

TO: BOARD OF DIRECTORS

REVIEWED: RAY DIENZO *R.D.*
GENERAL MANAGER

FROM: JANA ETTEDDGUE *Jn*
FINANCE DIRECTOR

DATE: OCTOBER 17, 2024

AGENDA ITEM
D-6
OCTOBER 23, 2024

ANNUAL REVIEW OF CASH RESERVES IN ACCORDANCE WITH RESERVE POLICY

ITEM

Annual review of Cash Reserves in accordance with Cash Reserve Policy [RECOMMEND RECEIVE REPORT AND DIRECT STAFF]

BACKGROUND

On February 8, 2023, the Board of Directors adopted Resolution 2023-1655 Amending the Cash Reserve Policy for the District.

The policy states in part that after the adoption of the budget and within 120 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 excess balances from operating funds to funded replacement funds.

In accordance with the Cash Reserve Policy, attached is a table providing a review of each Fund's cash reserve target criteria, the cash balance as of June 30, 2024 and determination if target criteria has been met (Attachment A).

FISCAL IMPACT

None

STRATEGIC PLAN

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

RECOMMENDATION

Staff recommends the Board of Directors receive report and take no action at this time.

ATTACHMENTS

- A. Cash Reserve Review
- B. Resolution 2023-1655 Cash Reserve Policy

OCTOBER 23, 2024

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ATTACHMENT A

**NIPOMO COMMUNITY SERVICES DISTRICT
CASH RESERVE POLICY REVIEW – OCTOBER 2024**

FUND NAME	FUND NUMBER	CASH RESERVE TARGET CRITERIA	CASH RESERVE GOAL AMOUNT ADOPTED OPERATING BUDGET 2024-2025 (Total Operating Expenses Less Funded Replacement)	CASH BALANCE AS OF 6/30/24 (including Rate Stabilization Fund)	CASH RESERVE CRITERIA MET?	RECOMMENDATION
Water Fund	125	Equal to or greater than twelve months (360 days) of annual budgeted operating expenses (not including Funded Replacement) Including Water Rate Stabilization Fund #128	\$7,615,228- \$400,000= \$7,215,228	Fund #125 and Fund #128 \$3,937,532 + \$460,763= \$4,398,295	No	No action recommended at this time – Rate increase scheduled January 1, 2024. Rate Study Scheduled for 2025.
Town Sewer Fund	130	180 days (6 months or 50%) of operating expenses (not including Funded Replacement) Including Water Rate #135	\$2,211,857- \$100,000= \$2,111,857 x 50%= \$1,055,929	Fund #130 and Fund #135 \$307,644 + \$346,474 = \$654,118	No	No action recommended at this time –Rate Study in process to be effective July 1, 2025.
Blacklake Sewer Fund	150	180 days (6 months or 50%) of operating expenses (not including Funded Replacement) Including Water Rate #155	\$802,439- \$188,000= \$614,439 x 50% = \$307,220	Fund #150 and Fund #155 \$1,126,894 + \$57,595.31 = \$1,184,489	Yes	No action recommended at this time

FUND NAME	FUND NUMBER	Cash Reserve Target Criteria	CASH BALANCE AS OF 6/30/24	CASH RESERVE CRITERIA MET?	RECOMMENDATION
Water Rate Stabilization Fund	128	\$400,000	\$460,763	Yes	No action recommended at this time
Town Sewer Rate Stabilization Fund	135	\$300,000	\$346,474	Yes	No action recommended at this time
Blacklake Sewer Rate Stabilization Fund	155	\$50,000	\$57,595	Yes	No action recommended at this time
Blacklake Street Lighting Fund	200	\$17,000	\$20,680	Yes	Action taken in Fiscal Year 24-25- Assessment stayed the same \$89.00
Blacklake Street Lighting Fund- Funded Replacement	205	\$25,000	\$20,532	No	No action recommended at this time
Landscape Maintenance District	250	\$20,000	\$21,296	Yes	Action taken in Fiscal Year 24-25- Assessment stayed the same\$525.00
Solid Waste	300	\$150,000	\$415,118	Yes	No action recommended at this time
Drainage	400	\$50,000	\$50,616	Yes	No action recommended at this time

OCTOBER 23, 2024

ITEM D-6

ATTACHMENT B

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2023-1655**

**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 Hansen, seconded by Director Gaddis, on the following roll call vote, to wit:

AYES: *Directors Hansen, Gaddis, Woodson, Eby and Malvarose*
NOES: *NONE*
ABSENT: *NONE*
CONFLICTS: *NONE*

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2023-1655**

**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 8th day of February 2023



RICHARD MALVAROSE
President of the Board

ATTEST:



MARIO IGLESIAS
General Manager and Secretary to the Board

APPROVED AS TO FORM AND
LEGAL EFFECT:



CRAIG STEELE
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 120 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 120 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 120 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 \$17,000.

FUNDED REPLACEMENT-BLACKLAKE STREET LIGHTING (FUND #205)

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. (Funded by annual assessment to property owners in Blacklake Village)

Target Criteria: Minimum reserve requirement of \$25,000.

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 \$150,000.

NIPOMO COMMUNITY SERVICES DISTRICT
CASH RESERVE POLICY
EXHIBIT "A"

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.

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: No minimum target is maintained

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: No minimum target is maintained

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: No minimum target is maintained

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.

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.

TO: BOARD OF DIRECTORS

FROM: CRAIG A. STEELE
DISTRICT COUNSEL

DATE: October 17, 2024

AGENDA ITEM

E-1

OCTOBER 23, 2024

FIRST AMENDMENT TO EMPLOYMENT AGREEMENT BETWEEN THE DISTRICT AND THE GENERAL MANAGER

ITEM

Consider Proposed First Amendment to the Employment Agreement between the District and the General Manager [RECOMMEND APPROVAL OF THE FIRST AMENDMENT TO THE EMPLOYMENT AGREEMENT FOR THE GENERAL MANAGER]

BACKGROUND

The District's General Manager is employed pursuant to an employment agreement that was effective in September, 2023. The employment agreement requires that your Board conduct an annual performance evaluation, which has generally been concluded. The Board directed District Counsel to discuss with the General Manager certain amendments to his employment contract. Following those discussions, Counsel suggests that the Board consider the amendments shown in the attached First Amendment to the Employment Agreement between the District and Ray Dienzo. The proposed changes, which are subject to discussion and consideration by the Board in open session, are summarized below:

1. Increase annual salary by 3%, effective at the start of the current fiscal year on July 1, 2024. The Board previously approved an increase in the annual salary by the same COLA amount applicable to other employees. This additional 3% increase would make the General Manager's annual salary \$196,780.99.
2. Provide that the cost of professional certifications (including required continuing education courses) that benefit the District would be paid for by the District.
3. Clarify that the paid holidays designated in the District's Employee Handbook for all employees also apply to the General Manager. The only effect of this change is to provide the General Manager with the one floating holiday available to all other employees.
4. Increase the number of paid administrative leave days from 8 to 10 per year. Administrative leave days cannot be carried over from year to year. Salary for unused days is paid to the employee at the end of the year.

No other changes are proposed to the employment agreement.

It is recommended that the Board consider and approved the proposed First Amendment, which Mr. Dienzo has accepted.

FISCAL IMPACT

The proposed action will result in an annual salary increase of approximately \$5,731.49. The approximate cost of two additional administrative leave days and one additional paid holiday is \$1,513.70. The approved budget for fiscal year 2024-2025 will accommodate these changes.

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 consider and approve the amendment to the General Manager's employment agreement.

ATTACHMENTS

- A. Employment Agreement
- B. First Amendment to Employment Agreement

OCTOBER 23, 2024

ITEM E-1

ATTACHMENT A

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

Attachments:

Exhibit "A" - General Manager Job Description

THIS EMPLOYMENT CONTRACT, is made and entered into by and between the Nipomo Community Services District (herein referred to as "District"), and Raymond Dienzo (herein also referred to as "General Manager" or "Dienzo"), with reference to the following recitals (District and Dienzo may be referred to collectively as the "Parties"):

RECITALS

- A. District is a California Community Services District organized and operating pursuant to 61000 *et seq.*, of the Government Code.
- B. District desires to appoint and employ Dienzo as General Manager of the District;
- C. Dienzo desires to accept employment as General Manager of the District.
- D. The purpose of this Contract is to define the employment relationship between Dienzo and the District.

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 appoint and employ Dienzo as General Manager of District and Secretary to the Board of Directors (collectively those positions constitute the position of the "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:

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

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GENERAL MANAGER
EMPLOYMENT CONTRACT**

4) The supervision of the district's finances.”

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

- 1) Maintaining accurate records of the proceedings of the Board of Directors.
- 2) Maintaining a book of District Ordinances or Codes with his attestation.
- 3) Maintaining District records including original Ordinances, Resolutions and Contracts and attest to the originals and true and correct copies of the same.
- 4) 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.

C. The General Manager may deputize other District employees to perform the duties in sub-paragraph 1) and 2) above and deputize the Finance Director or Assistant General Manager to perform the duties referenced in paragraphs 3) and 4) above in the absence of the General Manager

D. Employee agrees to perform the functions and duties specified herein, in Government Code Section 61051, in the District's Code, and in Exhibit "A," and also to perform such other legally permissible and proper duties and functions as the District Board of Directors may from time to time assign, under the terms and conditions of employment set forth in this Contract.

E. Both parties acknowledge that specific duties of the General Manager position may vary from time to time at the discretion of the Board, and that the Board's assignment of additional specific lawful duties shall not require any amendment of this Contract.

SECTION 3 - TERM

Subject approval by the Board of Directors and execution by Employee, this Contract shall take effect on September 22, 2023 ("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 of this Contract and any other applicable law.

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

SECTION 4 - TERMINATION AND SEVERANCE PAY

A. General Manager understands and expressly agrees that he has no constitutionally protected property right or interest in his employment as General Manager, and that the full terms and conditions of his employment are expressed herein.

B. The General Manager shall serve at the will and pleasure of the District Board of Directors and may be terminated by such Board 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 equal to three (3) months base salary and the employee's cost of maintaining coverage for that period of the District-paid benefits specified in Section 10A in effect as of the date of termination ("Severance Pay"). 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 and the employee's cost of maintaining coverage for that period of the District-paid benefits specified in Section 10A in effect as of the date of termination. 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, as defined herein, 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 be at the reasonable discretion of the Board and 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;
5. Conduct unbecoming the position of General Manager or likely to bring discredit or embarrassment to District;

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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 of 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 the Board at least forty-five (45) calendar days advance written notice, unless the parties otherwise agree in writing. In the event General Manager voluntarily resigns his 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 good cause pursuant to paragraph C above and it is later determined that the termination was wrongful, such termination shall automatically 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 eighty five thousand dollars (\$185,000) 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 amend the salary amount set forth in this Section 5 by Board Action without amending this Contract. This subsection 5C 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 reasonably available at all times.

SECTION 7 - PERFORMANCE REVIEW

A. The Board shall conduct an annual performance review of the General Manager at or about each anniversary of the Effective Date.

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

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. The Board hereby approves the General Manager's existing part-time teaching activity at Cuesta College, as long as such activity does not conflict or interfere with job duties.

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 General Manager's 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 or any subsequent resolution, 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.

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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.

SECTION 11 - CELL PHONE REIMBURSEMENT

General Manager shall be reimbursed monthly at the rate of \$100.00 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 vacation days shall accrue at the rate of 1 and 1/4 of a working day per month of paid employment (15 days/year).
2. In addition to normal accruals, as provided herein, on the Effective Date, General Manager shall be credited with a "bank" of five (5) accrued vacation days.
3. General Manager shall not carry over more than two hundred forty (240) hours of vacation leave per calendar year. Once the maximum vacation accrual is reached, vacation time will no longer be accrued. 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. 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, the Friday in November immediately following the day designated as Thanksgiving Day, the four (4) regularly scheduled District working hours immediately preceding the day designated as Christmas Day, Christmas Day, and the four (4) regularly scheduled District working 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.

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

E. Administrative Leave: Starting January 1, 2024, the General Manager shall be entitled to eight (8) administrative leave days with pay per calendar year. In 2023, the General Manager shall be entitled to three (3) administrative leave days with pay. 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, or use is not feasible, 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.

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.

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

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
148 South Wilson Street
Nipomo, CA 93444
Attn: President of the Board of Directors

2. Raymond Dienzo
[ADDRESS AND EMAIL ADDRESS ON FILE]

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.

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 could give rise to the appearance of impropriety.

B. The terms of this Contract are intended by the parties as a final expression of their agreement as to its subject and may not be contradicted by evidence of any prior agreement 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

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

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 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 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 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 Contract in whole or in part.

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

J. This 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. The parties agree to accept electronic signatures.

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

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

GENERAL MANAGER



Raymond Dienzo

DATE: Aug 6, 2023

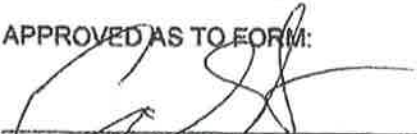
DISTRICT



Richard Malvarose, President

DATE: 9 AUGUST, 2023

APPROVED AS TO FORM:



Craig A. Steele, District Legal Counsel

OCTOBER 23, 2024

ITEM E-1

ATTACHMENT B

**NIPOMO COMMUNITY SERVICES DISTRICT
GENERAL MANAGER
FIRST AMENDMENT TO EMPLOYMENT CONTRACT**

THIS FIRST AMENDMENT TO EMPLOYMENT AGREEMENT, is approved and entered into by and between the Nipomo Community Services District (herein referred to as "District"), and Raymond Dienzo (herein also referred to as "General Manager" or "Dienzo"), with reference to that certain Employment Agreement between District and General Manager dated September 22, 2023 ("the Agreement").

1. Section 5.A. of the Agreement is hereby amended to read as follows (text to be added is underlined, text to be deleted is ~~struck through~~):

"Effective July 1, 2024, District agrees to pay the General Manager for his/her services rendered pursuant hereto an annual salary of one hundred ninety six thousand, seven hundred eighty one dollars and five cents (\$196,781.05)~~one hundred eighty five thousand dollars (\$185,000)~~ 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."

2. Section 9.A.1. of the Agreement is hereby amended to read as follows (text to be added is underlined, text to be deleted is ~~struck through~~):

"Professional dues and subscriptions necessary for full participation in appropriate and relevant associations and organizations and, as it benefits the District, all fees related to professional certifications and renewals, and continuing education related to maintaining these certifications;"

3. Section 12.C. of the Agreement is hereby amended to read as follows (text to be added is underlined, text to be deleted is ~~struck through~~):

"Holidays: Subject to job constraints, the employee holidays listed in the current version of the District's Employee Handbook apply to the General Manager." ~~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 working hours immediately preceding the day designated as Christmas Day, Christmas Day, and the four (4) regularly scheduled District working hours immediately preceding the day designated as New Year's Day. The General Manager is not entitled to the floating holiday.~~

4. Section 12.E. of the Agreement is hereby amended to read as follows (text to be added is underlined, text to be deleted is ~~struck through~~):

"Administrative Leave: Starting January 1, 2024, the General Manager shall be entitled to ten (10) eight (8) administrative leave days with pay per calendar year. In 2023, the General Manager shall be entitled to three (3) administrative leave days with pay. Administrative leave cannot be accumulated or carried over one calendar year to the next. Any unused administrative leave at the end of a calendar year will be cashed out and paid to the General Manager at their then-current rate of pay. Administrative leave shall not be scheduled when it would leave the District without appropriate management."

5. Except as specifically amended herein, all other provisions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment to the Agreement on the below identified dates.

SIGNATURES ON FOLLOWING PAGE

GENERAL MANAGER

DISTRICT

Raymond Dienzo, P.E.

Ed Eby, President

DATE: _____, 2024

DATE: _____, 2024

APPROVED AS TO FORM:

Craig A. Steele, District Legal Counsel

TO: BOARD OF DIRECTORS
 FROM: RAY DIENZO, P.E. R.D.
 GENERAL MANAGER
 DATE: OCTOBER 18, 2024

**AGENDA ITEM
 F
 OCTOBER 23, 2024**

GENERAL MANAGER'S REPORT

ITEM

Standing report to your Honorable Board -- *Period covered by this report is 10/6/2024-10/19/2024.*

DISTRICT BUSINESS

Administrative

The District encourages residents to provide reports of any observed water waste. The District also keeps an accounting of leak adjustments as a measure of non-revenue water lost to leaks and tracks late fee waivers. The table below provides September 2024 data, which is the most recent monthly data available. (No changes from 10/9/2024 Meeting)

OFFICE ACTIVITIES	Sep 24	Jan 24- Sep 24
Leak Adjustments	3	17
Leak Adjustment Amount	\$488.40	\$3553.19
Late Fee Waivers	6	48
Late Fee Waiver Adjustment Amount	\$200.22	\$2960.73

Water Resources

For the three (3) months of the 2024-2025 Fiscal Year, the District's total combined production, including groundwater production wells and supplemental water imported through the Joshua Road Pump Station, registered **185.7 AF**. (No changes from 10/9/2024 Meeting)

The District imported more water through the Joshua Road Pump Station than it produced from groundwater sources. This trend will continue through the year as the District strives to maintain the 50% groundwater reduction goal while also reaching the District's contract import water take amount of 1,000 AFY minimum.

Table 1. Total Production Acre Feet (AF)

	Sep 24	Jul 24- Sep 24
Groundwater Production	73.0	242.8
Supplemental Water Imported	<u>112.7</u>	<u>345.8</u>
Total Production	185.7	588.6

NCS D GW Reduction

The District's purveyor customers, Golden State Water Company and Woodlands Mutual Water Company, each are responsible for 16.66% (cumulatively 33.33%) of the imported water NCS D brings onto the basin through the NSWP. Of the 1,000 AF minimum imported water from the City of Santa Maria, 333 AF or 33.33% of the total imported water – whichever is greater – will be credited to these two purveyor customers. The credited amount must be added to the District's groundwater pumping total every month to reflect the groundwater pumped by these customers in-lieu of taking imported water from the District. Table 2, below, captures this data.

(No changes from 10/9/2024 Meeting)

<u>Table 2. NCSD GW Production (NCSD GW Well Production plus Purveyor Credit)</u>		
	Sep-24	Jul 24 – Sep 24
NCSD GW Well Production	73.0	242.8
Purveyor Customer Credit (33.3% of Import Water)	37.5	115.2
NCSD Total Calculated GW Production	110.5	358.0
Average GW Production for 2009-2013	264.7	575.9
NCSD Percentage of GW Reduction	58%	57%

2024-2025 Fiscal Year Groundwater Pumping Forecast

This information will be updated in the November 13, 2024 report

Other Items

- Transparency Certificate of Excellence Awarded to Nipomo Community Services District
 - o For the 11th consecutive year, our District received the District Transparency Certificate of Excellence by the Special District Leadership Foundation (SDLF) in recognition of its outstanding efforts to promote transparency and good governance.
 - o To receive the award, our District demonstrated the completion of essential governance transparency requirements, including conducting ethics training for all board members, properly conducting open and public meetings, and filing financial transactions and compensation
 - o The District achieved this award in 2013 and has maintained it ever since.
 - o Our staff is to be commended for their contributions that empower the public with information and facilitate engagement and oversight.
 - o Special recognition to our senior administration clerk, Luisa Cahua, for her efforts and for informing the SDLF of our District's efforts.

- County Water Action Team
 - o The County of SLO is commencing the next phase of the Master Water Report. They will be implementing a county-wide publicly accessible data and information system. The District will be working closely with the County to inform this effort.

- Grant for Electric Vehicle charging stations
 - o Possible opportunities are being pursued; details in the following weeks.
- Dana Reserve Annexation Progress
 - o LAFCO Hearing – 11/14/2024
- Sewer Rate Study – in progress - target effective date July 2025
- Solid Waste Rate Review – in progress
 - o Pre-Prop 218 Notices - November 13, 2024
 - o Rate Hearing – January 22, 2025
 - o Target effective date Feb 2025

Upcoming Water Resource and Other Meetings

10/9/2024	- NCS D Board Meeting	9:00 AM	District Board Room
10/9/2024	- County Water Action Team	3:00 PM	County of SLO
10/10/2024	- NMMA - TG	10:00 AM	Teams
10/10/2024	- Ray Volunteer - 13th Annual Empty Bowls	12 noon	Arroyo Grande
10/14/2024	- IWMA Local Task Force	1:00 PM	Teams
10/23/2024	- NCS D Board Meeting	9:00 AM	District Board Room
10/24/2024	- SLO County Planning Commission	9:00 AM	SLOCo Board Room
10/24/2024	- SLO CSDA Chapter Meeting	11:30 AM	SLO - Olive Garden
11/4/2024	- South County Multi-Jurisdictional Coordination Meeting	1:00 PM	District Board Room
11/13/2024	- NCS D Board Meeting	9:00 AM	District Board Room
11/14/2024	- LAFCO - Dana Reserve Hearing	9:00 AM	SLOCo Board Room

Upcoming Water Resource and Other Meetings

10/21/2024	- Bond Refinancing Signing Session	10:00 AM	District Board Room
10/23/2024	- NCS D Board Meeting	9:00 AM	District Board Room
10/24/2024	- SLO County Planning Commission	9:00 AM	SLOCo Board Room
10/24/2024	- SLO CSDA Chapter Meeting	11:30 AM	SLO - Olive Garden
10/25/2024	- ASCE Luncheon	11:30 AM	SLO Grange Hall
10/28/2024	- SCAC	6:30 PM	District Board Room
10/30/2024	- Hazard Mitigation Planning Committee Kickoff	10:00 AM	Teams
11/4/2024	- South County Multi-Jurisdictional Coordination Meeting	1:00 PM	District Board Room
11/13/2024	- NCS D Board Meeting	9:00 AM	District Board Room
11/14/2024	- LAFCO - Dana Reserve Hearing	9:00 AM	SLOCo Board Room
11/19/2024	- NMMA - TG	9:30 AM	Teams

SAFETY PROGRAM

No reportable issues

RECOMMENDATION

Staff seeks direction for format changes or future information your Board would desire to be included in future general manager reports.

Recommend forming an Ad-Hoc Committee for Use of Supplemental Water

ATTACHMENT:

- SDLF Letter - District Transparency Certificate of Excellence Approval

OCTOBER 23, 2024

ITEM F

ATTACHMENT A



October 18, 2024

Nipomo Community Services District
148 S. Wilson Street
Nipomo, CA 93444

RE: District Transparency Certificate of Excellence Approval

Congratulations! Nipomo Community Services District has successfully completed the District Transparency Certificate of Excellence program through the Special District Leadership Foundation (SDLF).

On behalf of the SDLF Board of Directors, I would like to congratulate your district on achieving this important certificate. By completing the District Transparency Certificate of Excellence Program, Nipomo Community Services District has proven their dedication to being fully transparent as well as open and accessible to the public and other stakeholders.

Congratulations and thank you for your dedication to excellence in local government.

Most sincerely,

Sandy Raffelson
SDLF Board President