001	08/21/2018	268.88
Payment 4068 Total:				268.88
Payment: 4069				
Verizon Wireless	Cell service	9811486032	08/21/2018	518.69
Payment 4069 Total:				518.69



Nipomo Community Services District

Item D-1 Warrants SEPTEMBER 12, 2018
By Payment Number

Vendor Name	Description (Payable)	Payable Number	Payment Date	Amount
Payment: 4070				
Abalone Coast Analytical, Inc.	Lab tests	4246	09/12/2018	6,637.85
				Payment 4070 Total: <u>6,637.85</u>
Payment: 4071				
Alexander's Contract Services,	Meter reading	201808280871	09/12/2018	3,456.31
				Payment 4071 Total: <u>3,456.31</u>
Payment: 4072				
AmeriPride	Uniforms	1502223126	09/12/2018	231.64
AmeriPride	Uniforms	1502218582	09/12/2018	240.36
AmeriPride	Uniforms	1502214383	09/12/2018	238.39
				Payment 4072 Total: <u>710.39</u>
Payment: 4073				
AT&T	Telephone	11806599	09/12/2018	168.81
AT&T	Telephone	11806598	09/12/2018	28.96
AT&T	Telephone	11806600	09/12/2018	222.42
				Payment 4073 Total: <u>420.19</u>
Payment: 4074				
Big Brand Tire & Service	Vehicle repair/maintenance	292827	09/12/2018	47.00
				Payment 4074 Total: <u>47.00</u>
Payment: 4075				
BR Services	Gate maintenance	5184	09/12/2018	695.00
				Payment 4075 Total: <u>695.00</u>
Payment: 4076				
Brenntag Pacific, Inc.	Ammonium sulfate	866103	09/12/2018	1,931.79
Brenntag Pacific, Inc.	Sodium Hypochlorite	869461	09/12/2018	914.77
Brenntag Pacific, Inc.	Sodium hypochlorite	864604	09/12/2018	870.15
Brenntag Pacific, Inc.	Ammonium sulfate	866102	09/12/2018	626.07
Brenntag Pacific, Inc.	Ammonium sulfate	866100	09/12/2018	1,359.09
Brenntag Pacific, Inc.	Sodium Hypochlorite	869460	09/12/2018	198.47
Brenntag Pacific, Inc.	Sodium Hypochlorite	869459	09/12/2018	635.11
Brenntag Pacific, Inc.	Ammonium sulfate	866101	09/12/2018	979.97
Brenntag Pacific, Inc.	Sodium Hypochlorite	869458	09/12/2018	396.94
Brenntag Pacific, Inc.	Ammonium sulfate	866539	09/12/2018	979.97
Brenntag Pacific, Inc.	Sodium Hypochlorite	869457	09/12/2018	248.66
				Payment 4076 Total: <u>9,140.99</u>
Payment: 4077				
Brewer, Reed	Travel reimbursement for trai	BREWER2018	09/12/2018	265.00
				Payment 4077 Total: <u>265.00</u>
Payment: 4078				
CalPERS	Quarterly OPEB contributions	SEPT2018	09/12/2018	21,842.50
				Payment 4078 Total: <u>21,842.50</u>
Payment: 4079				
Charter Communications	Internet - Shop and/or Office	SEPT2018B	09/12/2018	234.97
Charter Communications	Internet - Shop and/or Office	SEPT2018A	09/12/2018	224.97
				Payment 4079 Total: <u>459.94</u>
Payment: 4080				
Clever Ducks	Firewall replacement-Shop	25697	09/12/2018	1,144.33
Clever Ducks	UPS replacements	25700	09/12/2018	459.83
Clever Ducks	Computer expense	25706	09/12/2018	1,454.25
Clever Ducks	Firewall replacement	25707	09/12/2018	1,454.25
				Payment 4080 Total: <u>4,512.66</u>

Item D-1 Warrants SEPTEMBER 12, 2018

Vendor Name	Description (Payable)	Payable Number	Payment Date	Amount
Payment: 4081				
Corpro Companies, Inc.	Tank inspection services	515885	09/12/2018	3,525.00
Payment 4081 Total:				3,525.00
Payment: 4082				
Excel Personnel Services, Inc.	Employment agency	2593070	09/12/2018	347.20
Excel Personnel Services, Inc.	Employment agency	2598013	09/12/2018	434.00
Payment 4082 Total:				781.20
Payment: 4083				
Farm Supply Company	Tape	56936	09/12/2018	10.52
Payment 4083 Total:				10.52
Payment: 4084				
FGL Environmental	Lab tests	881907A	09/12/2018	87.00
FGL Environmental	Lab tests	882254A	09/12/2018	494.00
FGL Environmental	Lab tests	882255A	09/12/2018	521.00
FGL Environmental	Lab tests	881909A	09/12/2018	521.00
FGL Environmental	Lab tests	881906	09/12/2018	686.00
Payment 4084 Total:				2,309.00
Payment: 4085				
Frontier Communications	BL phone	SEPT2018	09/12/2018	53.47
Payment 4085 Total:				53.47
Payment: 4086				
Gaddis, Dan Allen	Travel and mileage reimburse	AUG2018	09/12/2018	31.56
Payment 4086 Total:				31.56
Payment: 4087				
GLM Landscape Management	Landscape maintenance	AUG2018	09/12/2018	380.00
Payment 4087 Total:				380.00
Payment: 4088				
Great Western Alarm and Co	Alarm monitoring service	180800640101	09/12/2018	35.00
Great Western Alarm and Co	Alarm monitoring service	180802062101	09/12/2018	67.00
Great Western Alarm and Co	CCTV equipment	180801327201	09/12/2018	750.00
Great Western Alarm and Co	Alarm monitoring service	180802107101	09/12/2018	67.00
Payment 4088 Total:				919.00
Payment: 4089				
Heacock Trailers & Truck Acce	Pintel ring	4636	09/12/2018	37.72
Payment 4089 Total:				37.72
Payment: 4090				
Home Depot Credit Services D	Supplies	6262172/6180035	09/12/2018	661.82
Payment 4090 Total:				661.82
Payment: 4091				
Integrated Industrial Supply, I	Disposable gloves	55429	09/12/2018	109.40
Integrated Industrial Supply, I	Disposable gloves, hand saniti	55221	09/12/2018	233.77
Payment 4091 Total:				343.17
Payment: 4092				
Miner's Ace Hardware	Supplies	Aug 2018	09/12/2018	302.85
Payment 4092 Total:				302.85
Payment: 4093				
Municipal Maintenance Equip	Hydrant fill hose, clamp, guid	0130389	09/12/2018	236.49
Municipal Maintenance Equip	Leader hose	0130390	09/12/2018	176.79
Municipal Maintenance Equip	Fire hose adapter	0130433	09/12/2018	79.59
Payment 4093 Total:				492.87
Payment: 4094				
Newton Geo-Hydrology Cons	Litigation support through 08-	AUG2018	09/12/2018	8,598.28
Payment 4094 Total:				8,598.28
Payment: 4095				
Nunley & Associates, Inc.	PCIA-Tract 2650	4710	09/12/2018	1,080.00
Nunley & Associates, Inc.	PCIA-Dana Elementary	4721	09/12/2018	985.10

Item D-1 Warrants SEPTEMBER 12, 2018

Vendor Name	Description (Payable)	Payable Number	Payment Date	Amount
Nunley & Associates, Inc.	PCIA-Tract 2558	4722	09/12/2018	254.00
Nunley & Associates, Inc.	Southland WWTP Screw Press	4775	09/12/2018	6,261.65
Nunley & Associates, Inc.	Joshua Rd Pump Station #4	4717	09/12/2018	180.00
Nunley & Associates, Inc.	Southland WWTP Sludge Dryi	4699	09/12/2018	1,016.06
Nunley & Associates, Inc.	GIS Service	4691	09/12/2018	690.00
Payment 4095 Total:				10,466.81
Payment: 4096				
Nu-Tech Pest Management	Rodent control	0137441	09/12/2018	75.00
Nu-Tech Pest Management	Pest control	0137440	09/12/2018	265.00
Payment 4096 Total:				340.00
Payment: 4097				
Office Depot	Office supplies	186342473001	09/12/2018	70.74
Office Depot	Office supplies	184644779001	09/12/2018	146.70
Payment 4097 Total:				217.44
Payment: 4098				
Polydyne, Inc.	Clarifloc	1274226	09/12/2018	627.41
Payment 4098 Total:				627.41
Payment: 4099				
Richards, Watson & Gershon	Water Righs Adjudication	218186	09/12/2018	6,348.27
Payment 4099 Total:				6,348.27
Payment: 4100				
Richards, Watson & Gershon	Legal services through 7-31-1	218185	09/12/2018	11,893.55
Payment 4100 Total:				11,893.55
Payment: 4101				
Santa Maria Ford Lincoln	Vehicle repair/maintenance	170880	09/12/2018	66.64
Santa Maria Ford Lincoln	Vehicle repair/maintenance	170827	09/12/2018	122.81
Santa Maria Ford Lincoln	Vehicle repair/maintenance	170838	09/12/2018	44.75
Payment 4101 Total:				234.20
Payment: 4102				
Santa Maria Sun, LLC	Conservation ads	285299	09/12/2018	396.00
Santa Maria Sun, LLC	Conservation ads	284930	09/12/2018	396.00
Payment 4102 Total:				792.00
Payment: 4103				
SGS Guadalupe	Calcium ammonium nitrate	780121976	09/12/2018	675.68
Payment 4103 Total:				675.68
Payment: 4104				
SoCalGas	Heat - shop/office	AUG2018	09/12/2018	20.20
Payment 4104 Total:				20.20
Payment: 4105				
South County Sanitary Service	Olde Town trash collection	6178625	09/12/2018	218.69
South County Sanitary Service	Trash collection-Office	6177610	09/12/2018	41.23
South County Sanitary Service	Southland WWTP	6179041	09/12/2018	193.27
Payment 4105 Total:				453.19
Payment: 4106				
Special District Risk Managem	Workers' Compensation FY17-	65091	09/12/2018	1,030.30
Payment 4106 Total:				1,030.30
Payment: 4107				
Streator Pipe & Supply	Sch80 pvc couplings, brass nip	1447701	09/12/2018	420.75
Streator Pipe & Supply	Sch 80 2" pvc couplings	1447769	09/12/2018	141.03
Streator Pipe & Supply	PVC pipe and fittings	S1446331.002	09/12/2018	499.75
Payment 4107 Total:				1,061.53
Payment: 4108				
SWCA, Inc.	Environmental-Interconnects	83007	09/12/2018	1,130.50
SWCA, Inc.	Environmental Work-Phase 3	83006	09/12/2018	1,332.00
Payment 4108 Total:				2,462.50

Item D-1 Warrants SEPTEMBER 12, 2018

Vendor Name	Description (Payable)	Payable Number	Payment Date	Amount
Payment: 4109				
Tyler Technologies, Inc.	Software maintenance	025-233382	09/12/2018	1,074.94
Payment 4109 Total:				1,074.94
Payment: 4110				
United Rentals	Equipment rental	159773618-001	09/12/2018	3,572.79
Payment 4110 Total:				3,572.79
Payment: 4111				
UPS Store #6031	Shipping	8926	09/12/2018	118.62
Payment 4111 Total:				118.62
Payment: 4112				
US Bank National Association	CSDA conference registration	AUG2018C	09/12/2018	600.00
US Bank National Association	Storage unit	AUG2018B	09/12/2018	149.00
US Bank National Association	Operating supplies	AUG2018D	09/12/2018	296.17
US Bank National Association	Travel and meals	AUG2018A	09/12/2018	164.62
Payment 4112 Total:				1,209.79
Payment: 4113				
USA Bluebook	Head machined SC3	633597	09/12/2018	247.10
USA Bluebook	12' hose ramps (2)	651603	09/12/2018	1,809.73
USA Bluebook	Valve assembly	652314	09/12/2018	63.49
USA Bluebook	pH probe and supplies	665112	09/12/2018	1,994.84
USA Bluebook	Tube husing	663972	09/12/2018	319.07
USA Bluebook	12' hose ramp	662499	09/12/2018	881.67
Payment 4113 Total:				5,315.90
Payment: 4114				
Verizon Wireless	Cell service	9813337815	09/12/2018	542.98
Payment 4114 Total:				542.98
Payment: 4115				
Wallace Group	Fog Control Program services	46678	09/12/2018	791.50
Payment 4115 Total:				791.50

TO: BOARD OF DIRECTORS
FROM: MARIO IGLESIAS
GENERAL MANAGER
DATE: SEPTEMBER 7, 2018

**AGENDA ITEM
D-2
SEPTEMBER 12, 2018**

**APPROVE AUGUST 8, 2018
REGULAR BOARD MEETING MINUTES**

ITEM

Approve action minutes from previous Board meetings. [RECOMMEND APPROVE MINUTES]

BACKGROUND

The draft minutes are a written record of the previous Board Meeting action.

RECOMMENDATION

Approve Minutes

ATTACHMENT

- A. August 8, 2018 draft Regular Board Meeting Minutes

SEPTEMBER 12, 2018

ITEM D-2

ATTACHMENT A

NIPOMO COMMUNITY SERVICES DISTRICT

Serving the Community Since 1965

DRAFT REGULAR MINUTES

AUGUST 8, 2018 AT 9:00 A.M.

JON S. SEITZ BOARD ROOM 148 SOUTH WILSON STREET, NIPOMO, CA

BOARD of DIRECTORS

ED EBY, **PRESIDENT**
DAN ALLEN GADDIS, **VICE PRESIDENT**
BOB BLAIR, **DIRECTOR**
CRAIG ARMSTRONG, **DIRECTOR**
DAN WOODSON, **DIRECTOR**

PRINCIPAL STAFF

MARIO IGLESIAS, **GENERAL MANAGER**
LISA BOGNUDA, **FINANCE DIRECTOR**
WHITNEY MCDONALD, **GENERAL COUNSEL**
PETER SEVCIK, **DIRECTOR OF ENG. & OPS.**

Mission Statement: The Nipomo Community Services District's mission is to provide its customers with reliable, quality, and cost-effective services now and in the future.

A. CALL TO ORDER AND FLAG SALUTE

President Eby called the Regular Meeting of August 8, 2018, to order at 9:00 a.m. and led the flag salute.

B. ROLL CALL AND PUBLIC COMMENT FOR ITEMS NOT ON AGENDA

At Roll Call, all Directors were present.

Aaron Hanke, representative for Stop the Oil & Gas Shutdown in San Luis Obispo County asked for the Board of Directors to support a "No" position on Measure G.

C. PRESENTATIONS AND REPORTS

C-1) DIRECTORS' ANNOUNCEMENTS OF DISTRICT & COMMUNITY INTEREST AND REPORTS ON ATTENDANCE AT PUBLIC MEETINGS, TRAINING PROGRAMS, CONFERENCES, AND SEMINARS.

Director Woodson

- *Encouraged everyone to watch the National Geographic film on water and power issues in California. It can be obtained through Netflix.*

Director Gaddis

- *July 30, attended Board Officer's meeting.*
- *August 1, attended the IRWVG meeting.*
- *August 6, attended the NCSD Finance and Audit Committee meeting.*

Director Eby

- *July 27, met with staff on the Water Shortage Response Management Plan.*
- *August 1, attended Board Officer's meeting.*
- *August 6, attended the NCSD Finance and Audit Committee meeting.*

C-2) RECEIVE PUBLIC COMMENT ON PRESENTATIONS AND REPORTS PRESENTED UNDER ITEM C AND BY MOTION RECEIVE AND FILE PRESENTATIONS AND REPORTS

There was no public comment.

SUBJECT TO BOARD APPROVAL

**Nipomo Community Services District
DRAFT REGULAR MEETING
MINUTES**

*Upon the motion of Director Blair and seconded, the Board unanimously approved to receive and file the presentations and reports as submitted.
Vote 5-0.*

YES VOTES	NO VOTES	ABSENT
Directors Blair, Woodson, Armstrong, Gaddis and Eby	None	None

D. CONSENT AGENDA

- D-1) WARRANTS [RECOMMEND APPROVAL]
- D-2) APPROVE JULY 25, 2018, REGULAR BOARD MEETING MINUTES [RECOMMEND APPROVE MINUTES]
- D-3) ADOPT UPDATED CONFLICT OF INTEREST CODE [RECOMMEND ADOPT RESOLUTION UPDATING DISTRICT’S CONFLICT OF INTEREST CODE]
- D-4) AUTHORIZE PURCHASE OF REPLACEMENT VACUUM TRAILER IN ACCORDANCE WITH APPROVED FY 18-19 BUDGET [RECOMMEND AUTHORIZE STAFF TO PURCHASE VACUUM TRAILER FROM PRES TECH EQUIPMENT COMPANY AT A COST OF \$28,714]

President Eby requested Item D-1 be pulled for separate consideration.

There were no public comments.

*Upon the motion of Director Gaddis and seconded, the Board unanimously approved the Consent Agenda Items D-2, D-3 and D-4.
Vote 5-0.*

YES VOTES	NO VOTES	ABSENT
Directors Gaddis, Blair, Woodson, Armstrong and Eby	None	None

**2018-1484
A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
NIPOMO COMMUNITY SERVICES DISTRICT
ADOPTING AN UPDATED CONFLICT OF INTEREST CODE**

President Eby questioned Check 4015 made out to SLO County Auditor Controller’s Office for LAFCO charges for FY 18-19 in the amount of \$49,751.38. The methodology LAFCO used to compute the District’s share is based on revenues reported to the State Controller’s Office FY 15-16 that included revenues of approximately \$5M that the District did not actually receive. Staff was directed to engage LAFCO on this issue.

There were no public comments.

Upon motion of Director Eby and seconded, the Board unanimously approved Item D-1 with the exception of Check 4015 and directed Staff to issue a new check to LAFCO in an amount similar to the amount paid last year and work with LAFCO on this issue.
Vote 5-0.

YES VOTES	NO VOTES	ABSENT
Directors Eby, Armstrong, Woodson, Blair and Gaddis	None	None

Nipomo Community Services District
DRAFT REGULAR MEETING
MINUTES

E. ADMINISTRATIVE ITEMS

- E-1) APN 091-325-022 FIRE SERVICE REQUEST SANDYDALE DRIVE AND NORTH FRONTAGE ROAD, NIPOMO [RECOMMEND CONSIDER INTENT TO SERVE LETTER AND APPROVE WITH CONDITIONS]

Peter Sevcik, Director of Engineering and Operations, presented the report as presented in the Board packet and answered questions from the Board.

There were no public comments.

Upon the motion of Director Armstrong and seconded, the Board unanimously approved the Intent-To-Serve Letter with an additional condition that water from fire service can only be used for fire protection and no other use.

Vote 5-0.

YES VOTES	NO VOTES	ABSENT
Directors Armstrong, Gaddis, Woodson, Bair and Eby	None	None

F. MANAGER'S REPORT

Mario Iglesias, General Manager, presented the report as presented in the Board packet.

There were no public comments.

G. COMMITTEE REPORTS

Director Armstrong reported on the Finance and Audit Committee meeting held on August 6 regarding Fund 300-Solid Waste. The Committee discussed reserve balances, use of funds for programs and disbursement of excess funds. The Committee could not reach an agreement on a recommendation to the Board. This item will be placed on the September 12 Board Meeting for the Board of Directors to discuss.

President Eby asked that the following questions be considered in the Staff Report at the September 12 Board Meeting:

1. Does the reserve policy language for Fund 300 need to be changed?
2. Should current reserve goal of \$115,000 be changed?
3. How should excess funds collected be disbursed?
4. What level over and above reserve balance should be disbursed and when?
5. What can funds be spent on?-need to explore options such as bio solid waste disposal

There were no public comments.

H. DIRECTORS' REQUEST TO STAFF AND SUPPLEMENTAL REPORTS

President Eby requested an update on the progress with the County regarding the property tax increment.

There were no public comments.

Nipomo Community Services District
DRAFT REGULAR MEETING
MINUTES

I. CLOSED SESSION

- 1. CONFERENCE WITH DISTRICT LEGAL COUNSEL RE: PENDING LITIGATION PURSUANT TO GC §54956.9

SMVWCD V. NCSO (SANTA CLARA COUNTY CASE NO. CV 770214, SIXTH APPELLATE COURT CASE NO. H032750 AND A LITIGATION PURSUANT TO GC §54956.9 ALL CONSOLIDATED CASES)

- 2. LIABILITY CLAIMS (Gov. Code 54956.95)
CLAIMANT: DANIEL MEDIEROS
AGENCY CLAIMED AGAINST: NIPOMO COMMUNITY SERVICES DISTRICT
- 3. CONFERENCE WITH LABOR NEGOTIATORS (Gov. Code 54957.6)
AGENCY DESIGNATED REPRESENTATIVES: BOARD PRESIDENT AND/OR VICE PRESIDENT, UNREPRESENTED EMPLOYEE: GENERAL MANAGER

J. PUBLIC COMMENT ON CLOSED SESSION ITEMS

Pam Wilson, NCSO customer, asked how to find out results of Closed Session Items.

Announcements are made after Closed Session and are recorded in the Minutes.

K. ADJOURN TO CLOSED SESSION

President Eby adjourned to Closed Session at 9:43 a.m.

L. OPEN SESSION

ANNOUNCEMENT OF ACTIONS, IF ANY, TAKEN IN CLOSED SESSION

Whitney McDonald, District Legal Counsel, announced that the Board discussed Items 2 and 3. Item 2, the Board denied the Claim. Item 3, the Board took no reportable action.

There were no public comments.

ADJOURN

President Eby adjourned the meeting at 10:55 a.m.

MEETING SUMMARY	HOURS & MINUTES
Regular Meeting	0 hour 43 minutes
Closed Session	1 hour 12 minutes
TOTAL HOURS	1 hour 55 minutes

Respectfully submitted,

Mario Iglesias, General Manager and Secretary to the Board

Date

TO: BOARD OF DIRECTORS

FROM: WHITNEY McDONALD
DISTRICT COUNSEL

REVIEWED: MARIO IGLESIAS 
GENERAL MANAGER

DATE: SEPTEMBER 7, 2018

**AGENDA ITEM
D-3
SEPTEMBER 12, 2018**

**APPROVE AMENDED GENERAL MANAGER
EMPLOYMENT CONTRACT**

ITEM

Approve Amended General Manager Employment Contract [RECOMMEND ORALLY REPORT RECOMMENDED COMPENSATION ADJUSTMENT AND APPROVE ATTACHED GENERAL MANAGER EMPLOYMENT CONTRACT]

BACKGROUND

Following the favorable annual performance review of the General Manager concluded in July 2018, your Board entered into negotiations with the General Manager to consider a potential increase in compensation. Those negotiations resulted in a recommendation that the General Manager's existing Employment Contract be amended to increase the annual compensation paid to the General Manager by a total of 4.99%, representing a 2.12% merit increase and a 2.87% cost-of-living increase. This will raise the General Manager's salary from \$153,000 to \$160,635 per year, effective July 1, 2018.

It is also proposed that the General Manager be provided three additional days of administrative leave. Other non-substantive changes are proposed for purposes of clarification, as depicted in the attached redline version of the agreement.

It is recommended that your Board approved the amended General Manager Employment Contract, after making an oral report of the recommended salary change pursuant to Government Code § 54953.

FISCAL IMPACT

The proposed amended General Manager Employment Contract will result in an increase of \$7,635 paid to as annual compensation to the General Manager. The approved 2018-2019 budget will accommodate this change without requiring an amendment.

STRATEGIC PLAN

Goal 3. PERSONNEL AND ORGANIZATION. Maintain a qualified, long-term and productive workforce to assure an effective organization

3.B. ONGOING ACTIVITIES

B.1. Ensure the District is adequately staffed with high quality, long-term employees...

RECOMMENDATION

It is recommended that your Board orally report the recommended change in compensation to the General Manager and approve the attached General Manager Employment Contract.

ATTACHMENTS

- A. Proposed General Manager Employment Contract (Redline)
- B. Proposed General Manager Employment Contract (Clean)

SEPTEMBER 12, 2018

ITEM D-3

ATTACHMENT A

**NIPOMO COMMUNITY SERVICES DISTRICT
GENERAL MANAGER
EMPLOYMENT CONTRACT**

Attachments:

Exhibit "A" - General Manager Job Description

THIS AMENDED CONTRACT, is made and entered into by and between the Nipomo Community Services District (herein referred to as "District"), and Mario Iglesias (herein also referred to as "General Manager" or "Iglesias"), with reference to the following recitals:

RECITALS

A. District is a Community Services District organized and operating pursuant to 61000 et seq., of the California Government Code.

B. District desires to continue its employment relationship with Mario Iglesias as General Manager of the District;

C. Mario Iglesias desires to continue his employment relationship as General Manager of the District.

D. It is the purpose of this Amended Contract to define the employment relationship of Mario Iglesias and the District during the terms of this Contract. All references to General Manager in this Contract refer to Mario Iglesias.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties agree as follows:

SECTION 1 - EMPLOYMENT OF GENERAL MANAGER

District hereby agrees to continue employing Mario Iglesias as District General Manager and Secretary to the Board of Directors (collectively "General Manager").

SECTION 2 - DUTIES

A. The duties of the General Manager are generally described in Exhibit "A", attached hereto and incorporated herein by this reference, and Government Code Section 61051 which provides as follows:

The General Manager shall be responsible for all of the following:

- (a) The implementation of the policies established by the board of directors for the operation of the district.
- (b) The appointment, supervision, discipline, and dismissal of the district's employees, consistent with the employee relations system established by the board of directors.
- (c) The supervision of the district's facilities and services.

**NIPOMO COMMUNITY SERVICES DISTRICT
GENERAL MANAGER
EMPLOYMENT CONTRACT**

(d) The supervision of the district's finances.

B. The General Manager shall also act as the Secretary to the Board of Directors and shall be responsible for:

- (a) Maintaining accurate records of the proceedings of the Board of Directors.
- (b) Maintaining a book of District Ordinances or Codes with his\her attestation.
- (c) Maintaining District records including original Ordinances, Resolutions and Contracts and attest to the originals and true and correct copies of the same.
- (d) Administering Oaths or Affirmations and certifying affidavits and depositions pertaining to District affairs and business which may be used in any court or proceeding in the State.

The General Manager may deputize other District employees to perform the duties in sub-paragraph (a) above and deputize the Finance Director\Assistant General Manager to perform the duties referenced in paragraphs (b), (c) and (d) above in the absence of the General Manager

C. Iglesias agrees to perform the functions and duties specified in Subsections A. and B. above, in Government Code Section 61051 and the duties described in the District's General Manager job description attached hereto as Exhibit "A" and incorporated herein by this reference, and to perform other legally permissible and proper duties and functions as the District Board of Directors shall from time to time assign without additional compensation.

D. Both parties acknowledge that specific duties of the position may vary from time to time.

SECTION 3 - TERM

Subject to paragraph C below and Subsection 14, Paragraph C, and the approval by the Board of Directors, this Contract shall take effect on July 1, 2018~~7~~, ("Effective Date"), and shall remain in effect until terminated as provided in the following provisions:

A. Nothing in this Contract shall prevent, limit or otherwise interfere with the right of District to terminate the services of General Manager at any time, subject only to the provisions set forth in Section 4, paragraphs A, B and C of this Contract.

B. Nothing in this Contract shall prevent, limit or otherwise interfere with the right of General Manager to resign at any time from his/her position with District, subject only to the provisions set forth in Section 4, paragraph D, of this Contract.

C. Prior to the Effective Date, and as a condition of employment, General Manager shall:

**NIPOMO COMMUNITY SERVICES DISTRICT
GENERAL MANAGER
EMPLOYMENT CONTRACT**

1. Successfully complete and pass a physician's examination and a drug test as referenced in District Employee Handbook, Policy 2014.
2. Successfully complete background and credit checks;
3. Provide confirmation of PERS eligibility, if applicable.

SECTION 4 - TERMINATION AND SEVERANCE PAY

A. General Manager understands and expressly agrees that he/she has no constitutionally protected property right or interest in his/her employment as General Manager.

B. The General Manager shall serve at the will and pleasure of the District Board of Directors, and may be terminated without cause.

1. In the event the General Manager is terminated without cause on or before the three hundred sixty-fifth (365th) day from the Effective Date, the General Manager shall receive a lump sum cash payment ("Severance Pay") equal to three (3) months base salary. In addition to Severance Pay, District shall pay General Manager for his/her accrued but unused vacation time, but not sick leave nor administrative leave, if any. The District shall deduct all normal withholdings required by law with respect to any amounts paid under this paragraph.
2. In the event the General Manager is terminated without cause from and after the three hundred sixty-fifth (365th) day from the Effective Date, the General Manager shall receive a lump sum cash payment ("Severance Pay") equal to five (5) months base salary. In addition to Severance Pay, District shall pay General Manager for his/her accrued but unused vacation time, but not sick leave nor administrative leave, if any. The District shall deduct all normal withholdings required by law with respect to any amounts paid under this paragraph.

C. In the event General Manager is terminated for good cause, the General Manager shall be entitled only to salary earned, but not paid as of the date of termination; and payment for any accrued vacation, but not sick leave or administrative leave, if any. Additionally, the General Manager would receive any benefits that are lawfully required to be continued for the duration required by law. General Manager shall not be entitled to any other compensation, including, without limitation, any severance compensation. For purpose of this Contract, "good cause" shall include, but not necessarily be limited to, any of the following:

1. Any material breach by the General Manager of any term or provision of this Contract;
2. General Manager's failure to perform his/her duties in a professional and responsible manner consistent with generally accepted standards of the profession;
3. General Manager's misfeasance;
4. General Manager's malfeasance;

**NIPOMO COMMUNITY SERVICES DISTRICT
GENERAL MANAGER
EMPLOYMENT CONTRACT**

5. Conduct unbecoming the position of General Manager or likely to bring discredit or embarrassment to District;
6. Insobriety while representing the District;
7. Conviction of a misdemeanor involving moral turpitude;
8. Conviction of a felony;
9. Engaging in illegal business practices in connection with the District's business;
10. Misappropriation of the District's assets;
11. Excessive unexcused absences of the General Manager from his/her employment during usual working hours; or
12. Failure to perform or habitual neglecting the duties which he/she is required to perform under this Contract.

D. In the event General Manager voluntarily resigns his/her position with District, General Manager shall give District forty-five (45) calendar days written notice in advance, unless the parties otherwise agree in writing. In the event General Manager voluntarily resigns his/her position with District, the General Manager shall be entitled only to all salary earned, but not paid as of the effective date of resignation, and payment for any accrued vacation.

E. If this Contract is terminated by District for cause pursuant to paragraph C above and it is later determined that the termination was wrongful, such termination automatically shall be converted and treated as a Termination Without Cause under Section 4B above, and the General Manager shall be entitled to receive only amounts payable as referenced in Section 4B above.

SECTION 5 - SALARY

A. District agrees to pay the General Manager for his/her services rendered pursuant hereto an annual salary of one-hundred ~~and sixty thousand, six hundred thirty-five~~ three thousand dollars (\$~~160,635~~153,000), representing a 4.99% increase, including a 2.12% merit increase and a 2.87% cost of living increase, over the prior year's salary, payable in equal installments at the same time as other employees of the District are paid. The annual salary shall be subject to normal withholdings with respect to amounts paid.

B. District will perform a salary review and consider adjustments in compensation annually based upon the results of an annual performance evaluation and/or any significant changes in duties and responsibilities.

C. The District Board of Directors may increase the compensation provisions of this Contract without amending this Contract. Any increases to the General Manager's salary that may be reflected in this Amended Contract shall not be deemed a commitment to any future increases.

SECTION 6 - HOURS OF WORK

The General Manager is an exempt employee but is expected to engage in those hours of work that are necessary to fulfill the obligations of the General Manager's position. The General Manager does not have set hours of work as the General Manager is expected to be available at all times.

**NIPOMO COMMUNITY SERVICES DISTRICT
GENERAL MANAGER
EMPLOYMENT CONTRACT**

SECTION 7 - PERFORMANCE REVIEW

A. The General Manager shall receive an annual performance review ~~no later than the end of May of each succeeding year.~~

B. The Board of Directors reserves the right, in its discretion, to review General Manager's performance at any time.

SECTION 8 - OUTSIDE PROFESSIONAL ACTIVITIES

General Manager, with prior written approval of the District Board of Directors, may undertake outside professional activities for compensation, including teaching, speaking, and writing, provided such activities do not interfere with General Manager's normal duties and are not performed for any existing vendors or contractors of District. Under no circumstances shall such outside activities create a conflict of interest with the duties of General Manager and the interests of District.

SECTION 9 - PROFESSIONAL DEVELOPMENT

A. As part of its normal budget process and reserving the right to establish appropriate priorities and funding amounts, District shall consider requests for funds for certain items, activities and materials deemed necessary and desirable for the General Manager's continued professional development, participation, growth and advancement. Those items, activities and materials may include:

1. Professional dues and subscriptions necessary for full participation in appropriate and relevant associations and organizations;
2. Travel and subsistence expenses for professional meetings and similar functions (e.g., short courses, conferences, seminars) to foster professional development;
3. Other items, activities and materials, as shall be agreed upon from time to time between General Manager and Board President.

B. Expenditures for items in this Section shall be within the District's budgeted amounts for the appropriate category unless otherwise pre-approved by Board President. All books, subscriptions and other items obtained pursuant to paragraph A above shall be in the name of the District and at all times shall remain the exclusive property of the District.

C. General Manager shall receive prior Board approval for travel and subsistence expenses to courses, conferences, and seminars conducted outside the State of California.

SECTION 10 - - BENEFITS

A. Subject to District Resolution 2005-959, District agrees to provide health, dental and vision insurance for the General Manager at the same rate as other District employees.

**NIPOMO COMMUNITY SERVICES DISTRICT
GENERAL MANAGER
EMPLOYMENT CONTRACT**

B. General Manager may elect to participate in District's 457 Deferred Compensation Plan.

C. District agrees to pay employer portion of the PERS contribution based on the current PERS Retirement Plan. If the District Board of Director's amends the Retirement Plan for existing employees, then the amended plan shall apply to the General Manager.

D. District agrees to pay up to a maximum of \$10,000 for Iglesias to relocate to the Nipomo area. Allowable expenses include cost of moving personal belongings to Nipomo area, mileage reimbursement for one trip from current residence to Nipomo area, and temporary living accommodations in the Nipomo area.

E. General Manager shall submit an expense claim form on a monthly basis for expenses referenced in paragraph D above, which shall be considered for approval as part of the monthly Warrant Register prior to payment.

SECTION 11 -- CELL PHONE REIMBURSEMENT

General Manager shall be reimbursed monthly at the rate of \$65.00 per month for maintaining a working cell phone, provided that said cell phone facilitates "24-7" District employee access to the General Manager.

SECTION 12 -- LEAVES

A. Vacations:

1. Paid vacations shall accrue at the rate of 1 and 1/14th of a working day per month of paid employment (15 days/year).
2. The General Manager shall not take accrued vacation days until after the fifth (5th) month of employment
3. The General Manager shall not carry over more than one hundred twenty (120) hours of vacation leave per calendar year. Once the maximum vacation accrual is reached, (120 hours) vacation time will no longer be accumulated. Once the vacation accrual is below the maximum, vacation accrual will again start to accumulate.
4. General Manager shall not schedule more than two (2) weeks of vacation (fourteen (14) successive calendar days) during any thirty (30) day period without prior approval of the Board President.
5. The General Manager's vacation shall not be scheduled when it would leave the District without appropriate management.

B. Sick Leave: General Manager shall accrue, and have credited to his/her personal account, sick leave at the rate of one (1) working day per month cumulative to a maximum accrual of one hundred eighty (180) working days.

**NIPOMO COMMUNITY SERVICES DISTRICT
GENERAL MANAGER
EMPLOYMENT CONTRACT**

C. Holidays: Subject to job constraints, the General Manager may take the following days as holidays: New Year's Day, Martin Luther King, Jr. Birthday, President's Day (third Monday in February), Memorial Day, Independence Day, Labor Day, Veteran's Day, Thanksgiving Day, the Friday in November immediately following the day designated as Thanksgiving Day, the four (4) regularly scheduled District hours immediately preceding the day designated as Christmas Day, Christmas Day, and the four (4) regularly scheduled District hours immediately preceding the day designated as New Year's Day. The General Manager is not entitled to the floating holiday.

D. Bereavement Leave: The General Manager may use accumulated vacation time and administrative leave for Bereavement Leave.

E. Administrative Leave: The General Manager shall be entitled to ~~eight~~five (85) administrative leave days with pay per year. Administrative leave cannot be accumulated or carried over one calendar year to the next. Administrative leave shall not be scheduled when it would leave the District without appropriate management.

SECTION 13 - AUTOMOBILE

A. For District related uses the District shall make available an automobile/vehicle for the General Manager.

B. When the District's automobile/vehicle is not available the General Manager shall be reimbursed for the use of General Manager's personal vehicle at the prevailing IRS per diem mileage rate for mileage incurred in performing services for the benefit of the District excluding travel to and from work.

C. General Manager shall submit an expense claim form on a monthly basis for expenses referenced in paragraph B above, which shall be considered for approval as part of the monthly Warrant Register prior to payment.

SECTION 14 -- AUTOMOBILE INSURANCE

A. General Manager shall procure and maintain motor vehicle liability insurance coverage, on an "occurrence basis", with companies authorized to do business in the State of California, with coverage of no less than five-hundred thousand dollars (\$500,000) per accident.

B. The automobile insurance policy shall be endorsed to include the District, its officers, directors, employees and agents as Additional Insureds.

C. General Manager shall provide District with a Certificates of Insurance evidencing compliance with the foregoing requirements, accompanied by copies of the required endorsements. Certificates of Insurance shall specify that the insurer shall give District thirty (30) days advance written notice by the insurer prior to cancellation of the policy except ten (10) days for nonpayment of premium.

D. The automobile insurance coverage required hereunder shall be kept in full force and effect for the term of this Contract. Certificates of Insurance evidencing renewal of the required coverage shall be provided within ten (10) days of the expiration of any policy at any time

**NIPOMO COMMUNITY SERVICES DISTRICT
GENERAL MANAGER
EMPLOYMENT CONTRACT**

during the period such policy is required to be maintained by General Manager hereunder. Any failure to comply with this requirement shall constitute a material breach of this Contract.

SECTION 15 - --OTHER CONDITIONS OF EMPLOYMENT

The District may set other terms and conditions of employment as it may determine from time to time, relating to performance of General Manager, provided such terms and conditions are not inconsistent with or in conflict with the provisions of this Contract, or any Federal, State or local law.

SECTION 16 - --JURY DUTY

The District General Manager will receive full pay and benefits while serving on a trial jury. Any court derived compensation for such Jury Duty (except travel pay) shall be returned to the District.

SECTION 17 - --NOTICES

Notices pursuant to this Am ended Contract shall be in writing given by deposit in the custody of the United States Postal Service, postage prepaid, addressed as follows:

1. Nipomo Community Services District
P.O. Box 326
Nipomo, CA 93444-0326
Attn: President of the Board of Directors

2. Mario Iglesias
[958 Vista Verde Ln.](#)
[Nipomo, CA 93444](#)
[805.931.4287](#)
mario2cu@aol.com
[831.372.7649](#)
~~[Information will be appended following relocation](#)~~

Alternatively, notices required pursuant to this Amended Contract may be personally served in the same manner as is applicable to civil judicial process. Notice shall be deemed given as of the date of personal service or as of the third day following the date of deposit of such written notice in the course of transmission in the United States Postal Service, with postage fully prepaid.

SECTION 18 - INDEMNIFICATION

A. In accordance with and to the extent provided by California's Tort Claims Act (Government Code Section 825 et seq. and Government Code Sections 995-~~996.5~~), the District shall defend and indemnify the General Manager against any and for all losses sustained by the General Manager in direct consequences of the discharge of the General Manager's duties on the District's behalf for the period of the General Manager's employment.

**NIPOMO COMMUNITY SERVICES DISTRICT
GENERAL MANAGER
EMPLOYMENT CONTRACT**

B. Nothing in this Amended Contract shall expand the District's defense and indemnification obligations beyond those provided in the Government Code Tort Claims Act (Government Code Section 825, et seq.) and Government Code Sections 995-996.5.

SECTION 19 - GENERAL PROVISIONS

A. General Manager shall comply with all local and state requirements regarding conflicts of interest and shall avoid personal involvement in a situation which is inconsistent or incompatible with a position of General Manager or give rise to the appearance of impropriety.

B. The terms of Amended Contract are intended by the parties as a final expression of their Contract and may not be contradicted by evidence of any prior Contract or contemporaneous oral Contract. The parties further intend that this Contract constitutes the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever may be introduced in any judicial or arbitration proceeding, if any, involving this Contract. Any amendments to this Contract must be in writing and executed by both parties.

C. In the event of General Manager's death, General Manager's heirs, legatees, devisees, executors or legal representatives shall be entitled to (a) all salary earned, but not paid; and (b) payment for any accrued vacation. General Manager's heirs, legatees, devisees, executors or legal representatives shall not be entitled to any other compensation, including, without limitation, any severance compensation.

D. If any term, covenant, condition or provision of this Amended Contract is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

E. This Amended Contract shall be governed by the laws of the State of California. The parties agree that in the event any legal action is taken to enforce/interpret any provisions of this Contract, said action shall be filed in the court of proper jurisdiction within the County of San Luis Obispo.

F. The parties acknowledge that they understand the significance and consequences of this Contract. The parties also acknowledge that they have been given full opportunity to review and negotiate this Contract and execute it only after full reflection and analysis, and that they have had an opportunity to review this document and its application and meaning with their respective attorneys and advisors. This Contract shall not be interpreted against the party who prepared the initial draft, because all parties participated in the drafting of this Contract by having ample opportunity to review and submit suggested changes or corrections for incorporation into the final version of this Contract.

G. This Amended Contract shall be binding upon and shall inure to the benefit of the prospective heirs, executors, administrators, successors and assigns of the parties, provided however that the District General Manager may not assign obligations hereunder.

H. General Manager shall not assign this Amended Contract in whole or in part.

I. The above Recitals are true and correct and incorporated herein by reference.

**NIPOMO COMMUNITY SERVICES DISTRICT
GENERAL MANAGER
EMPLOYMENT CONTRACT**

J. This Amended Contract may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument, and shall be governed by the laws of the State of California.

~~Nothing beyond this point other than signature on next page.~~

**NIPOMO COMMUNITY SERVICES DISTRICT
GENERAL MANAGER
EMPLOYMENT CONTRACT**

IN WITNESS WHEREOF, the parties hereto have executed this Amended Contract on the below identified dates.

GENERAL MANAGER

DISTRICT

Mario Iglesias
DATE: _____, 20187

~~Ed Eby~~ Dan Gaddis, President
DATE: _____, 20187

APPROVED AS TO FORM:

Whitney McDonald, District Legal Counsel

SEPTEMBER 12, 2018

ITEM D-3

ATTACHMENT B

**NIPOMO COMMUNITY SERVICES DISTRICT
GENERAL MANAGER
EMPLOYMENT CONTRACT**

Attachments:
Exhibit "A" - General Manager Job Description

THIS AMENDED CONTRACT, is made and entered into by and between the Nipomo Community Services District (herein referred to as "District"), and Mario Iglesias (herein also referred to as "General Manager" or "Iglesias"), with reference to the following recitals:

RECITALS

A. District is a Community Services District organized and operating pursuant to 61000 et seq., of the California Government Code.

B. District desires to continue its employment relationship with Mario Iglesias as General Manager of the District;

C. Mario Iglesias desires to continue his employment relationship as General Manager of the District.

D. It is the purpose of this Amended Contract to define the employment relationship of Mario Iglesias and the District during the terms of this Contract. All references to General Manager in this Contract refer to Mario Iglesias.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties agree as follows:

SECTION 1 - EMPLOYMENT OF GENERAL MANAGER

District hereby agrees to continue employing Mario Iglesias as District General Manager and Secretary to the Board of Directors (collectively "General Manager").

SECTION 2 - DUTIES

A. The duties of the General Manager are generally described in Exhibit "A", attached hereto and incorporated herein by this reference, and Government Code Section 61051 which provides as follows:

The General Manager shall be responsible for all of the following:

- (a) The implementation of the policies established by the board of directors for the operation of the district.
- (b) The appointment, supervision, discipline, and dismissal of the district's employees, consistent with the employee relations system established by the board of directors.
- (c) The supervision of the district's facilities and services.

**NIPOMO COMMUNITY SERVICES DISTRICT
GENERAL MANAGER
EMPLOYMENT CONTRACT**

(d) The supervision of the district's finances.

B. The General Manager shall also act as the Secretary to the Board of Directors and shall be responsible for:

(a) Maintaining accurate records of the proceedings of the Board of Directors.

(b) Maintaining a book of District Ordinances or Codes with his/her attestation.

(c) Maintaining District records including original Ordinances, Resolutions and Contracts and attest to the originals and true and correct copies of the same.

(d) Administering Oaths or Affirmations and certifying affidavits and depositions pertaining to District affairs and business which may be used in any court or proceeding in the State.

The General Manager may deputize other District employees to perform the duties in sub-paragraph (a) above and deputize the Finance Director\Assistant General Manager to perform the duties referenced in paragraphs (b), (c) and (d) above in the absence of the General Manager

C. Iglesias agrees to perform the functions and duties specified in Subsections A. and B. above, in Government Code Section 61051 and the duties described in the District's General Manager job description attached hereto as Exhibit "A" and incorporated herein by this reference, and to perform other legally permissible and proper duties and functions as the District Board of Directors shall from time to time assign without additional compensation.

D. Both parties acknowledge that specific duties of the position may vary from time to time.

SECTION 3 - TERM

Subject to paragraph C below and Subsection 14, Paragraph C, and the approval by the Board of Directors, this Contract shall take effect on July 1, 2018, ("Effective Date"), and shall remain in effect until terminated as provided in the following provisions:

A. Nothing in this Contract shall prevent, limit or otherwise interfere with the right of District to terminate the services of General Manager at any time, subject only to the provisions set forth in Section 4, paragraphs A, B and C of this Contract.

B. Nothing in this Contract shall prevent, limit or otherwise interfere with the right of General Manager to resign at any time from his/her position with District, subject only to the provisions set forth in Section 4, paragraph D, of this Contract.

C. Prior to the Effective Date, and as a condition of employment, General Manager shall:

**NIPOMO COMMUNITY SERVICES DISTRICT
GENERAL MANAGER
EMPLOYMENT CONTRACT**

1. Successfully complete and pass a physician's examination and a drug test as referenced in District Employee Handbook, Policy 2014.
2. Successfully complete background and credit checks;
3. Provide confirmation of PERS eligibility, if applicable.

SECTION 4 - TERMINATION AND SEVERANCE PAY

A. General Manager understands and expressly agrees that he/she has no constitutionally protected property right or interest in his/her employment as General Manager.

B. The General Manager shall serve at the will and pleasure of the District Board of Directors and may be terminated without cause.

1. In the event the General Manager is terminated without cause on or before the three hundred sixty-fifth (365th) day from the Effective Date, the General Manager shall receive a lump sum cash payment ("Severance Pay") equal to three (3) months base salary. In addition to Severance Pay, District shall pay General Manager for his/her accrued but unused vacation time, but not sick leave nor administrative leave, if any. The District shall deduct all normal withholdings required by law with respect to any amounts paid under this paragraph.
2. In the event the General Manager is terminated without cause from and after the three hundred sixty-fifth (365th) day from the Effective Date, the General Manager shall receive a lump sum cash payment ("Severance Pay") equal to five (5) months base salary. In addition to Severance Pay, District shall pay General Manager for his/her accrued but unused vacation time, but not sick leave nor administrative leave, if any. The District shall deduct all normal withholdings required by law with respect to any amounts paid under this paragraph.

C. In the event General Manager is terminated for good cause, the General Manager shall be entitled only to salary earned, but not paid as of the date of termination; and payment for any accrued vacation, but not sick leave or administrative leave, if any. Additionally, the General Manager would receive any benefits that are lawfully required to be continued for the duration required by law. General Manager shall not be entitled to any other compensation, including, without limitation, any severance compensation. For purpose of this Contract, "good cause" shall include, but not necessarily be limited to, any of the following:

1. Any material breach by the General Manager of any term or provision of this Contract;
2. General Manager's failure to perform his/her duties in a professional and responsible manner consistent with generally accepted standards of the profession;
3. General Manager's misfeasance;
4. General Manager's malfeasance;

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5. Conduct unbecoming the position of General Manager or likely to bring discredit or embarrassment to District;
6. Insobriety while representing the District;
7. Conviction of a misdemeanor involving moral turpitude;
8. Conviction of a felony;
9. Engaging in illegal business practices in connection with the District's business;
10. Misappropriation of the District's assets;
11. Excessive unexcused absences of the General Manager from his/her employment during usual working hours; or
12. Failure to perform or habitual neglecting the duties which he/she is required to perform under this Contract.

D. In the event General Manager voluntarily resigns his/her position with District, General Manager shall give District forty-five (45) calendar days written notice in advance, unless the parties otherwise agree in writing. In the event General Manager voluntarily resigns his/her position with District, the General Manager shall be entitled only to all salary earned, but not paid as of the effective date of resignation, and payment for any accrued vacation.

E. If this Contract is terminated by District for cause pursuant to paragraph C above and it is later determined that the termination was wrongful, such termination automatically shall be converted and treated as a Termination Without Cause under Section 4B above, and the General Manager shall be entitled to receive only amounts payable as referenced in Section 4B above.

SECTION 5 - SALARY

A. District agrees to pay the General Manager for his/her services rendered pursuant hereto an annual salary of one-hundred sixty thousand, six hundred thirty-five dollars (\$160,635), representing a 4.99% increase, including a 2.12% merit increase and a 2.87% cost of living increase, over the prior year's salary, payable in equal installments at the same time as other employees of the District are paid. The annual salary shall be subject to normal withholdings with respect to amounts paid.

B. District will perform a salary review and consider adjustments in compensation annually based upon the results of an annual performance evaluation and/or any significant changes in duties and responsibilities.

C. The District Board of Directors may increase the compensation provisions of this Contract without amending this Contract. Any increases to the General Manager's salary that may be reflected in this Amended Contract shall not be deemed a commitment to any future increases.

SECTION 6 - HOURS OF WORK

The General Manager is an exempt employee but is expected to engage in those hours of work that are necessary to fulfill the obligations of the General Manager's position. The General Manager does not have set hours of work as the General Manager is expected to be available at all times.

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SECTION 7 - PERFORMANCE REVIEW

- A. The General Manager shall receive an annual performance review.
- B. The Board of Directors reserves the right, in its discretion, to review General Manager's performance at any time.

SECTION 8 - OUTSIDE PROFESSIONAL ACTIVITIES

General Manager, with prior written approval of the District Board of Directors, may undertake outside professional activities for compensation, including teaching, speaking, and writing, provided such activities do not interfere with General Manager's normal duties and are not performed for any existing vendors or contractors of District. Under no circumstances shall such outside activities create a conflict of interest with the duties of General Manager and the interests of District.

SECTION 9 - PROFESSIONAL DEVELOPMENT

A. As part of its normal budget process and reserving the right to establish appropriate priorities and funding amounts, District shall consider requests for funds for certain items, activities and materials deemed necessary and desirable for the General Manager's continued professional development, participation, growth and advancement. Those items, activities and materials may include:

- 1. Professional dues and subscriptions necessary for full participation in appropriate and relevant associations and organizations;
- 2. Travel and subsistence expenses for professional meetings and similar functions (e.g., short courses, conferences, seminars) to foster professional development;
- 3. Other items, activities and materials, as shall be agreed upon from time to time between General Manager and Board President.

B. Expenditures for items in this Section shall be within the District's budgeted amounts for the appropriate category unless otherwise pre-approved by Board President. All books, subscriptions and other items obtained pursuant to paragraph A above shall be in the name of the District and at all times shall remain the exclusive property of the District.

C. General Manager shall receive prior Board approval for travel and subsistence expenses to courses, conferences, and seminars conducted outside the State of California.

SECTION 10 - BENEFITS

A. Subject to District Resolution 2005-959, District agrees to provide health, dental and vision insurance for the General Manager at the same rate as other District employees.

B. General Manager may elect to participate in District's 457 Deferred Compensation Plan.

**NIPOMO COMMUNITY SERVICES DISTRICT
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C. District agrees to pay employer portion of the PERS contribution based on the current PERS Retirement Plan. If the District Board of Director's amends the Retirement Plan for existing employees, then the amended plan shall apply to the General Manager.

D. District agrees to pay up to a maximum of \$10,000 for Iglesias to relocate to the Nipomo area. Allowable expenses include cost of moving personal belongings to Nipomo area, mileage reimbursement for one trip from current residence to Nipomo area, and temporary living accommodations in the Nipomo area.

E. General Manager shall submit an expense claim form on a monthly basis for expenses referenced in paragraph D above, which shall be considered for approval as part of the monthly Warrant Register prior to payment.

SECTION 11 - CELL PHONE REIMBURSEMENT

General Manager shall be reimbursed monthly at the rate of \$65.00 per month for maintaining a working cell phone, provided that said cell phone facilitates "24-7" District employee access to the General Manager.

SECTION 12 - LEAVES

A. Vacations:

1. Paid vacations shall accrue at the rate of 1 and 114th of a working day per month of paid employment (15 days/year).
2. The General Manager shall not take accrued vacation days until after the fifth (5th) month of employment
3. The General Manager shall not carry over more than one hundred twenty (120) hours of vacation leave per calendar year. Once the maximum vacation accrual is reached, (120 hours) vacation time will no longer be accumulated. Once the vacation accrual is below the maximum, vacation accrual will again start to accumulate.
4. General Manager shall not schedule more than two (2) weeks of vacation (fourteen (14) successive calendar days) during any thirty (30) day period without prior approval of the Board President.
5. The General Manager's vacation shall not be scheduled when it would leave the District without appropriate management.

B. Sick Leave: General Manager shall accrue, and have credited to his/her personal account, sick leave at the rate of one (1) working day per month cumulative to a maximum accrual of one hundred eighty (180) working days.

C. Holidays: Subject to job constraints, the General Manager may take the following days as holidays: New Year's Day, Martin Luther King, Jr. Birthday, President's Day (third Monday in February), Memorial Day, Independence Day, Labor Day, Veteran's Day, Thanksgiving Day,

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the Friday in November immediately following the day designated as Thanksgiving Day, the four (4) regularly scheduled District hours immediately preceding the day designated as Christmas Day, Christmas Day, and the four (4) regularly scheduled District hours immediately preceding the day designated as New Year's Day. The General Manager is not entitled to the floating holiday.

D. Bereavement Leave: The General Manager may use accumulated vacation time and administrative leave for Bereavement Leave.

E. Administrative Leave: The General Manager shall be entitled to eight (8) administrative leave days with pay per year. Administrative leave cannot be accumulated or carried over one calendar year to the next. Administrative leave shall not be scheduled when it would leave the District without appropriate management.

SECTION 13 - AUTOMOBILE

A. For District related uses the District shall make available an automobile/vehicle for the General Manager.

B. When the District's automobile/vehicle is not available the General Manager shall be reimbursed for the use of General Manager's personal vehicle at the prevailing IRS per diem mileage rate for mileage incurred in performing services for the benefit of the District excluding travel to and from work.

C. General Manager shall submit an expense claim form on a monthly basis for expenses referenced in paragraph B above, which shall be considered for approval as part of the monthly Warrant Register prior to payment.

SECTION 14 - AUTOMOBILE INSURANCE

A. General Manager shall procure and maintain motor vehicle liability insurance coverage, on an "occurrence basis", with companies authorized to do business in the State of California, with coverage of no less than five-hundred thousand dollars (\$500,000) per accident.

B. The automobile insurance policy shall be endorsed to include the District, its officers, directors, employees and agents as Additional Insureds.

C. General Manager shall provide District with a Certificates of Insurance evidencing compliance with the foregoing requirements, accompanied by copies of the required endorsements. Certificates of Insurance shall specify that the insurer shall give District thirty (30) days advance written notice by the insurer prior to cancellation of the policy except ten (10) days for nonpayment of premium.

D. The automobile insurance coverage required hereunder shall be kept in full force and effect for the term of this Contract. Certificates of Insurance evidencing renewal of the required coverage shall be provided within ten (10) days of the expiration of any policy at any time during the period such policy is required to be maintained by General Manager hereunder. Any failure to comply with this requirement shall constitute a material breach of this Contract.

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SECTION 15 - OTHER CONDITIONS OF EMPLOYMENT

The District may set other terms and conditions of employment as it may determine from time to time, relating to performance of General Manager, provided such terms and conditions are not inconsistent with or in conflict with the provisions of this Contract, or any Federal, State or local law.

SECTION 16 - JURY DUTY

The District General Manager will receive full pay and benefits while serving on a trial jury. Any court derived compensation for such Jury Duty (except travel pay) shall be returned to the District.

SECTION 17 - NOTICES

Notices pursuant to this Am ended Contract shall be in writing given by deposit in the custody of the United States Postal Service, postage prepaid, addressed as follows:

1. Nipomo Community Services District
P.O. Box 326
Nipomo, CA 93444-0326
Attn: President of the Board of Directors

2. Mario Iglesias
958 Vista Verde Ln.
Nipomo, CA 93444
805.931.4287
mario2cu@aol.com

Alternatively, notices required pursuant to this Amended Contract may be personally served in the same manner as is applicable to civil judicial process. Notice shall be deemed given as of the date of personal service or as of the third day following the date of deposit of such written notice in the course of transmission in the United States Postal Service, with postage fully prepaid.

SECTION 18 - INDEMNIFICATION

A. In accordance with and to the extent provided by California's Tort Claims Act (Government Code Section 825 et seq. and Government Code Sections 995-996.5), the District shall defend and indemnify the General Manager against any and for all losses sustained by the General Manager in direct consequences of the discharge of the General Manager's duties on the District's behalf for the period of the General Manager's employment.

B. Nothing in this Amended Contract shall expand the District's defense and indemnification obligations beyond those provided in the Government Code Tort Claims Act (Government Code Section 825, et seq.) and Government Code Sections 995-996.5.

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SECTION 19 - GENERAL PROVISIONS

A. General Manager shall comply with all local and state requirements regarding conflicts of interest and shall avoid personal involvement in a situation which is inconsistent or incompatible with a position of General Manager or give rise to the appearance of impropriety.

B. The terms of Amended Contract are intended by the parties as a final expression of their Contract and may not be contradicted by evidence of any prior Contract or contemporaneous oral Contract. The parties further intend that this Contract constitutes the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever may be introduced in any judicial or arbitration proceeding, if any, involving this Contract. Any amendments to this Contract must be in writing and executed by both parties.

C. In the event of General Manager's death, General Manager's heirs, legatees, devisees, executors or legal representatives shall be entitled to (a) all salary earned, but not paid; and (b) payment for any accrued vacation. General Manager's heirs, legatees, devisees, executors or legal representatives shall not be entitled to any other compensation, including, without limitation, any severance compensation.

D. If any term, covenant, condition or provision of this Amended Contract is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

E. This Amended Contract shall be governed by the laws of the State of California. The parties agree that in the event any legal action is taken to enforce/interpret any provisions of this Contract, said action shall be filed in the court of proper jurisdiction within the County of San Luis Obispo.

F. The parties acknowledge that they understand the significance and consequences of this Contract. The parties also acknowledge that they have been given full opportunity to review and negotiate this Contract and execute it only after full reflection and analysis, and that they have had an opportunity to review this document and its application and meaning with their respective attorneys and advisors. This Contract shall not be interpreted against the party who prepared the initial draft, because all parties participated in the drafting of this Contract by having ample opportunity to review and submit suggested changes or corrections for incorporation into the final version of this Contract.

G. This Amended Contract shall be binding upon and shall inure to the benefit of the prospective heirs, executors, administrators, successors and assigns of the parties, provided however that the District General Manager may not assign obligations hereunder.

H. General Manager shall not assign this Amended Contract in whole or in part.

I. The above Recitals are true and correct and incorporated herein by reference.

J. This Amended Contract may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument, and shall be governed by the laws of the State of California.

**NIPOMO COMMUNITY SERVICES DISTRICT
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IN WITNESS WHEREOF, the parties hereto have executed this Amended Contract on the below identified dates.

GENERAL MANAGER

DISTRICT

Mario Iglesias

Ed Eby, President

DATE: _____, 2018

DATE: _____, 2018

APPROVED AS TO FORM:

Whitney McDonald, District Legal Counsel

TO: BOARD OF DIRECTORS

FROM: MARIO IGLESIAS
GENERAL MANAGER



DATE: AUGUST 24, 2018

AGENDA ITEM
E-1
SEPTEMBER 12, 2018

SOLID WASTE FUND #300 REVIEW OF RESERVE LEVEL AND SPENDING PLAN

ITEM

Review NCSD Finance and Audit Committee ("Committee) report on solid waste fund #300 reserve and spending plan – discuss options developed by the Committee and direct staff [RECOMMEND REVIEW AND DISCUSS FINANCE AND AUDIT COMMITTEE RECOMMENDATIONS AND DIRECT STAFF]

BACKGROUND

The District's Board of Directors ("Board") is looking to the Committee to provide recommendations on how best to apply funds generated by the Solid Waste Franchise Agreement ("Agreement") for the benefit of the community it serves. The Board also directed the Committee to evaluate the Cash Reserve Policy for Solid Waste Fund #300 and provide recommendations for modifying or maintaining the funding level.

The Committee's first meeting was held on July 19, 2018. For reference purposes, Agenda Item 2 is attached for review as is District Resolution 2017-1435 amending the cash reserve policy. At the July 19, 2018 Committee Meeting, staff was tasked with providing additional information for the Committee's review and consideration. The Committee scheduled a second meeting to be held on August 6, 2018.

The Committee's second meeting was held on August 6, 2018 and the requested information was provided to committee members for review and discussion. The August 2, 2018 Memo, prepared for the Committee Meeting is attached for review. In summary, the memo addressed three questions generated by discussions in the first Committee meeting and provided a pro/con evaluation of three District actions.

After extensive debate, the Committee developed three discussion items with a minimum of two options for each item to bring back for full Board consideration.

1. What Cash Reserve Level should be maintained?
2. How should annual franchise fees be used?
3. What percent of the franchise fee should the District maintain?

The Committee's report [Attachment A] provides the Board with options developed in the Committee meetings.

The Committee had a follow-up for question 3 above that asks how excess franchise fees not needed to fund reserves or clean-up projects should be managed. This question can best be answered once your Board decides on the percentage of the franchise fee to retain and/or the level of reserves your Board determines to be appropriate. For example, if the minimum franchise fee will support Board approved activities and program administrative costs but nothing more, there would be no excess franchise fees to consider.

If however, your Board chooses to maintain the maximum franchise fee of 10%, the current spending plan would not utilize the full amount collected. The excess franchise fees would build up and continue to contribute to reserve levels. Depending upon your Board's decision on modifying the reserve policy, increased collection could work for or against the Board's objective. Therefore it is most practical to answer the question of how to manage the excess franchise fees once your Board determines how to manage the overall Solid Waste Fund by resolving issues raised in the above 3 questions.

FISCAL IMPACT

The fiscal impact of maintaining the status quo of the program is predictable. If your Board does not change your current spending plan, the reserve policy, or the percentage of the franchise fee collected by the District, then the Solid Waste Fund would continue to gain approximately \$41,000 per year. The District has an estimated cash balance of \$289,000 for Fiscal Year 2018-19. If this level of reserves is reached it will exceed the cash reserve level policy by \$174,000.

There are multiple variables being discussed by your Board that could change the overall management and fiscal impact on the Solid Waste Fund. The current 5.14% franchise fee collected annually by the District is approximately \$62,000. Fiscal Year 2018-19 costs include \$9,300 for funding program administration, \$2,000 for insurance and \$1,500 for legal costs. There is \$7,500 program operating costs to support community clean-up programs. Based on your Board's decisions, the fiscal impact of any change of the Solid Waste Fund program are wide ranging.

STRATEGIC PLAN

Goal 4. FINANCE. Maintain conservative, long-term financial management to minimize rate impacts on customers while meeting program financial needs.

B.1 Evaluate, plan for and maintain finances that are adequate for all needs, stable, and reliable over the long-term.

Goal 6. GOVERNANCE AND ADMINISTRATION. Conduct District activities in an efficient, equitable and cost-effective manner.

A.1 Periodically review, update and reaffirm District policies and procedures.

RECOMMENDATION

Staff recommends your Honorable Board review and discuss the Committee options presented in this staff report and the supporting documentation developed by the Committee for managing the District's Solid Waste Fund #300, its cash reserve level, spending plan, and franchise fee and direct staff accordingly.

ATTACHMENTS

- A. August 10, 2018 Finance and Audit Committee Board Report – Solid Waste Fund #300 Review
- B. August 6, 2018 Finance and Audit Committee Meeting Agenda Item 2 – Staff Report
- C. August 2, 2018 Memo to Finance and Audit Committee
- D. July 19, 2018 Finance and Audit Committee Meeting Agenda Item 2 – Staff Report
- E. Nipomo CSD Resolution 2017-1435, Amending Cash Reserve Policy

SEPTEMBER 12, 2018

ITEM E-1

ATTACHMENT A

Date: August 10, 2018

SOLID WASTE FUND #300 REVIEW – REPORT TO BOARD OF DIRECTORS

Comm. Members: Director Armstrong, Director Gaddis

Staff: Mario Iglesias, Lisa Bognuda

REPORT

The Finance and Audit Committee met to develop recommendations to present to the Board of Directors on three items regarding the Solid Waste Fund #300:

1. Cash Reserve Policy Levels
2. Uses for the Annual Franchise Fee
3. Disposition of Excess Franchise Fees

1. Cash Reserve Policy – three options developed

- Remain the same at \$115,000
- Adjust to a range of \$0 to \$150,000¹
- Raise minimum reserve to \$225²

Note 1: \$150,000 = 2 x \$75,000 normal monthly cost of solid waste collection.

Note 2: Raise minimum reserve to \$225,000 to be added to \$225,000 that normally is collected over 3 months. Together the amount collected equals \$450,000 and was recommended by Garbage Company General Manager. This would be available and meet a 3-month emergency operating cost estimate. Mr. Smith, GM, explained his recommendation comes from his experience and as there is no Company policy to refer to.

2. Uses of Annual Franchise Fees – two options developed

- Status Quo (Use of funds for local clean-up projects, Creek Clean Up, Olde Towne garbage can pick up and other Board approved uses)
- Restrict to Creek Clean Up and Old Town garbage can pick up only

3. What percent of the franchise fee should the District maintain and how should excess franchise fees not needed to fund reserve or clean-up projects be managed:

- Maximum Franchise Fee: 10%
- Current Franchise Fee: 5.14%

It was the Committee's opinion that there was benefit to the community to continue District involvement in the enterprise, but Committee Members could not reach consensus on how best to manage the disposition of fees collected in excess of amounts required to fund reserves and local clean-up efforts. In the past, excess funds have been used to (1) buy down rate increases and (2) fund credits to the ratepayers. Options going forward include:

Solid Waste Fund #300 Review
August 6, 2018

- refunding all excess fees through billing credits only,
- applying all excess funds to offset rate increases, or
- continuing to use a mix of rate buy-downs and billing credits.

Given that rate buy-downs could have Prop 218 implications, the Committee concluded that the entire Board should discuss the disposition of excess funds.

SEPTEMBER 12, 2018

ITEM E-1

ATTACHMENT B

TO: FINANCE AND AUDIT COMMITTEE
FROM: MARIO IGLESIAS
GENERAL MANAGER
DATE: AUGUST 2, 2018

AGENDA ITEM
2
AUGUST 6, 2018

**REVIEW SOLID WASTE FUND #300 CASH RESERVE POLICY
AND EVALUATE USE OF FUNDS**

ITEM

Review Solid Waste Fund #300 Cash Reserve Policy and evaluate use of funds
[RECOMMEND REVIEW POLICY AND CONSIDER USE OF FUNDS]

BACKGROUND

The Finance and Audit Committee (“Committee”) met on July 19, 2018 at the direction of Board President Eby. President Eby assigned the Committee with the task of: (1) evaluating the Cash Reserve Policy for Solid Waste Fund #300, and (2) review appropriate uses for monies received in Fund #300. At the July 19, 2018 Committee Meeting, staff was tasked with providing information for the Committee’s review and consideration. The information requested is provided in the attached August 2, 2018 Memo to the Committee [Attachment A].

For reference purposes, the July 19, 2018 Committee agenda Item 2 is attached for review as is District Resolution 2017-1435 amending the cash reserve policy. The Committee may choose consider the additional information and include it in their evaluation process. The Board of Directors is looking to the Committee to provide recommendations on how best to apply the funds generated by the franchise agreement for the benefit of the community it serves.

FISCAL IMPACT

The District has an estimated cash balance of \$289,000 at the end of Fiscal Year 2018-19. The impact of maintaining this balance exceeds the current cash reserve level and may be unwarranted.

STRATEGIC GOAL

Goal 4. FINANCE. Maintain conservative, long-term financial management to minimize rate impacts on customers while meeting program financial needs.

B.1 Evaluate, plan for and maintain finances that are adequate for all needs, stable, and reliable over the long-term.

Goal 6. GOVERNANCE AND ADMINISTRATION. Conduct District activities in an efficient, equitable and cost-effective manner.

A.1 Periodically review, update and reaffirm District policies and procedures.

RECOMMENDATION

Staff recommends Committee review and discuss the District's Cash Reserve Policy for Solid Waste Fund #300 with the additional information provided in the attached Memo and to consider appropriate uses of these funds for the purpose of preparing a recommendation for the District's Board of Directors to consider.

ATTACHMENTS

- A. August 2, 2018 Memo to Finance and Audit Committee
- B. July 19, 2018 Finance and Audit Committee Meeting Agenda Item 2 – Staff Report
- C. Nipomo CSD Resolution 2017-1435, Amending Cash Reserve Policy

SEPTEMBER 12, 2018

ITEM E-1

ATTACHMENT C

Memo

TO: Nipomo CSD Finance & Audit Committee

FROM: Mario Iglesias
General Manager

DATE: August 2, 2018

SUBJECT: Solid Waste Fund #300 – Additional Information

Direction from Finance and Audit Committee (“Committee”) after July 19, 2018 Committee Meeting was to provide additional information for Committee Members as follows:

Investigate

- 1. How many other CSDs in our area have similar arrangements (have franchises) with Garbage Company?*
- 2. Is there a scenario where the Garbage Company would be unable to perform their duties as defined in the agreement?*
- 3. Would the Garbage Company be willing to share their route and billing information in the event they were unable to perform their duties as defined in the agreement? Any scenarios that would prevent them from sharing this information?*

Develop Pros and Cons

- 1. Spending Fund #300 money on Programs such as Clean Streets, Creek Clean-up, special events*
- 2. County take-over of enterprise*
- 3. Having a cash reserve balance for Fund #300*

Details and Responses

- 1. How many other CSDs in our area have similar arrangements (have franchises) with Garbage Company?*

There are 3 other CSDs staff identified with a similar franchise agreement with the Garbage Company. Los Osos CSD did have a franchise but relinquished it during a bankruptcy proceeding. Of the three CSDs with active franchise agreements – Templeton, Heritage Ranch, and Oceano, each has addressed the issue of cash reserves in their own way.

- Templeton CSD – Cash Reserve language is included in Templeton’s Strategic Financial Policies. The General Manager stated that all funds maintain a 25% balance of that year’s budgeted operating expenditures in cash reserves (currently \$100,000 in operating expenditures)

- Oceano CSD – No reserve policy. Has a balance of \$250,000 in Solid Waste Fund gained from franchise fee. Fees used for community clean-up events, commercial area garbage receptacle maintenance and pickup.
 - Heritage Ranch CSD – Cash Reserve policy targets \$100,000 to be used “for removal of solid waste and/or hazardous materials from a natural or man-made disaster.”
2. *Is there a scenario where the Garbage Company would be unable to perform their duties as defined in the agreement?*

While not specifically asking this question, I asked the General Manager of the Garbage Company, Mr. Jeff Smith, about scenarios that could make it difficult for them to perform their duties.

(1) What if there is a disaster so great that people cannot pay their garbage bill

(2) What if the franchisee servicing the community is unable to perform the duty.

My experience with this has been slightly different and focused on natural disasters rather than paying invoices during default of payment. The challenge may be that in a disaster situation, FEMA will require special disposal controls and costs could be adjusted. However, in just your scenario as noted in Number 1 below, the average monthly billing for Nipomo is approx. \$75,200.

In the second part of your question, there are a couple things to note. First, we have a performance bond to offset those costs if something developed and we were unable to perform. With that said, one thing dynamic about our company is that yes, we are a local hauler, but we also have national support. If there were an emergency, we have the ability to pull resources from around the country whether it be trucks or people to assist in emergency service situations. Depending on the circumstances, prices could be higher than normal if people and equipment had to be brought in from around the country. However, to identify that rate would depend on the type of emergency and is somewhat of a best guess. I think, for your purposes, you could safely assume double the monthly cost for 90 days of services might be adequate for staging equipment and providing services. (J. Smith, GM, SCS)

Another plausible scenario brought up at the F&A Committee is the issue of Bankruptcy. If the franchisee were in that position, the District would need to find another company and would be subject to the new company's pricing. Mr. Smith recommends the District plan for a 90-day initial interim contract, and doubling the current \$75,200 average monthly cost of service to account for potential incremental emergency costs. This would then bring the three month operating costs to \$450,000. Because customers will still be responsible for their monthly cost of service, the District could plan for paying the incremental costs. In this scenario, the incremental cost is \$75,000 per month or \$225,000 for the 90 days of an interim agreement.

3. *Would the Garbage Company be willing to share their route and billing information in the event they were unable to perform their duties as defined in the agreement? Any scenarios that would prevent them from sharing this information?*

The General Manager expressed his regrets, but he would be unable to share this information should we request it.

PROS AND CONS

1. Spending Fund #300 money on Programs such as Clean Streets, Creek Clean-up, special events.

Pros:

- a. Health and safety of the community
- b. Reduces community exposure to roadside dumping
- c. Improves the aesthetics of the community
- d. Limited public relations benefit

Cons:

- a. District responsible for developing spending plans and programs
- b. Program Failures
- c. Time and effort away from Water and Wastewater Enterprises
- d. Non-District customers benefit from Fund 300 programs

2. County take-over of enterprise

Pros:

- a. District has more time to focus on Water and Wastewater Enterprises
- b. District would not responsible for projects and programs

Cons:

- a. Cost of garbage service may increase (see Table A below)
- b. County can use Franchise Fees for other purposes, i.e. Roads
- c. No local control over projects and programs

As shown in Table A below, the cost of service inside District boundaries verses the cost of service on neighboring properties outside District boundaries varies. If County takes over Solid Waste, then collection becomes voluntary and costs inside the District boundaries area likely to increase as people elect not to have service.

TABLE A.

<i>Container</i>	<i>NCS Monthly Rate*</i>	<i>NCS Nonsubsidized</i>	<i>County Monthly Rate</i>	<i>Difference in Cost</i>	<i>Percentage Difference</i>
32 Gal.	\$ 34.35	\$ 36.02	\$ 36.58	\$ 0.56	1.53%
64 Gal.	\$ 49.22	\$ 51.61	\$ 60.32	\$ 8.71	14.44%
96 Gal.	\$ 64.51	\$ 67.65	\$ 87.31	\$ 19.66	22.52%
	4.86%	District subsidy level as of July 2018			

3. Having a cash reserve balance for Fund #300

Pros:

- a. District has funds to address unforeseen emergencies (i.e., earthquake debris removal)
- b. Funds available to temporarily support other enterprises (loan between funds)
- c. Fund support for Solid Waste capital projects (screens for WWTP to remove nonorganic material)

Cons:

- a. Time spent to develop solid waste specific projects to be funded from Fund 300
- b. Idle funds generate minimal interest income

SEPTEMBER 12, 2018

ITEM E-1

ATTACHMENT D

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2017-1435**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO
COMMUNITY SERVICES DISTRICT AMENDING THE CASH RESERVE
POLICY FOR THE DISTRICT**

WHEREAS, the Board of Directors of the Nipomo Community Services District ("District") intends that the District will at all times have sufficient capital available to meet its operating, replacement, capital projects and debt service payments; and

WHEREAS, the District desires to establish sound financial policies to promote favorable bond ratings in capital markets so that bonds may be used for future financing of District projects; and

WHEREAS, the District desires to reserve capital for unanticipated and unforeseeable expenses; and

WHEREAS, the District desires to establish a buffer should revenue estimates in any year not meet projections; and

WHEREAS, the Cash Reserve Policy has been amended and is hereby presented at this meeting and it is appropriate at this time for the Board of Directors to consider approval of the adoption of the amended Policy.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Nipomo Community Services District:

SECTION 1. The above recitals are true and correct.

SECTION 2. The Cash Reserve Policy, as amended, in the form presented at this meeting attached hereto Exhibit "A" are hereby approved and adopted.

SECTION 3. The officers of the District are hereby directed to do and cause to be done any and all acts and things necessary or proper in order to effectuate the purposes of this resolution.

SECTION 4. This resolution shall take effect immediately.

Upon a motion by Director Eby, seconded by Director Armstrong, on the following roll call vote, to wit:

AYES: Directors Eby, Armstrong, Blair and Gaddis
NOES: None
ABSTAIN: None
ABSENT: Director Woodson

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**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO
COMMUNITY SERVICES DISTRICT AMENDING THE CASH RESERVE
POLICY FOR THE DISTRICT**

The foregoing resolution is hereby adopted this 22nd day of March 2017.

DAN A. GADDIS
President of the Board

ATTEST:

APPROVED AS TO FORM AND
LEGAL EFFECT:

MARIO IGLESIAS
General Manager and Secretary to the Board

WHITNEY G. McDONALD
District Legal Counsel

NIPOMO COMMUNITY SERVICES DISTRICT
CASH RESERVE POLICY
EXHIBIT "A"

PURPOSE

A key element of prudent financial planning is to ensure that sufficient funding is available for current operating, capital and debt service needs. Additionally, fiscal responsibility requires anticipating the likelihood of, and preparing for, unforeseen events. Nipomo Community Services District (District) will strive at all times to have sufficient funding available to meet its operating, capital and debt service obligations as well as to protect its creditworthiness. The District is committed to maintaining a financial structure that provides adequate and predictable revenues at the lowest possible cost to meet forecasted needs and operational objectives.

It should be noted that the District has a Debt Management Policy that establishes parameters for evaluating, issuing and managing the District's debt. The District's Debt Management Policy should be considered prior to committing to any new financial obligations.

The adequacy of the targeted cash reserve year-end balance ranges and/or annual contributions to each fund will be reviewed annually during the budgeting process or when a major change in conditions threatens the reserve levels established within this policy.

OPERATING FUNDS

WATER FUND (FUND #125)

Purpose: To ensure sufficient cash resources are available to fund daily administration, operations and maintenance of providing water services. (Funded from rates and charges)

Target Criteria: To meet the District's cash flow needs and unbudgeted expenses, the Water Fund cash reserves, including the Water Rate Stabilization Fund #128, should be equal to or greater than twelve months (360 days) of annual budgeted operating expenses (not including Funded Replacement).

After adoption of the budget and within 90 days after the end of the fiscal year, the Board of Directors shall review the cash reserves, and if there is excess above the reserve requirement based on the cash reserve balance as of the fiscal year just completed, the Directors may approve a transfer of the excess balance from Water Fund #125 to the Funded Replacement Water Fund #805.

TOWN SEWER FUND (FUND #130)

Purpose: To ensure sufficient cash resources are available to fund daily administration, operations and maintenance of providing waste water services. (Funded from rates and charges)

Target Criteria: To meet the District's cash flow needs and unbudgeted expenses, the Town Sewer Fund cash reserves, including the Town Sewer Rate Stabilization Fund #135, should be equal to or greater than six months (180 days) of annual budgeted operating expenses (not including Funded Replacement).

NIPOMO COMMUNITY SERVICES DISTRICT
CASH RESERVE POLICY
EXHIBIT "A"

After adoption of the budget and within 90 days after the end of the fiscal year, the Board of Directors shall review the cash reserves, and if there is excess above the reserve requirement based on the cash reserve balance as of the fiscal year just completed, the Directors may Approve a transfer of the excess balance from the Town Sewer Fund #130 to the Funded Replacement Town Sewer Fund #810.

BLACKLAKE SEWER FUND (FUND #150)

Purpose: To ensure sufficient cash resources are available to fund daily administration, operations and maintenance of providing waste water services. (Funded from rates and charges)

Target Criteria: To meet the District's cash flow needs and unbudgeted expenses, the Blacklake Sewer Fund cash reserves, including the Blacklake Sewer Rate Stabilization Fund #155, should be equal to or greater than six months (180 days) of annual budgeted operating expenses (not including Funded Replacement).

After adoption of the budget and within 90 days after the end of the fiscal year, the Board of Directors shall review the cash reserves, and if there is excess above the reserve requirement based on the cash reserve balance as of the fiscal year just completed, the Directors may approve a transfer of the excess balance from the Blacklake Sewer fund #150 to the Funded Replacement Blacklake Sewer Fund #830.

WATER RATE STABILIZATION FUND (FUND #128)

Purpose: To serve as a buffer to water rates during any period where there are unexpected increases in operating costs or decreases in revenues. In addition, in a severe drought or extremely wet conditions, it is reasonable to expect that water sales could fluctuate significantly. As such, this fund will absorb these types of fluctuations in operations and help stabilize rates and enable smooth or level increases to rates despite uneven increases in underlying costs or variations in annual revenues received. This fund should not be used to artificially suppress rates (i.e. to sustain rates at levels below the costs of service). (Funded by rates and charges)

Target Criteria: Minimum reserve requirement of \$400,000.

TOWN SEWER RATE STABILIZATION FUND (FUND #135)

Purpose: To serve as a buffer to sewer rates during any period where there are unexpected increases in operating costs or decreases in revenues. This fund should be used to enable smooth or level increases to rates despite uneven increases in underlying costs or variations in annual revenues received. This fund should not be used to artificially suppress rates (i.e. to sustain rates at levels below the costs of service). (Funded by rates and charges)

Target Criteria: Minimum reserve requirement of \$300,000 set by Bond Indenture Agreement for the Revenue of Certificates of Participation Series 2012.

NIPOMO COMMUNITY SERVICES DISTRICT
CASH RESERVE POLICY
EXHIBIT"A"

BLACKLAKE SEWER RATE STABILIZATION FUND (FUND #155)

Purpose: To serve as a buffer to sewer rates during any period where there are unexpected increases in operating costs or decreases in revenues. This fund should be used to enable smooth or level increases to rates despite uneven increases in underlying costs or variations in annual revenues received. This fund should not be used to artificially suppress rates (i.e. to sustain rates at levels below the costs of service). (Funded by rates and charges)

Target Criteria: Minimum reserve requirement of \$50,000.

BLACKLAKE STREET LIGHTING (FUND #200)

Purpose: To ensure sufficient cash resources are available to fund administration, operations and maintenance of providing street lighting services for Blacklake Village. (Funded by annual assessment to property owners in Blacklake Village)

Target Criteria: Minimum reserve requirement of \$30,000.

LANDSCAPE MAINTENANCE DISTRICT (FUND #250)

Purpose: To ensure sufficient cash resources are available to fund administration, operations and maintenance of providing landscape maintenance to the property owners of Tract 2409. (Funded by annual assessment to property owners in Tract 2409 aka Vista Verde Estates)

Target Criteria: Minimum reserve requirement of \$20,000.

SOLID WASTE (FUND #300)

Purpose: To ensure sufficient cash resources are available to fund solid waste programs, rate stabilization and to cover operating costs in the event that the District may find itself operating solid waste collection, disposal and recycling functions should its business partner now franchised to do these functions be unable to continue to provide these services due to an unforeseen event. This reserve provides assurance that solid waste services remain uninterrupted during an extended disruption to service provider. (Funded by Franchise Fees)

Target Criteria: Minimum reserve requirement of \$115,000.

DRAINAGE (FUND #400)

Purpose: To ensure sufficient cash resources are available to operate and maintain the Nipomo Drainage Maintenance District 76-02 (storm water conveyance system and basin serving Folkert Oaks Mobile Home Park and adjacent properties on Juniper Street). (Funded by a 1% ad valorem property tax rate)

Target Criteria: Minimum reserve requirement of \$50,000.

NIPOMO COMMUNITY SERVICES DISTRICT
CASH RESERVE POLICY
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FUNDED REPLACEMENT- WATER (FUND #805)

Purpose: The reserves can be used for both short-term and long-term purposes. The objective of the Funded Replacement Fund is to provide monies for the current and future replacement of existing capital assets as they reach the end of their useful lives. The District recognizes that the Funded Replacement fund may only be sufficient to pay a portion of the full cost of future capital asset replacements and other sources of replacement funding may be needed, such as a bond issuance. This fund will also help normalize the impact of the capital asset replacements on future water rates. (Funded by water rates and charges and interest earnings)

Target Criteria: Based on 2007 or current Replacement Study

FUNDED REPLACEMENT- TOWN SEWER (FUND #810)

Purpose: The reserves can be used for both short-term and long-term purposes. The objective of the Funded Replacement Fund is to provide monies for the current and future replacement of existing capital assets as they reach the end of their useful lives. The District recognizes that the Funded Replacement fund may only be sufficient to pay a portion of the full cost of future capital asset replacements and other sources of replacement funding may be needed, such as a bond issuance. This fund will also help normalize the impact of the capital asset replacements on future town sewer rates. (Funded by Town sewer rates and charges and interest earnings)

Target Criteria: Based on 2007 or current Replacement Study.

FUNDED REPLACEMENT- BLACKLAKE SEWER (FUND #830)

Purpose: The reserves can be used for both short-term and long-term purposes. The objective of the Funded Replacement Fund is to provide monies for the current and future replacement of existing capital assets as they reach the end of their useful lives. The District recognizes that the Funded Replacement fund may only be sufficient to pay a portion of the full cost of future capital asset replacements and other sources of replacement funding may be needed, such as a bond issuance. This fund will also help normalize the impact of the capital asset replacements on future Blacklake sewer rates. (Funded by Blacklake sewer rates and charges and interest earnings)

Target Criteria: Based on 2007 or current Replacement Study.

NON-OPERATING FUNDS

SUPPLEMENTAL WATER FUND (#500)

Purpose: The revenue generated from the Supplemental Water Capacity Charge accumulates in this fund and its use is restricted to projects, programs and expenditures that reduce the District's reliance on groundwater as its sole water supply. (Funded by development capacity charges and interest earnings)

Target Criteria: No minimum target is maintained.

NIPOMO COMMUNITY SERVICES DISTRICT
CASH RESERVE POLICY
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PROPERTY TAX (FUND #600)

Purpose: District's share of the 1% ad valorem tax on real property collected by the County of San Luis Obispo and distributed to the District pursuant to Article XIII A of the California Constitution. (Funded by property taxes and interest earnings)

Target Criteria: No minimum target is maintained, however, the annual property tax revenue stream is pledged to pay the annual debt service for the 2013 Certificates of Participation and the 2013 Refunding Revenue Bonds.

WATER CAPACITY CHARGES (FUND #700)

Purpose: The revenue generated from the Water Capacity Charge accumulates in this fund and is used to offset new development related capital improvements as outlined by the District's Capital Improvement Plan. (Funded by development capacity charges and interest)

Target Criteria: No minimum target is maintained.

TOWN SEWER CAPACITY CHARGES (FUND #710)

Purpose: The revenue generated from the Town Capacity Charge accumulates in this fund and is used to offset new development related capital improvements as outlined by the District's Capital Improvement Plan. (Funded by development capacity charges and interest earnings)

Target Criteria: No minimum target is maintained.

SINKING FUND- TOWN SEWER (FUND #880)

Purpose: The reserves may be used to pay annual debt service payments for the Revenue Certificates of Participation (Southland Wastewater Project) Series 2012. (Funded by Town sewer rates and charges in years 2008- 2012 in anticipation of the Southland Wastewater Treatment Facility Upgrade)

Target Criteria: No minimum target is maintained. Once the reserves in this fund are depleted, the fund will be terminated.

SEPTEMBER 12, 2018

ITEM E-1

ATTACHMENT E

TO: FINANCE AND AUDIT COMMITTEE

FROM: MARIO IGLESIAS
GENERAL MANAGER

DATE: JULY 13, 2018

AGENDA ITEM

2

JULY 19, 2018

REVIEW SOLID WASTE FUND #300 CASH RESERVE POLICY AND EVALUATE USE OF FUNDS

ITEM

Review Solid Waste Fund #300 Cash Reserve Policy and evaluate use of funds
[RECOMMEND REVIEW POLICY, CONSIDER USE OF FUNDS AND DIRECT STAFF]

BACKGROUND

At your Board's July 11, 2018 Board Meeting, President Eby assigned the Finance and Audit Committee ("Committee") with the task of: (1) evaluating the Cash Reserve Policy for Solid Waste Fund #300, and (2) review appropriate uses for monies received in Fund #300. The Committee is then to provide recommendations to the Board for any changes to the policy and/or how the funds should be used.

The Cash Reserve Policy ("Policy") for Solid Waste Fund #300 ("Fund #300") is found in Nipomo Community Services District's Resolution No. 2017-1435 [attached]. The Policy includes "Targeted Criteria" cash reserve levels for the Operating Funds. The purpose of cash reserves is to ensure the District maintains a reserve of cash "at all times to have sufficient funding available to meet its operating, capital, and debt service obligations" as stated therein.

CASH RESERVE POLICY

The estimated cash balance as of July 1, 2018 for Fund #300 is \$244,000. The Cash Reserve Level for Fund #300 is set in the Policy at \$115,000. This level of reserves was established by the Board:

"To ensure sufficient cash resources are available to fund solid waste programs, rate stabilization and to cover operating costs in the event that the District may find itself operating solid waste collection, disposal, and recycling functions should its business partner now franchised to do these functions be unable to continue to provide these services due to an unforeseen event. This reserve provides assurance that solid waste services remain uninterrupted during an extended disruption to service provider."

The annual cost for solid waste collection in the District's service area is approximately \$1.5 million. Should the District's business partner now franchised to do these functions be unable to continue providing these services, the District would need to find a vendor able to take on these functions temporarily. The time frame for "temporarily" has not been defined, but the current cash reserve level of \$115,000 would most likely cover the first three weeks of services.

Staff has reached out to different solid waste-collection service providers requesting an estimate for services on a temporary basis in the event necessary. As of the date of this staff report, no service provider has responded. Without an estimate by a service provider, staff can only estimate the cost of providing similar services from a different service provider would be

more expensive. This would be due to the nature of an agreement that includes startup costs such as route planning and customer billing records development. It may be prudent to consider adding 50% of the current cost of service with the current business partner to the estimate for temporary, emergency waste collection services.

When discussing cash reserve levels for Fund #300, the Committee may want to address the following questions:

- Are cash reserve levels appropriate
- Should language be modified to the existing policy
- Is there a need for additional factors – definitions, limitations on funds

FUND #300 PROGRAMS

The District currently receives approximately 5% of the 10% Franchise Fee identified in the original agreement – currently, about \$62,000/year. Over the years, the District used approximately 5% of the Franchise Fee to reduce customer rate increases imposed by the franchisee. Of the \$62,000 annually the District does retain, funding is directed towards programs that remove, reduce, or recycle solid waste in the community. In the past, these programs have included:

- Grant funding for monthly solid waste street patrols, collection and removal
- Creek Day – Annual event to remove solid waste from Nipomo Creek
- Highway litter removal Cal-Trans Program
- Nipomo Clean-up Day – a one-day large item removal program
- Old Town monthly trash receptacle pickup

Additionally, the District has provided solid waste rate holidays, where the District pays for a month of waste collection service for customers. This happens when Fund #300 has accumulated sufficient monies such that reserve levels are maintained above the Targeted Criteria after the expenditure of a rate holiday. This program is the single greatest expenditure, costing up to \$125,000 per rate holiday.

The second highest expenditure program, historically, is the Grant awarded to the Nipomo Chamber of Commerce for monthly monitoring and removal of solid waste on the streets of the community. Below is the history of the program including periods the program was in place, the award dates for the Grants, and those periods within each year's Grant.

Year of Grant	Amount	Awarded	Grant Period	No. of Months
2012	\$6,556	Oct. 10, 2012	Nov. 2012 – Oct. 2013	12
2013	\$4,010	Mar. 13, 2013	Mar. 2013 – Jun. 2013	4
2014	\$24,552	Mar. 26, 2014	May 2014 – Apr. 2015	12
2015	\$30,000	Feb. 11, 2015	Dec. 2014 – Nov. 2015	12
2016	\$35,000	Jan. 13, 2016	Dec. 2015 – Nov. 2016	12

The District cancelled this program in 2016 due to a lack of performance by the Chamber. There are no funds in the current budget dedicated to renewing the program with a different business partner.

District's General Counsel has provided a legal opinion limiting the use of funds collected by this enterprise. Monies collected through Fund #300 must be directed back to programs that specifically support reducing, removing, or recycling solid waste in the District. Any program your Honorable Board would consider supporting that relies on funding in part or in whole from Fund #300 must meet the intent of this premise.

When discussing the appropriate use of Fund #300 monies, the Committee may want to address the following questions:

- Build in Automatic Spending – Rate Holidays – when cash balances reach a threshold
- Schedule more services to community – large item collections, HazWaste extended hours, add waste receptacles
- Lower rates

FISCAL IMPACT

The District has an estimated cash balance of \$289,000 at the end of Fiscal Year 2018-19. The impact of maintaining this balance exceeds the current cash reserve level and may be unwarranted.

STRATEGIC GOAL

Goal 4. FINANCE. Maintain conservative, long-term financial management to minimize rate impacts on customers while meeting program financial needs.

- B.1 Evaluate, plan for and maintain finances that are adequate for all needs, stable, and reliable over the long-term.

Goal 6. GOVERNANCE AND ADMINISTRATION. Conduct District activities in an efficient, equitable and cost-effective manner.

- A.1 Periodically review, update and reaffirm District policies and procedures.

RECOMMENDATION

Staff recommends the Finance and Audit Committee review and discuss the Cash Reserve Policy for Solid Waste Fund #300 and to consider appropriate uses of these funds, for the purpose of preparing a recommendation for the District's Board of Directors consideration.