



HERITAGE RANCH COMMUNITY SERVICES DISTRICT BOARD OF DIRECTORS REGULAR MEETING MINUTES

May 21, 2026

1. CALL TO ORDER / FLAG SALUTE

President Barker called the meeting to order at 4:00 p.m. and led the flag salute.

2. ROLL CALL

Secretary Gelos called the roll. Director Burgess and Director Yaffee were absent. All other directors were in attendance.

Staff Present: General Manager, Scott Duffield, District Engineer, Doug Groshart, and District Counsel, Craig Steele via Zoom.

3. PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA

There were no public comments.

Director Yaffee arrived at 4:02.

4. PUBLIC HEARINGS

a. Submittal for approval Resolution 26-04 Confirming Water and Sewer Standby Charges for Property within the District for Fiscal Year 2026/27.

There were no public comments.

Manager Duffield presented the item and answered any questions the board had.

Upon the motion of Director Camou and seconded by Director Swanson, the board approved Resolution 26-04 as presented following a roll call vote:

Ayes: Barker, Camou, Swanson, Yaffee

Absent: Burgess

5. CONSENT ITEMS

a. Meeting Minutes: Receive/approve minutes of regular meeting of April 16, 2026.

b. Warrant Register: Receive/approve April 2026 warrants.

c. Treasurer's Report: Receive/file April 2026 report.

d. Fiscal Report: Receive/file April 2026 status report.

e. Office Report: Receive/file April 2026 report.

f. District Engineer Report: Receive/file May 2026 report.

g. Operations Manager Report: Receive/file May 2026 report.

h. Updates regarding disinfection byproducts.

There were no public comments.

Upon the motion of Director Yaffee and seconded by Director Camou, the board approved all items as presented following a voice vote:

Ayes: Barker, Camou, Swanson, Yaffee
Absent: Burgess

6. BUSINESS ITEMS

a. Receive and file the first draft of the FY 2026/27 Budget and provide direction to staff.

There were no public comments.

Manager Duffield provided a brief summary of the item and answered any questions the Board had.

The report was received and filed.

b. Receive and file Water Resource Recovery Facility Project updates.

Public Comment: Catie Garcia spoke.

Manager Duffield provided a brief summary and PowerPoint presentation of the item and answered any questions the Board had.

The report was received and filed.

7. GENERAL MANAGER REPORT

There were no public comments.

Manager Duffield presented the item and answered questions from the board.

The report was received and filed.

8. COMMITTEE / DIRECTOR REPORTS (oral reports)

There were no committee / director reports.

9. FUTURE AGENDA ITEMS

Public Comment: Cheryl Fox and Catie Garcia both spoke.

The board requested staff research and determine if a presentation from LAFCO is appropriate to be put on a future agenda, regarding Road Powers for the District.

10. ADJOURN TO CLOSED SESSION

Pursuant to Government Code §54957.6: Conference With Labor Negotiators – Memorandum of Understanding

There were no public comments.

Upon a motion by Director Camou and Seconded by Director Barker, the Board adjourned to closed session at 5:00 p.m.

11. RECONVENE TO OPEN SESSION

The board reconvened to open session at 5:15 p.m. There was no reportable action.

12.ADJOURNMENT

Upon a motion by Director Yaffee, and seconded by Director Swanson, the meeting adjourned at 5:15 p.m.

Minutes submitted by: Kristen Gelos, *Secretary, Board of Directors*

Minutes approved by:

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
WARRANT REGISTER
May 2026**

DATE	NAME OF PAYEE	ITEM AMOUNT	WARRANT AMOUNT
5/1/2026	R. ARNOLD NET PAYROLL	3,220.09	\$ 3,220.09
5/1/2026	B. VOGEL NET PAYROLL	3,321.01	\$ 3,321.01
5/1/2026	T. SHOGREN NET PAYROLL	3,366.72	\$ 3,366.72
5/1/2026	J. MARTY NET PAYROLL	2,112.21	\$ 2,112.21
5/1/2026	J. GULARTE NET PAYROLL	2,218.89	\$ 2,218.89
5/1/2026	N. OTTO NET PAYROLL	2,490.15	\$ 2,490.15
5/1/2026	K. GELOS NET PAYROLL	3,370.97	\$ 3,370.97
5/1/2026	D. BURGESS NET PAYROLL	92.35	\$ 92.35
5/1/2026	B. BARKER NET PAYROLL	92.35	\$ 92.35
5/1/2026	S. DUFFIELD NET PAYROLL	4,605.32	\$ 4,605.32
5/1/2026	D. GROSHART NET PAYROLL	4,694.15	\$ 4,694.15
5/1/2026	M. CAMOU NET PAYROLL	92.35	\$ 92.35
5/1/2026	M. YAFFEE NET PAYROLL	92.35	\$ 92.35
5/1/2026	H. COLLINS NET PAYROLL	860.61	\$ 860.61

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
WARRANT REGISTER
May 2026**

DATE	NAME OF PAYEE	ITEM AMOUNT	WARRANT AMOUNT
5/1/2026	INTERNAL REVENUE SERVICE FEDERAL WITHHOLDING TAXES FICA WITHHOLDING MEDICARE	3,968.72 49.60 1,241.34	\$ 5,259.66
5/1/2026	EMPLOYMENT DEVELOPMENT DEPARTM ETT SDI SUI STATE WITHHOLDING	1.08 551.27 17.32 1,380.82	\$ 1,950.49
5/1/2026	CALPERS RETIREMENT SYSTEM CALPERS UNIFORM ALLOWANCE PERS-IRC 457 CONTRIBUTIONS PERS-IRC 457 CONTRIBUTIONS PERS RETIREMENT PERS RETIREMENT TIER 2 PERS RETIREMENT PEPRA SURVIVOR BENEFIT	10.53 395.00 1,252.27 1,995.49 2,196.43 3,115.98 9.30	\$ 8,975.00
5/3/2026	CALPERS HEALTH BENEFITS CALPERS HEALTH BENEFITS EMPLOYEE PAID HEALTH BENEFIT EMPLOYEE PAID HEALTH BENEFIT	18,398.43 804.33 804.33	\$ 20,007.09
5/4/2026	PG&E ELECTRICITY	5.92	\$ 5.92
5/6/2026	PITNEY BOWES GLOBAL FINANCIAL POSTAGE METER LEASE	161.79	\$ 161.79
5/7/2026	U.S. BANK EQUIPMENT FINANCE COMPUTER/SOFTWARE	281.63	\$ 281.63
5/7/2026	PITNEY BOWES POSTAGE POSTAGE	200.00 700.00	\$ 900.00
5/15/2026	JORANDA MARKETING, INC. / JAN- STRUCTURES & GROUNDS	304.60	\$ 304.60
5/15/2026	R. ARNOLD NET PAYROLL	3,328.37	\$ 3,328.37

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
WARRANT REGISTER
May 2026**

DATE	NAME OF PAYEE	ITEM AMOUNT	WARRANT AMOUNT
5/15/2026	B. VOGEL NET PAYROLL	3,321.01	\$ 3,321.01
5/15/2026	T. SHOGREN NET PAYROLL	2,868.52	\$ 2,868.52
5/15/2026	J. MARTY NET PAYROLL	2,680.38	\$ 2,680.38
5/15/2026	J. GULARTE NET PAYROLL	1,951.77	\$ 1,951.77
5/15/2026	N. OTTO NET PAYROLL	2,180.44	\$ 2,180.44
5/15/2026	K. GELOS NET PAYROLL	3,370.97	\$ 3,370.97
5/15/2026	S. DUFFIELD NET PAYROLL	4,442.76	\$ 4,442.76
5/15/2026	D. GROSHART NET PAYROLL	4,694.15	\$ 4,694.15
5/15/2026	H. COLLINS NET PAYROLL	1,710.20	\$ 1,710.20
5/15/2026	INTERNAL REVENUE SERVICE FEDERAL WITHHOLDING TAXES MEDICARE	3,934.26 1,235.02	\$ 5,169.28
5/15/2026	EMPLOYMENT DEVELOPMENT DEPARTM ETT SDI SUI STATE WITHHOLDING	2.16 553.62 34.64 1,219.54	\$ 1,809.96
5/15/2026	CALPERS RETIREMENT SYSTEM PERS-IRC 457 CONTRIBUTIONS PERS-IRC 457 CONTRIBUTIONS PERS RETIREMENT PERS RETIREMENT TIER 2 PERS RETIREMENT PEPPRA SURVIVOR BENEFIT	395.00 1,252.27 1,995.48 2,196.43 3,286.02 9.30	\$ 9,134.50

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
WARRANT REGISTER
May 2026**

DATE	NAME OF PAYEE	ITEM AMOUNT	WARRANT AMOUNT
5/16/2026	J.B. DEWAR. INC. FUEL & OIL	2,843.60	\$ 2,843.60
5/18/2026	PG&E ELECTRICITY	2,832.17	\$ 2,832.17
5/21/2026	AT&T MAINTENANCE FIXED EQUIPMENT	81.48	\$ 81.48
5/21/2026	CHARTER COMMUNICATIONS INTERNET	131.25	\$ 131.25
5/21/2026	FILL N SAVE FUEL & OIL	34.78	\$ 34.78
5/21/2026	AMPM TRAINING & TRAVEL	50.28	\$ 50.28
5/21/2026	HYATT TRAINING & TRAVEL	1,006.35	\$ 1,006.35
5/21/2026	CSDA TRAINING & TRAVEL	890.00	\$ 890.00
5/21/2026	TRACTOR SUPPLY CO. MAINTENANCE FIXED EQUIPMENT	150.51	\$ 150.51
5/21/2026	RING CENTRAL TELEPHONE	295.91	\$ 295.91
5/21/2026	OAK HILL MARKET MAINTENANCE FIXED EQUIPMENT	18.38	\$ 18.38
5/21/2026	WALMART MAINTENANCE FIXED EQUIPMENT	10.84	\$ 10.84
5/21/2026	STARLINK INTERNET	290.00	\$ 290.00
5/21/2026	W. M. LYLES CO. WRRF PROJECT	1,230,743.53	\$ 1,230,743.53
5/24/2026	CALPERS RETIREMENT SYSTEM CALPERS UNFUNDED LIABILITY	11,740.08	\$ 11,740.08

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
WARRANT REGISTER
May 2026**

DATE	NAME OF PAYEE	ITEM AMOUNT	WARRANT AMOUNT
5/26/2026	PG&E ELECTRICITY	49.62	\$ 49.62
5/27/2026	STAPLES CREDIT PLAN OFFICE SUPPLISE OFFICE SUPPLISE OFFICE SUPPLISE	47.17 52.71 43.07	\$ 142.95
5/27/2026	AT&T TELEPHONE	90.58	\$ 90.58
5/27/2026	USA BLUEBOOK MAINTENANCE FIXED EQUIPMENT MAINTENANCE FIXED EQUIPMENT MAINTENANCE FIXED EQUIPMENT	92.93 87.58 174.23	\$ 354.74
5/27/2026	TYLER TECHNOLOGIES COMPUTER/SOFTWARE	20,427.27	\$ 20,427.27
5/27/2026	FGL ENVIRONMENTAL VEHICLES LAB TESTING	283.00 118.00	\$ 401.00
5/27/2026	CENTRAL COAST IRRIGATION & SUP MAINTENANCE FIXED EQUIPMENT	217.13	\$ 217.13
5/27/2026	ROY ARNOLD CELL PHONE/INTERNET ALLOWANCE MEDICAL REIMBURSEMENT	80.00 50.00	\$ 130.00
5/27/2026	DELTA LIQUID ENERGY PROPANE	221.33	\$ 221.33
5/27/2026	PRW STEEL SUPPLY MAINTENANCE FIXED EQUIPMENT	32.48	\$ 32.48
5/27/2026	ANTHONY'S TIRE STORE VEHICLES	595.25	\$ 595.25
5/27/2026	FLUID RESOURCE MANAGEMENT MAINTENANCE FIXED EQUIPMENT	29,253.00	\$ 29,253.00
5/27/2026	ABALONE COAST ANALYTICAL, INC. LAB TESTING	3,298.00	\$ 3,298.00

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
WARRANT REGISTER
May 2026**

DATE	NAME OF PAYEE	ITEM AMOUNT	WARRANT AMOUNT
5/27/2026	NAPA AUTO PARTS VEHICLES/FIXED EQUIPMENT MAINTENANCE FIXED EQUIPMENT	236.72 200.88	\$ 437.60
5/27/2026	ALPHA ELECTRICAL SERVICE MAINTENANCE FIXED EQUIPMENT	1,677.01	\$ 1,677.01
5/27/2026	KRISTEN GELOS CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00
5/27/2026	CORE & MAIN LP MAINTENANCE FIXED EQUIPMENT MAINTENANCE FIXED EQUIPMENT MAINTENANCE FIXED EQUIPMENT	271.06 75.80 32.02	\$ 378.88
5/27/2026	RINCON CONSULTANTS, INC. WRRF PROJECT	1,271.75	\$ 1,271.75
5/27/2026	BURT INDUSTRIAL SUPPLY MAINTENANCE FIXED EQUIPMENT MAINTENANCE FIXED EQUIPMENT SMALL TOOLS & EQUIPMENT	116.51 223.37 543.73	\$ 883.61
5/27/2026	MATRIX IMAGING SOLUTIONS MAY BILLING	1,630.50	\$ 1,630.50
5/27/2026	SCOTT DUFFIELD CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00
5/27/2026	WESTERN EXTERMINATOR STRUCTURES & GROUNDS	144.43	\$ 144.43
5/27/2026	BRIAN VOGEL CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00
5/27/2026	TROY SHOGREN CELL PHONE/INTERNET ALLOWANCE MEDICAL REIMBURSEMENT	80.00 240.26	\$ 320.26
5/27/2026	DOUGLAS GROSHART CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00
5/27/2026	SPEEDY COASTAL MESSENGER, INC. LAB TESTING	505.00	\$ 505.00

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
WARRANT REGISTER
May 2026**

DATE	NAME OF PAYEE	ITEM AMOUNT	WARRANT AMOUNT
5/27/2026	AMAZON SUPPLIES	117.37	\$ 117.37
5/27/2026	EVOQUA WATER TECHNOLOGIES LLC MAINTENANCE FIXED EQUIPMENT	25,231.83	\$ 25,231.83
5/27/2026	JERED MARTY CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00
5/27/2026	CARBON HEALTH MEDICAL GROUP OF PROFESSIONAL SERVICES PROFESSIONAL SERVICES	230.00 230.00	\$ 460.00
5/27/2026	HYDROSCIENCE ENGINEERS INC WRRF PROJECT	83,553.00	\$ 83,553.00
5/27/2026	JASON GULARTE CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00
5/27/2026	U.S. BANK EQUIPMENT FINANCE COMPUTER/SOFTWARE	281.63	\$ 281.63
5/27/2026	VC3, INC. PROFESSIONAL SERVICES	1,351.40	\$ 1,351.40
5/27/2026	RWG LAW LEGAL & ATTORNEY	1,482.90	\$ 1,482.90
5/27/2026	NICK OTTO CELL & INTERNET ALLOWANCE	80.00	\$ 80.00
5/27/2026	HALLIDAY PRODUCTS INC LS #2 PROJECT	2,345.00	\$ 2,345.00
5/29/2026	R. ARNOLD NET PAYROLL	3,328.37	\$ 3,328.37
5/29/2026	B. VOGEL NET PAYROLL	3,321.01	\$ 3,321.01
5/29/2026	T. SHOGREN NET PAYROLL	3,441.03	\$ 3,441.03

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
WARRANT REGISTER
May 2026**

DATE	NAME OF PAYEE	ITEM AMOUNT	WARRANT AMOUNT
5/29/2026	J. MARTY NET PAYROLL	2,112.21	\$ 2,112.21
5/29/2026	J. GULARTE NET PAYROLL	2,244.89	\$ 2,244.89
5/29/2026	N. OTTO NET PAYROLL	2,269.75	\$ 2,269.75
5/29/2026	K. GELOS NET PAYROLL	3,370.97	\$ 3,370.97
5/29/2026	S. DUFFIELD NET PAYROLL	4,442.76	\$ 4,442.76
5/29/2026	D. GROSHART NET PAYROLL	4,694.15	\$ 4,694.15
5/29/2026	H. COLLINS NET PAYROLL	1,710.20	\$ 1,710.20
5/29/2026	INTERNAL REVENUE SERVICE FEDERAL WITHHOLDING TAXES MEDICARE	4,032.77 1,250.96	\$ 5,283.73
5/29/2026	EMPLOYMENT DEVELOPMENT DEPARTM ETT SDI SUI STATE WITHHOLDING	2.16 560.76 34.64 1,268.68	\$ 1,866.24
5/29/2026	CALPERS RETIREMENT SYSTEM PERS-IRC 457 CONTRIBUTIONS PERS-IRC 457 CONTRIBUTIONS PERS RETIREMENT PERS RETIREMENT TIER 2 PERS RETIREMENT PEPPRA SURVIVOR BENEFIT	395.00 1,252.27 1,995.48 2,196.43 3,286.02 9.30	\$ 9,134.50
TOTAL ALL WARRANTS			\$1,591,322.50

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
TREASURER'S REPORT
May 2026**

SUMMARY REPORT OF ALL ACCOUNTS

Beginning Balance:	\$ 8,998,606
Ending Balance:	\$ 9,315,740
Variance:	\$ 317,134
Interest Earnings for the Month Reported:	\$ 23,982
Interest Earnings Fiscal Year-to-Date:	\$ 204,093

ANALYSIS OF REVENUES

Total operating income for water and sewer was:	\$ 319,873
Non-operating income was:	\$ 1,587,093
Franchise fees paid to the District by San Miguel Garbage was:	\$ 4,465
Interest earnings for the LAIF account was:	\$ -
Interest earnings for the California CLASS account was:	\$ 4,922
Interest earnings for the Five Star Bank checking account was:	\$ 59
Interest earnings for the Five Star Bank DWR Loan Services account was:	\$ 85
Interest earnings for the Five Star Bank DWR Reserve account was:	\$ 422
Interest earnings for the Mechanics Bank money market account was:	\$ 0

ANALYSIS OF EXPENSES

Five Star Bank checking account total warrants, fees, and Electronic Fund Transfers was:	\$ 181,276
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STATEMENT OF COMPLIANCE

This report was prepared in accordance with the Heritage Ranch Community Services District Statement of Investment Policy. All investment activity was within policy limits. There are sufficient funds to meet the next 30 days obligations. Attached is a status report of all accounts and related bank statements.

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
STATUS REPORT FOR ALL ACCOUNTS
May 2026**

BEGINNING BALANCE ALL ACCOUNTS **\$ 8,998,605.56**

OPERATING CASH IN DRAWER **\$ 300.00**

FIVE STAR BANK DWR LOAN REPAYMENT (1994-2029):

BEGINNING BALANCE 4/30/2026	2,767.31	
QUARTERLY DEPOSIT	25,907.00	
INTEREST EARNED	84.84	
SEMI-ANNUAL PAYMENT		
ENDING BALANCE 5/31/2026		\$ 28,759.15

FIVE STAR BANK DWR RESERVE ACCOUNT

BEGINNING BALANCE 4/30/2026	130,225.16	
INTEREST EARNED	422.44	
ENDING BALANCE 5/31/2026		\$ 130,647.60

FIVE STAR BANK SDWSRF LOAN SERVICES ACCOUNT

BEGINNING BALANCE 4/30/2026	16,783.69	
QUARTERLY DEPOSIT	14,685.00	
INTEREST EARNED	97.45	
SEMI-ANNUAL PAYMENT		
ENDING BALANCE 5/31/2026		\$ 31,566.14

FIVE STAR BANK SDWSRF RESERVE ACCOUNT

BEGINNING BALANCE 4/30/2026	67,390.05	
INTEREST EARNED	218.60	
ENDING BALANCE 5/31/2026		\$ 67,608.65

BANNER BANK WRRF CHECKING ACCOUNT

BEGINNING BALANCE 4/30/2026	64.86	
TOTAL CHECKS, FEES AND EFT'S	(35.00)	
REVENUE TRANSFER <i>From Banner Bank WRRF Loan Account</i>	1,315,568.00	
REVENUE TRANSFER <i>To Five Star Money Market</i>	(1,315,568.00)	
ENDING BALANCE 5/31/2026		\$ 29.86

BANNER BANK WRRF RESERVE ACCOUNT

BEGINNING BALANCE 4/30/2026	1,241,686.27	
INTEREST EARNED	21.09	
ENDING BALANCE 5/31/2026		\$ 1,241,707.36

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
STATUS REPORT FOR ALL ACCOUNTS
May 2026**

MECHANICS BANK MONEY MARKET ACCOUNT

BEGINNING BALANCE 4/30/2026	12,886.93	
DEPOSIT REVENUE - CASH	1,647.20	
INTEREST EARNED	0.10	
REVENUE TRANSFER <i>To Five Star Checking</i>	(8,026.93)	
ENDING BALANCE 5/31/2026		\$ 6,507.30

FIVE STAR BANK - MONEY MARKET

BEGINNING BALANCE 4/30/2026	3,143,305.71	
INTEREST EARNED	18,157.04	
TOTAL CHECKS, FEES AND EFT'S	(40,592.00)	
REVENUE TRANSFER <i>From Five Star Checking</i>	1,900,000.00	
REVENUE TRANSFER <i>From Banner Bank Checking</i>	1,315,568.00	
ENDING BALANCE 5/31/2026		\$ 6,336,438.75

FIVE STAR BANK - CHECKING

BEGINNING BALANCE 4/30/2026	181,275.53	
DEPOSIT REVENUE & MISCELLANEOUS INCOME	1,571,637.87	
INTEREST EARNED	58.86	
TOTAL CHECKS, FEES AND EFT'S	(2,595,665.55)	
REVENUE TRANSFER <i>From CA Class</i>	2,932,848.86	
REVENUE TRANSFER <i>From Mechanics Bank</i>	8,026.93	
REVENUE TRANSFER <i>To Five Star Money Market</i>	(1,900,000.00)	
ENDING BALANCE 5/31/2026		\$ 198,182.50

LOCAL AGENCY INVESTMENT FUND (LAIF)

BEGINNING BALANCE 4/30/2026	269,071.19	
INTEREST EARNED	-	
ENDING BALANCE 5/31/2026		\$ 269,071.19

CALIFORNIA CLASS

BEGINNING BALANCE 4/30/2026	3,932,848.86	
INTEREST EARNED	4,921.51	
REVENUE TRANSFER <i>To Five Star Checking</i>	(2,932,848.86)	
ENDING BALANCE 5/31/2026		\$ 1,004,921.51

ENDING BALANCE ALL ACCOUNTS		\$ 9,315,740.01
DIFFERENCE FROM LAST MONTH	Increase	\$ 317,134.45

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT - CONSOLIDATED BUDGET
2025/26 Budget**

OPERATING REVENUE	Budget FY 25/26	Actual May	Actual Year to Date	Percentage Year to Date	Variance Explanation
Water Fees	1,791,637	177,489	1,790,672	100%	
Sewer Fees	1,600,609	135,077	1,462,132	91%	
Hook-Up Fees	2,400	1,200	2,400	100%	
Turn on Fees	3,500	225	2,050	59%	
Late Fees	20,790	0	37,668	181%	Fluctuates based on activity
Plan Check & Inspection	1,600	2,209	6,422	401%	Fluctuates based on activity
Miscellaneous Income	500	3,672	15,462	3092%	Fluctuates based on activity
TOTAL OPERATING	\$3,421,036	\$319,873	\$3,316,805	97%	

FRANCHISE REVENUE					
Solid Waste Franchise Fees	46,336	4,465	56,285	121%	
TOTAL FRANCHISE	\$46,336	\$4,465	\$56,285	121%	

TOTAL OPERATING \$3,467,372 \$324,337 \$3,373,091 97%

NON-OPERATING REVENUE					
Standby Charges	242,200	71,136	239,393	99%	
Property Tax	497,891	145,036	505,666	102%	
Interest	64,494	23,982	204,093	316%	Fluctuates based on activity
Connection Fees	28,232	29,026	58,052	206%	Fluctuates based on activity
TOTAL NON-OPERATING	\$832,817	\$269,180	\$1,007,205	121%	

RESERVE REVENUE					
Capital Reserves	223,288	0	92,579	41%	
Operating Reserves	24,429,683	1,317,913	2,650,451	11%	
TOTAL RESERVE	\$24,652,971	\$1,317,913	\$2,743,030	11%	

TOTAL NON-OPERATING \$25,485,788 \$1,587,093 \$3,750,234 15%

TOTAL ALL REVENUE	\$28,953,160	\$1,911,430	\$7,123,325	25%	
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**HERITAGE RANCH COMMUNITY SERVICES DISTRICT - CONSOLIDATED BUDGET
2025/26 Budget**

OPERATING EXPENSES

SALARIES AND BENEFITS	Budget FY 25/26	Actual May	Actual Year to Date	Percentage Year to Date	Variance Explanation
Salaries	1,095,291	124,098	932,661	85%	
Health Insurance	247,593	15,031	162,091	65%	
Health Insurance - Retirees	62,535	4,765	52,371	84%	
Pers Retirement	195,963	24,641	231,429	118%	
OPEB Funding/Transfer	35,000	0	0	0%	
Standby	34,380	2,673	25,966	76%	
Overtime	3,985	0	1,339	34%	
Workers Comp. Ins.	34,469	0	25,804	75%	
Directors' Fees	36,000	400	5,400	15%	
Medicare/FICA	16,405	1,888	14,462	88%	
Car Allowance	3,000	250	2,750	92%	
SUI/ETT	1,000	92	546	55%	
Uniforms	8,424	0	4,995	59%	
TOTAL SALARIES & BENEFITS	\$1,774,045	\$173,838	\$1,459,813	82%	

UTILITIES

Electricity	140,535	2,888	143,409	102%	
Propane	1,649	221	889	54%	
Water Purchase	28,600	0	28,600	100%	Paid Semiannually
Telephone/Internet	13,846	1,528	16,081	116%	
TOTAL UTILITIES	\$184,630	\$4,637	\$188,979	102%	

MAINTENANCE & SUPPLIES

Chemicals	89,232	0	69,621	78%	
Computer/Software	38,134	20,991	34,110	89%	
Equip. Rental/Lease	2,812	0	0	0%	
Fixed Equip.	210,349	58,172	252,048	120%	
Fuel & Oil	16,873	2,878	19,235	114%	
Lab Testing	66,367	3,921	50,253	76%	
Office Supplies	1,687	143	1,533	91%	
Parks & Recreation	0	0	0	0%	
Struct./Grnds.	16,805	449	6,809	41%	
Small Tools/Equip.	3,375	544	2,400	71%	
Supplies	5,062	117	2,975	59%	
Meters/Equip.	13,498	0	4,887	36%	
Vehicles	6,750	890	11,413	169%	
TOTAL MAINT. & SUP.	\$470,944	\$88,105	\$455,284	97%	

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT - CONSOLIDATED BUDGET
2025/26 Budget**

GENERAL & ADMINISTRATION	Budget FY 25/26	Actual May	Actual Year to Date	Percentage Year to Date	Variance Explanation
Ads./Advertising	1,622	0	963	59%	
Alarm/Answering Service	4,500	0	3,787	84%	
Audit	10,816	0	9,745	90%	
Bank Charges/Fees	0	35	105	0%	
Consulting/Engineering	10,000	0	0	0%	
Dues/Subscription	11,248	0	12,464	111%	
Elections	0	0	0	0%	
Insurance	50,754	0	0	0%	
LAFCO	8,652	0	9,227	107%	Paid Annually
Legal/Attorney	27,040	1,483	25,199	93%	
Licenses/Permits	32,621	0	33,798	104%	
Plan Check & Inspection	1,600	0	0	0%	
Postage/Billing	16,873	2,692	21,263	126%	
Professional Service	100,451	1,811	44,520	44%	
Tax Collection	7,847	7,414	7,414	94%	
Staff Training & Travel	13,499	1,947	7,620	56%	
Board Training & Travel	1,082	0	289	27%	
TOTAL G & A	\$298,605	\$15,382	\$176,393	59%	

CAPITAL PROJECTS & EQUIPMENT

Structures/Improvements	24,582,971	1,317,913	2,743,030	11%	
Equipment	70,000	0	0	0%	
TOTAL CAPITAL EXPENSE	\$24,652,971	1,317,913	2,743,030	11%	

DEBT

State Loan Payment	103,628	0	103,628	100%	paid semiannually
State Loan Payment Phase II	58,740	0	29,369	50%	paid semiannually
Western Alliance Lease-PVS	152,321	0	152,321	100%	paid semiannually
TOTAL DEBT	\$314,689	\$0	\$285,318		

FUNDED DEPRECIATION	\$288,000	\$24,000	\$264,000	92%	
UNFUNDED DEPRECIATION	\$0	\$0	\$0	0%	

TOTAL EXPENSE	\$27,983,884	\$1,623,875	\$5,572,817	20%	
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CAPACITY CHARGES TRANSFER \$28,232 \$29,026 \$58,052 206%

SOLID WASTE FEES TRANSFER -\$25,630 -\$3,815 -\$8,625 34%

FUND TOTAL	\$966,674	\$262,344	\$1,501,081		
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HERITAGE RANCH COMMUNITY SERVICES DISTRICT OFFICE REPORT

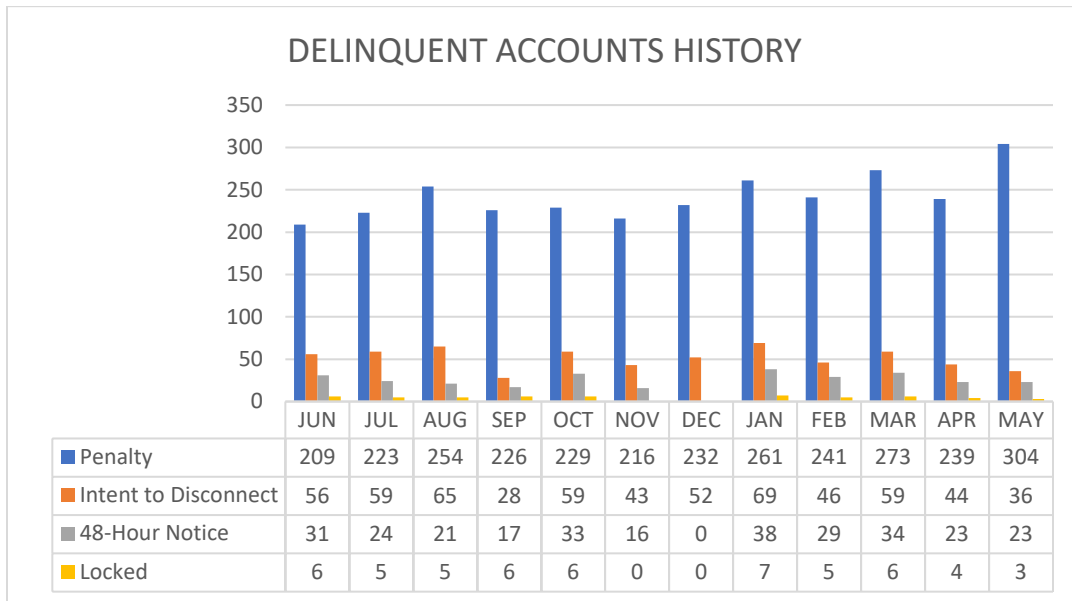
MAY 2026

Utility Billing

- On June 1st, 1,941 bills were processed for a total dollar amount of \$316,831 for water and sewer user fees for the month of May.

The table below reflects the following data over a twelve-month period:

- Number of late penalties posted for bills that were due by May 25th
- Intent To Disconnect letters mailed to customers that were more than 60 days delinquent
- 48-hour notices issued
- Number of meters locked off for non-payment



Customer Service Orders

- Staff completed the following service orders for the month:
 - Occupant Change – 5
 - Sewer Inspection – 1
 - Unlock – 3
 - Swap/Pull Meter – 1
 - Lock Meter - 3
 - Leak - 2

Administration

- Nothing significant to report.

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

District Engineer Report For the Month of June 2026

In addition to normal engineering and administrative duties, below are updates for several areas of work:

Operations Support

- Working with Operations Staff re:
 - GAC project operation, design of new GAC project
 - PRV project installation on Equestrian
 - Lift Station 3 project scoping

Capital Improvement Projects

Projects / equipment replacement budgeted for this fiscal year and their status:
(Note: projects are listed in the order shown on the Capital and Equipment Budget spreadsheet)

- Lift Station 1-5 rehabilitation design phase: Work on Lift Station 2 is complete, including final punch list with the contractor. Lift Station 3 is in the planning stages, with pump selection, project scoping and scheduling underway.
- Pressure Reducing Valves (Waterview/Equestrian): Lower Waterview PRV complete and operational. Equestrian PRV insertion valves are complete. The next step is the installation of the new vault, lid, valves and piping. Staff will install this portion of the work. Equipment is on order and installation should take place in June 2026.
- Raw Water Vertical Intake No. 2: Contractor has completed the installation of all of the equipment on the project. They will be coating the piping early in the week of June 15. Staff worked with the Contractor and SPICE to perform the startup, controls, SCADA integration and all final commissioning items. Once the coating is complete, staff will prepare a punch list for project completion. We will be putting Vertical Intake No. 2 into service as soon as possible. Likely within the next week.
- DBP Project: Staff finalized the purchase order with AqueoUS Vets for the GAC System and is progressing in the design for the final installation. Construction should take place in October 2026. Staff is working with structural and electrical consulting engineers to determine the scope and design requirements for the proposed project. We will be completing the piping/valving/equipment design in-house.
- Wastewater collection system model & I/I: Staff continue to work on reducing I/I into the collection system.

- Pump Station Covers (design): No further work has been completed on this project at this time.
- Electric Gate at Corp Yard: Work has not begun on this project.
- Rebuild Treater Water Pumps: Work has not begun on this project.

Additional Tasks

- Development: Responding to requests for existing water and sewer system documents as they come up. Discussing existing systems and future developments with potential developers as they make contact.

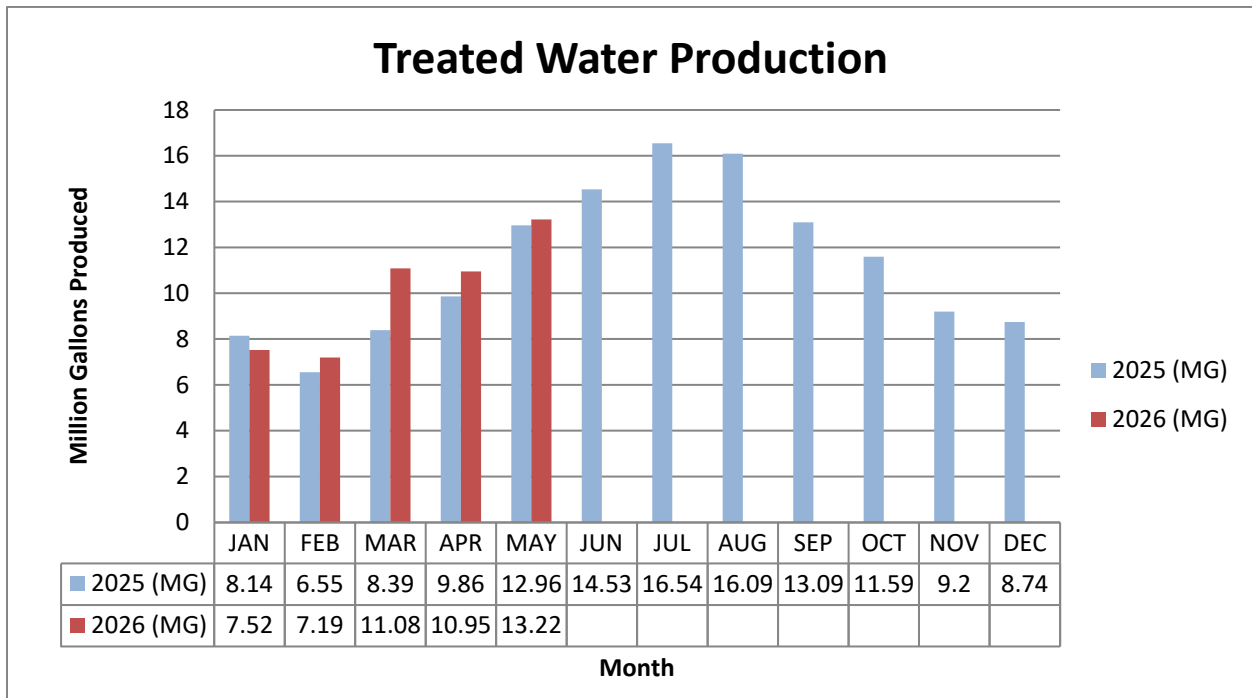
Project Name	Original CIP Budget	Estimated Design Completion	Estimated Construction Completion
Lift Station 1-5 Rehab (Construction Phase)	\$550,000	LS 2 - Complete LS 3 - July, 2026 LS 1 - TBD	LS 2 - Complete LS 3 - TBD LS 1 - TBD
Water System SCADA Upgrade	\$300,000	Complete	Complete
Pressure Reducing Valves (Waterview, Equestrian)	\$175,000	Complete	Waterview - Complete Equestrian - Estimated completion by 6/30/26
Raw Water Vertical Intake No. 2	\$225,000	Complete	Notice of Award - 10/17/25 Notice to Proceed - 11/14/25 Completion - 6/19/26
DBP Project	\$1,000,000	July, 2026	November, 2026
Wastewater Collection System SCADA Upgrade	\$200,000	Complete	Complete
Wastewater Collection System Model & I/I	\$75,000	TBD	TBD
Pump Station Covers (Design and Construction)	\$85,000	TBD	TBD
Electric Gate at Corp Yard	\$50,000	TBD	TBD
Rebuild Treated Water Pumps	\$50,000	TBD	TBD
Total	\$2,710,000		

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

Operations Report For the Month of June 2026

In addition to normal operations duties, below are other tasks / updates for several areas of work:

Water production:



Water treatment

- Produced 13.22 million gallons of treated water.
- Took delivery of new Gac vessels. Vessels were soaked, backwashed, and put back online.
- Expansion coupling at Pump station 4 was removed and replaced. Original was cracked from age and leaking.
- Chlorine injection quill at water treatment plant was removed and replaced. After time chlorine crystallizes and flow is restricted.
- Air lines on filter 1 and 2 contact clarifier were repaired. Glue joints had leaks due to age.
- Vertical intake #2 was tested for rotation waiting on
- Performed weekly calibrations on turbidimeters.
- Collected monthly DBP samples.

Water distribution

- Repaired leaks on Greenbrook, Yellow feather, Tumbleweed and Chaparral. All leaks were on service lines.
- PRV at main gate was inspected and Pressure was increased slightly to keep water fresh.
- Distribution Chlorine analyzer tubes were replaced; a tee was also installed to ensure representative samples are analyzed.
- A new concrete collar was installed around street valve located on tumbleweed.
- Continued flushing and pressure testing all hydrants located within the distribution system.

Wastewater collection

- Repairs made to new scada system and put back into service
- Lift station #4 air pump damaged leading to air valve malfunctions replaced air pump and repaired air valve configuration
- Scada batteries were replaced at numerous lift stations. Replacements were due to age of batteries.
- All generators tested and ran prior to memorial day weekend
- 2" shop force main dug through during WRRF project repaired with new line and couplings.
- Performed monthly lift station checks

Wastewater treatment

- Treated 3.597 million gallons of wastewater
- Removed rag and debris accumulation from pond 1 aerators
- Continued to run pond 2 recirculation line from effluent of pond 2 to the influent of pond 1
- Patched roadway leading to effluent release site
- Collected state required grease and oil samples.
- Decreased aeration hours due to longer days providing more oxygen producing algae to wastewater ponds
- Rebuilt rake for sand filters and placed back into service
- Relocated 1" conduit and replaced electrical wiring for chlorine disinfection pump to accommodate new WRRF location
- Collected all state required Bac T samples along with BOD samples.

Vehicles and equipment

- Replaced tire on water trailer.

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors

FROM: Scott Duffield, General Manager
Doug Groshart, District Engineer

DATE: June 18, 2026

SUBJECT: Discussion and direction regarding disinfection byproducts.

Background

The District water system was exceeding the maximum contaminant level for haloacetic acids, a disinfection byproduct. Your Board has been updated regularly on this issue.

Discussion

Sample data

The sample data for haloacetic acids (HAA5) over the last several quarters is shown below. This data is for individual samples.

The reportable data required by the Division of Drinking Water (DDW) is the Locational Running Annual Average (LRAA) by calendar quarter. The maximum contaminant level (MCL) for HAA5 is 60 ppb.

The most recent LRAA for HAA5 is 49 ppb at the Black Horse Lane location and 47 ppb at the Wood Duck Lane location; both under the MCL.

Results for individual months at both locations can be seen in the tables and graphs on the following page.

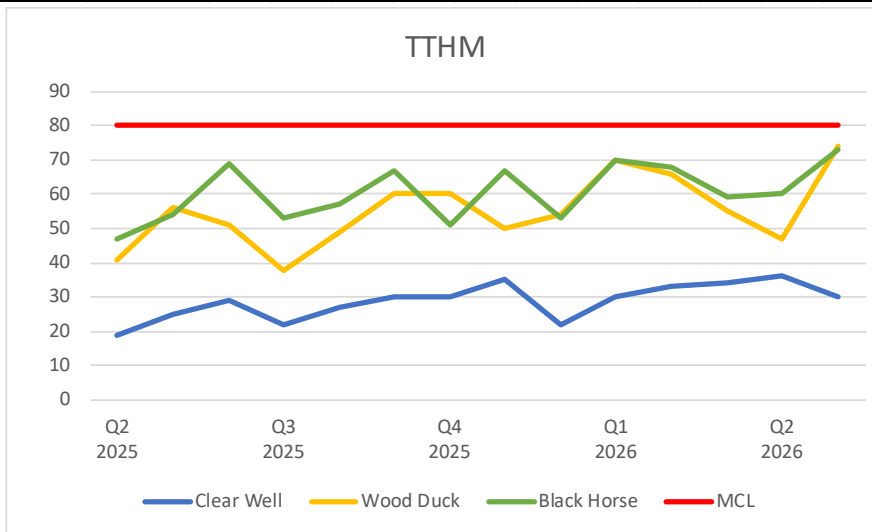
Operations and project updates

The Operations staff has made no major operational changes to the water treatment process since last month's report; however, staff was in the process of working with Cla-Val to service the PRVs throughout the system at the time of sampling. This could have had an impact on the overall circulation throughout the system, but staff is adjusting pressures to optimize flow throughout the system. New GAC vessels were installed on May 27, 2026, and put into service. The current batch of GAC is the seventh batch we have used.

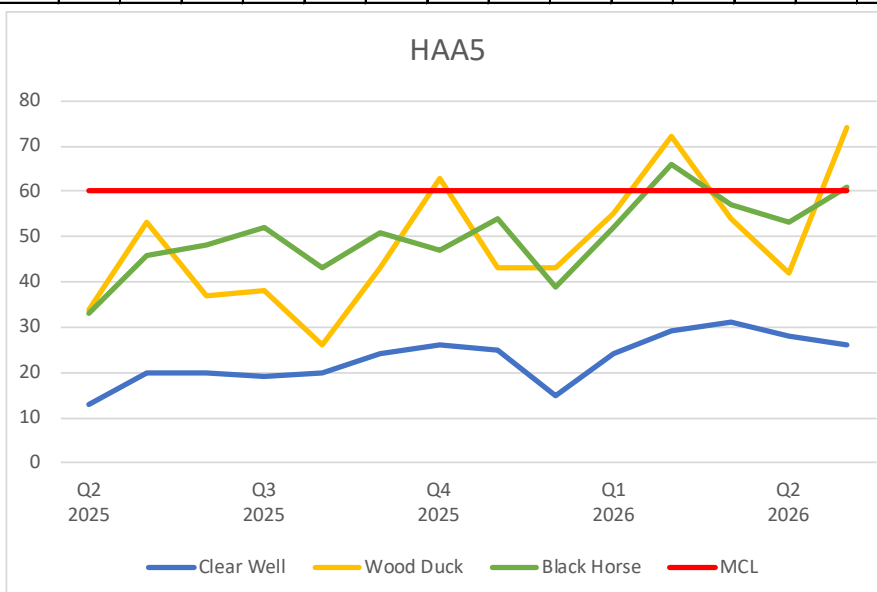
As of June 10, 2026, 14 days since the new ones were placed online, the GAC vessels were removing 69% of the organics from the flow being sent to them (approximately 150 gpm or 20% of the total flow.)

For updates regarding the Vertical Intake No. 2 project and the permanent GAC project, please refer to this month's District Engineer Report.

TTHM	Q2 2025			Q3 2025			Q4 2025			Q1 2026			Q2 2026	
Clear Well	19	25	29	22	27	30	30	35	22	30	33	34	36	30
Wood Duck	41	56	51	38	49	60	60	50	54	70	66	55	47	74
Black Horse	47	54	69	53	57	67	51	67	53	70	68	59	60	73
MCL	80	80	80	80	80	80	80	80	80	80	80	80	80	80



HAA5	Q2 2025			Q3 2025			Q4 2025			Q1 2026			Q2 2026	
Clear Well	13	20	20	19	20	24	26	25	15	24	29	31	28	26
Wood Duck	34	53	37	38	26	43	63	43	43	55	72	54	42	74
Black Horse	33	46	48	52	43	51	47	54	39	52	66	57	53	61
MCL	60	60	60	60	60	60	60	60	60	60	60	60	60	60



HERITAGE RANCH COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors

FROM: Finance & Audit Committee (Burgess, Camou)
Scott Duffield, General Manager

DATE: June 18, 2026

SUBJECT: Request to adopt a Preliminary FY 2026/27 Budget, and schedule a public hearing for July 16, 2026 for adoption of a Final FY 2026/27 Budget.

Recommendation

It is recommended that the Board of Directors:

1. Adopt the Preliminary FY 2026/27 Budget; and
2. Schedule a public hearing for July 16, 2026 to consider adoption of a Final FY 2025/26 Budget.

Background

This is the second budget meeting of this year with your Board. The budget year is July 1 through June 30. A preliminary budget should be adopted by your Board at the June meeting and a final budget at the July meeting. A final budget must be adopted by your Board before September 1, 2026.

Discussion

Attached is the Preliminary FY 2026/27 Budget. Each fund has its own budget. The consolidated budget provides a summary of the water, sewer, general, and solid waste funds. The draft budgets include the following information:

- Previous fiscal year
- Budgeted current fiscal year
- Actual current fiscal year through 11 months
- Annualized current fiscal year
- Preliminary Budget Fiscal Year 2026/27

Current Fiscal Year Budget

It should be noted that there is still one month remaining in the current Fiscal Year so the trends for the annualized budgets will change and may not reflect things such as one-time revenues/expenses or those that are usually realized late in the year.

The current water fund appears to be performing above the budgeted amount. The annualized column shows a surplus of \$1,122,892. (water fund cell E109, page 3)

The current sewer fund appears to be performing above the budgeted amount. The annualized column shows a surplus of \$953,819. (sewer fund cell E107, page 5)

Preliminary Fiscal Year 2026/27 Budget

The following talking points are referenced to the Consolidated Budget. (page 9 - 11)

Revenue Categories

1. Operating Revenue. The draft budget for the water fund uses the analysis from the 2023 Water and Sewer Rate Study, while the draft budget for the sewer fund uses the analysis from the 2024 Sewer Rate Study. **Total operating revenue less solid waste franchise fees is budgeted to increase by \$580,939 or 17.0%. (Consolidated Budget cell F15)**
2. Solid Waste Franchise Fee Revenue. All solid waste fees include a “franchise fee” that provides the local agency funds to administer and support solid waste programs in the community. Franchise fees are collected by the garbage company as part of their customer fees and forwarded to the local agency monthly. Our franchise fee is currently 5% pursuant to a Board decision to temporarily reduce it from 10%. **Total solid waste franchise fee revenue is budgeted to increase by \$1,483 or 3.2%. (Consolidated Budget cell F20)**
3. Non-Operating Revenue. This item includes standby charges, interest earned, property tax, and connection fees. The County Auditor-Controller provided us with an early estimate of property tax receipts and charges for next year, which is reflected in the preliminary budget. **Total non-operating revenue is budgeted to increase by \$70,320 or 8.4%. (Consolidated Budget cell F31)**
4. Total Revenue. This item is the sum of item 1, 2, and 3 plus the reserve revenue. This fiscal year the proposed budget includes reserves allocated to capital projects and equipment of \$22,376,834 which includes the estimated amount from the interim loan for the WRRF project. All surplus revenue goes back to reserves. **Total revenue is budgeted to decrease by \$3,764,376 or -13.0%. (Consolidated Budget cell F44).**

Total revenue less reserve revenue is budgeted to increase by \$652,742 or 15.2%. (Consolidated Budget cell F44 minus F38)

Expense Categories

1. Personnel Budget. This item includes salaries, employee pensions and health insurance, retiree health insurance, other post-employment benefits, workers compensation insurance, payroll taxes, Director fees, anticipated staff overtime and standby time, and uniforms. For budgeting purposes, the following assumptions are made: 4% cost of living increase in base salary for all staff; 8% increase in medical insurance costs with 90% of lowest cost premium paid by District; current staff of ten full-time employees, and five directors. **Total personnel budget expense is budgeted to increase by \$52,686 or 3.0%. (Consolidated Budget cell F76)**
2. Utilities. The water contract with the County is a fixed fee for total allocated water of 1,100 acre-feet-per-year. Electricity and other utility costs utilize the Rate Studies which assumes to be the current budget expense plus 4% except for electricity for the sewer fund which is plus 6%. **Total utilities expense is budgeted to increase by \$7,009 or 3.8%. (Consolidated Budget cell F85)**
3. Maintenance and Supplies. This category is dominated by chemical costs, fixed equipment maintenance, and lab testing. Maintenance of fixed equipment is always a major responsibility and includes a few expensive tasks such as patch paving, hydro jetting, and electric motor and electrical services. The preliminary budgets use the analysis from the Rate Studies with an addition to the water fund for granular activated carbon. **Total maintenance and supplies expense is budgeted to increase by \$94,237 or 20.0%. (Consolidated Budget cell F103)**
4. General and Administrative. The preliminary budgets use the analysis from the Rate Studies or estimates from the entities that fall within these categories. This category includes election costs this year, as well as an increase in Audit costs. **Total general and administrative expenses are budgeted to increase by \$33,173 or 11.1%. (Consolidated Budget cell F132)**
5. Projects and Equipment. The District Engineer and Operations Managers, in coordination with the General Manager, and consultants as needed, are the staff that manage capital projects and equipment. Some projects take many years to plan and construct. Others are less complex but still take months of working with staff, contractors, and vendors to plan and implement. Your Board approved an updated 5-year Capital Improvement Program (CIP) in August 2022.

The projects listed in the CIP are included in the proposed budget as are any equipment requests. For budgeting purposes, the list of projects in the CIP are budgeted in full but may not be completed in the fiscal year. Any unexpended budget for projects and equipment will roll forward to next year. Similarly, projects shown with an * below are budgeted or in progress from the previous year. **Total Capital Projects & Equipment is budgeted at \$20,235,853 a decrease of \$4,417,118 or -17.9%. (Consolidated Budget cell F139)**

A summary of projects and equipment budgeted year is:

- \$18,406,862 for Water Resource Recovery Facility upgrade*
 - \$444,242 for Lift Station 1-5 Rehabilitation*
 - \$58,491 for Pressure Reducing Valves at Waterview and Equestrian*
 - \$86,411 for Raw Water Vertical Intake No. 2*
 - \$800,000 for DBP Reduction Project*
 - \$64,848 for Wastewater Collection System Model & I/I Investigation*
 - \$85,000 for pump station covers*
 - \$50,000 for electric gate at corporation yard*
 - \$50,000 for rebuilding treated water pumps
 - \$120,000 for vehicle replacement
 - \$23,000 for EOL workstation replacement
 - \$47,000 for network hardware implementation
6. Debt. The water treatment plant debt and the PVS project debt are contractual and cannot be reduced. The new debt for the WRRF will be realized in FY2027/28. The PVS debt is not the exact amount every year but very near. **Total debt expense is budgeted to be essentially the same as this year. (Consolidated Budget cell F147)**
7. Depreciation. This is a non-cash expense. The ability to fund the depreciation is a result of the current water/sewer fees and continued allocation of property taxes. It is important to fund as much depreciation as possible and reserve a portion of your income annually for future replacement and upgrades of facilities. Our actual 2024/25 audited depreciation expense was \$470,587. **Total depreciation expense is budgeted to remain the same as this year's budget of \$288,000. (Consolidated Budget cell F149)**
8. Transfer to Reserves. This line item, in the water and sewer funds, transfers capacity charges to capital reserves. Capacity charges can only be used for capital projects and are used in subsequent years. This line item reserves this money for use in future years. A total of \$28,232 is budgeted to be transferred to capital reserves. The use of reserves is anticipated from the solid waste fund due to the temporary reduction in the percentage of franchise revenue and will be monitored. **Total transfer to**

reserves is budgeted at -\$8,667, a decrease of \$11,269 or -433%. (Consolidated Budget cell F158)

Preliminary FY 2026/27 Budget Summary

The Budget is a planning document, and these numbers will change over the course of the fiscal year.

- The Preliminary FY 26/27 Budget has a \$404,986 surplus in the water fund and a \$1,038,247 surplus in the sewer fund. Any surplus is transferred to reserves.
- Total operating revenue (rates, fees, etc.) is budgeted at a \$582,422 or 16.8% increase. **(Consolidated Budget cell F23)**
- Total non-operating revenue (property taxes, standby and capacity charges, etc.) is budgeted at a \$70,320 or 8.4% increase. **(Consolidated Budget cell F31)**
- Total expense less capital in the Preliminary FY 26/27 Budget represents an increase of \$187,454 or 5.6% compared to this year's budget. **(Consolidated Budget cell F153-F139)**
- Total capital budget in the Draft FY 26/27 Budget represents a decrease of \$4,417,118 or -17.9% compared to this year's budget. **(Consolidated Budget cell F139)**

There will be changes in revenue and expenses as we receive updated information and estimates before the Final Budget is presented to your Board.

Attachment: Preliminary FY 2026/27 Budget

File: FY 2026/27 Budget

HERITAGE RANCH
COMMUNITY SERVICES DISTRICT



FISCAL YEAR 2026-2027
PRELIMINARY BUDGET
June 18, 2026

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
Preliminary 2026/27 Capital & Equipment Budget**

PROJECTS	Budget	Funding Source						
		Capital Reserves		Operating Budget			Operating Reserves	
		Water	Sewer	Water	Sewer	General	Water	Sewer
WRF Upgrade Project	\$18,406,862		\$6,442,402					\$11,964,460
Lift Station 1-5 Rehab (const)	\$444,242							\$444,242
Pressure Reducing Valves (Waterview, Equestrian)	\$58,491						\$58,491	
Raw Water Vertical Intake No. 2 (design and const)	\$86,411	\$27,651					\$58,759	
DBP Project	\$800,000						\$800,000	
Wastewater Collection System Model & I / I	\$64,848		\$22,048					\$42,800
Pump Station Covers (design and const)	\$85,000	\$27,200					\$57,800	
Electric Gate at Corp Yard	\$50,000	\$9,600	\$6,800				\$20,400	\$13,200
Rebuild Treated Water Pumps	\$50,000						\$50,000	
subtotal Projects	\$20,045,853	\$64,451	\$6,471,250	\$0	\$0	\$0	\$1,045,450	\$12,464,702
EQUIPMENT								
Vehicle replacement (small pickup)	\$35,000						\$21,000	\$14,000
Vehicle replacement (small pickup)	\$35,000						\$21,000	\$14,000
Vehicle replacement (standard pickup)	\$50,000						\$30,000	\$20,000
EOL Workstation Replacement	\$23,000					\$23,000		
Network Hardware Implementation	\$47,000					\$47,000		
subtotal Equipment	\$190,000	\$0	\$0	\$0	\$0	\$70,000	\$72,000	\$48,000
TOTAL CAPITAL	\$20,235,853	\$64,451	\$6,471,250	\$0	\$0	\$70,000	\$1,117,450	\$12,512,702

	A	B	C	D	E	F
1	HERITAGE RANCH COMMUNITY SERVICES DISTRICT - WATER FUND					
2	2024/25 un-audited, Summary 2025/26 & Preliminary 2026/27					
3						
4						
5						
6		Un-audited	Budget	Actual 11 month	Annualized	Preliminary
7	OPERATING REVENUE	24/25	25/26	7/1/25 - 5/31/26	F.Y.E. 6/30/26	26/27
8	Water Fees	1,760,397	1,791,637	1,790,672	2,387,562	2,052,970
9	Late Fees	20,202	11,190	20,699	27,599	11,220
10	Hook-Up Fees	700	2,000	2,000	2,667	2,000
11	Turn on Fees	1,260	2,000	1,230	1,640	2,000
12	Plan Check & Inspection	0	800	3,713	4,951	800
13	Miscellaneous Income	9,261	0	6,342	8,456	0
14	TOTAL OPERATING REVENUE	\$1,791,820	\$1,807,627	\$1,824,656	\$2,432,874	\$2,068,990
15						
16						
17	NON-OPERATING REVENUE					
18	Standby Charges	193,943	203,000	198,696	264,928	203,000
19	Property Tax	264,419	273,840	278,117	370,822	285,997
20	Interest	188,478	19,423	168,107	224,143	19,756
21	Connection Fees	11,185	12,698	26,077	34,770	12,698
22	TOTAL NON-OPERATING REVENUE	\$658,025	\$508,961	\$670,997	\$894,663	\$521,451
23						
24						
25	RESERVE REVENUE					
26	Capital Reserves	55,555	139,838	52,458	69,944	64,451
27	General Reserves	211,061	1,113,587	177,413	236,550	1,117,450
28	TOTAL RESERVE REVENUE	\$266,616	\$1,253,425	\$229,870	\$306,494	\$1,181,901
29						
30	TOTAL REVENUE	\$2,716,460	\$3,570,013	\$2,725,523	\$3,634,031	\$3,772,342
31						
32						
33	OPERATING EXPENSES					
34						
35	SALARIES AND BENEFITS					
36	Salaries	217,670	359,552	272,956	363,941	345,013
37	Overtime	2,131	2,391	804	1,071	1,114
38	Standby	16,291	20,628	15,579	20,772	20,628
39	Health Insurance	65,342	101,120	60,220	80,293	72,176
40	Pers Retirement	66,808	62,241	74,823	99,764	60,829
41	Workers Comp. Ins.	1,062	18,269	13,676	18,235	17,129
42	Medicare/FICA	3,415	5,214	4,430	5,906	5,003
43	Uniforms	3,518	5,054	2,997	3,996	5,257
44	TOTAL SALARIES & BENEFITS	\$376,237	\$574,469	\$445,484	\$593,979	\$527,148
45						
46						
47	UTILITIES					
48	Electricity	77,227	101,917	67,775	90,367	105,994
49	Water Purchase	28,600	28,600	28,600	28,600	28,600
50	Telephone/Internet	5,678	4,778	5,319	7,092	4,969
51	TOTAL UTILITIES	\$111,505	\$135,295	\$101,694	\$126,058	\$139,563
52						
53						
54						
55						

	A	B	C	D	E	F
56	HERITAGE RANCH COMMUNITY SERVICES DISTRICT - WATER FUND					
57	2024/25 un-audited, Summary 2025/26 & Preliminary 2026/27					
58						
59						
60						
61	MAINTENANCE & SUPPLIES	Un-audited 24/25	Budget 25/26	Actual 11 month 7/1/25 - 5/31/26	Annualized F.Y.E. 6/30/26	Preliminary 26/27
62	Chemicals	48,287	69,742	45,413	60,551	72,531
63	Computer/Software	279	9,393	175	233	9,768
64	Equip. Rental/Lease	541	2,250	0	0	2,250
65	Fixed Equip.	80,400	142,295	166,335	221,779	222,987
66	Fuel & Oil	9,417	10,124	11,541	15,388	10,529
67	Lab Testing	21,468	38,695	20,420	27,227	40,243
68	Struct./Grnds.	2,757	4,201	1,693	2,258	4,369
69	Small Tools/Equip.	10,612	2,025	1,440	1,920	2,106
70	Supplies	2,458	3,375	1,717	2,289	3,510
71	Meters/Equip.	12,546	13,498	4,887	6,517	14,038
72	Vehicles	4,194	4,050	6,848	9,130	4,212
73	TOTAL MAINT. & SUP.	\$192,960	\$299,647	\$260,469	\$347,292	\$386,544
74						
75	GENERAL & ADMINISTRATION					
76	Allocation of General Fund	502,476	467,778	421,918	562,558	550,667
77	Alarm/Answering Service	901	1,125	947	1,263	1,170
78	Bank Charges/Fees	0	0	0	0	0
79	Consulting/Engineering	0	5,000	0	0	5,000
80	Dues/Subscription	5,292	6,974	4,152	5,536	4,000
81	Insurance (Property/Liability)	18,239	21,317	0	0	23,247
82	Legal/Attorney	0	0	0	0	0
83	Licenses/Permits	22,007	18,110	21,080	28,107	18,834
84	Plan Check & Inspection	0	800	0	0	800
85	Professional Service	3,128	58,493	10,757	14,342	60,833
86	Training & Travel	717	3,375	502	669	3,510
87	TOTAL G & A	\$552,761	\$582,972	\$459,356	\$612,475	\$668,060
88						
89						
90	CAPITAL PROJECTS & EQUIPMENT					
91	Project	248,045	1,211,425	229,870	306,494	1,109,901
92	Equipment	18,571	42,000	0	0	72,000
93	TOTAL CAPITAL	\$266,616	\$1,253,425	\$229,870	\$306,494	\$1,181,901
94						
95	DEBT					
96	State Loan Payment-DWR	103,628	103,628	103,628	103,628	103,628
97	State Loan Payment Phase II-SRF	58,739	58,740	29,369	58,740	58,740
98	Western Alliance Lease-PVS	114,215	113,814	113,814	113,814	114,075
99	TOTAL DEBT	\$276,582	\$276,182	\$246,812	\$276,182	\$276,443
100						
101						
102	FUNDED DEPRECIATION	175,000	175,000	160,417	213,889	175,000
103	UNFUNDED DEPRECIATION	0	0	0	0	0
104						
105	TOTAL EXPENSE	\$1,951,661	\$3,296,990	\$1,904,102	\$2,476,369	\$3,354,658
106						
107	TRANSFER TO RESERVES	\$11,185	\$12,698	\$26,077	\$34,770	\$12,698
108						
109	FUND TOTAL	\$753,614	\$260,325	\$795,344	\$1,122,892	\$404,986

	A	B	C	D	E	F
1	HERITAGE RANCH COMMUNITY SERVICES DISTRICT - SEWER FUND					
2	2024/25 un-audited, Summary 2025/26 & Preliminary 2026/27					
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6		Un-audited	Budget	Actual 11 month	Annualized	Preliminary
7	OPERATING REVENUE	24/25	25/26	7/1/25 - 5/31/26	F.Y.E. 6/30/26	26/27
8	Sewer Fees	1,211,488	1,600,609	1,462,132	1,949,509	1,920,185
9	Late Fees	13,933	9,600	16,969	22,625	9,600
10	Hook-Up Fees	0	400	400	533	400
11	Turn on Fees	840	1,500	820	1,093	1,500
12	Plan Check & Inspection	0	800	2,709	3,612	800
13	Miscellaneous Income	6,174	0	4,228	5,637	0
14	TOTAL OPERATING REVENUE	\$1,232,435	\$1,612,909	\$1,487,258	\$1,983,010	\$1,932,485
15						
16						
17	NON-OPERATING REVENUE					
18	Standby Charges	39,723	39,200	40,697	54,262	39,200
19	Property Tax	144,229	149,367	151,700	202,267	155,999
20	Interest	57,265	45,071	35,986	47,982	92,953
21	Connection Fees	0	15,534	31,975	42,633	15,534
22	TOTAL NON-OPERATING REVENUE	\$241,216	\$249,172	\$260,358	\$347,143	\$303,686
23						
24			\$1,862,081			
25	RESERVE REVENUE					
26	Capital Reserves	305,530	83,450	40,122	53,495	6,471,250
27	General Reserves	575,908	23,316,096	2,473,038	3,297,384	12,512,702
28	TOTAL RESERVE	\$881,438	\$23,399,546	\$2,513,159	\$3,350,879	\$18,983,952
29						
30	TOTAL REVENUE	\$2,355,089	\$25,261,627	\$4,260,775	\$5,681,033	\$21,220,123
31						
32	OPERATING EXPENSES					
33						
34	SALARIES AND BENEFITS					
35	Salaries	145,114	239,702	181,971	242,627	230,009
36	Overtime	1,421	1,594	536	714	743
37	Standby	10,860	13,752	10,386	13,848	13,752
38	Health Insurance	44,150	67,413	40,664	54,219	48,117
39	Pers Retirement	44,114	41,494	49,436	65,914	40,553
40	Workers Comp. Ins.	701	12,064	9,031	12,042	11,311
41	Medicare/FICA	2,277	3,476	2,953	3,937	3,335
42	Uniforms	2,346	3,370	1,998	2,664	3,504
43	TOTAL SALARIES & BENEFITS	\$250,982	\$382,865	\$296,975	\$395,966	\$351,324
44						
45						
46	UTILITIES					
47	Electricity	108,181	38,382	74,591	99,455	40,685
48	Telephone/Internet	3,958	3,330	3,707	4,943	3,463
49	TOTAL UTILITIES	\$112,139	\$41,713	\$78,299	\$104,398	\$44,148
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51						
52						

	A	B	C	D	E	F
53	HERITAGE RANCH COMMUNITY SERVICES DISTRICT - SEWER FUND					
54	2024/25 un-audited, Summary 2025/26 & Preliminary 2026/27					
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58		Un-audited	Budget	Actual 11 month	Annualized	Preliminary
59	MAINTENANCE & SUPPLIES	24/25	25/26	7/1/25 - 5/31/26	F.Y.E. 6/30/26	26/27
60	Chemicals	30,054	19,490	24,207	32,277	20,659
61	Computer/Software	248	9,168	175	233	9,534
62	Equip. Rental/Lease	1,354	562	0	0	584
63	Fixed Equip.	136,061	68,054	85,713	114,284	70,776
64	Fuel & Oil	6,278	6,749	7,694	10,258	7,019
65	Lab Testing	31,477	27,672	29,833	39,777	28,779
66	Struct./Grnds.	5,400	8,403	3,422	4,563	8,739
67	Small Tools/Equip.	7,075	1,350	960	1,280	1,404
68	Supplies	1,652	1,687	1,223	1,630	1,754
69	Vehicles	2,796	2,700	4,565	6,087	2,808
70	TOTAL MAINT. & SUP.	\$222,394	\$145,835	\$157,793	\$210,390	\$152,056
71						
72						
73	GENERAL & ADMINISTRATION					
74	Allocation of General Fund	386,520	359,829	324,553	432,737	423,590
75	Alarm/Answering Service	979	1,125	947	1,263	1,170
76	Bank Charges/Fees	0	0	0	0	0
77	Consulting/Engineering	0	5,000	0	0	5,000
78	Dues/Subscription	2,504	4,274	2,251	3,001	2,146
79	Insurance (Property/Liability)	30,042	16,241	0	0	17,712
80	Legal/Attorney	0	0	0	0	0
81	Licenses/Permits	12,010	14,511	12,718	16,958	15,091
82	Plan Check & Inspection	2,709	800	0	0	800
83	Professional Service	22,128	28,122	7,251	9,668	29,247
84	Training & Travel	0	3,375	777	1,036	3,510
85	TOTAL G & A	\$456,892	\$433,277	\$348,497	\$464,663	\$498,266
86						
87						
88						
89	CAPITAL PROJECTS & EQUIPMENT					
90	Project	875,248	23,371,546	2,513,159	3,350,879	18,935,952
91	Equipment	6,190	28,000	0	0	48,000
92	TOTAL CAPITAL	\$881,438	\$23,399,546	\$2,513,159	\$3,350,879	\$18,983,952
93						
94	DEBT					
95	Western Alliance Lease-PVS	38,642	38,507	38,507	38,507	38,595
96	TOTAL DEBT	\$38,642	\$38,507	\$38,507	\$38,507	\$38,595
97						
98						
99	FUNDED DEPRECIATION	98,000	98,000	89,833	119,778	98,000
100	UNFUNDED DEPRECIATION	0	0	0	0	0
101						
102	TOTAL EXPENSE	\$2,060,487	\$24,539,742	\$3,523,063	\$4,684,581	\$20,166,341
103						
104	TRANSFER TO RESERVES	\$0	\$15,534	\$31,975	\$42,633	\$15,534
105						
106						
107	FUND TOTAL	\$294,602	\$706,351	\$705,738	\$953,819	\$1,038,247

	A	B	C	D	E	F
1	HERITAGE RANCH COMMUNITY SERVICES DISTRICT - SOLID WASTE FUND					
2	2024/25 un-audited, Summary 2025/26 & Preliminary 2026/27					
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6		Un-audited	Budget	Actual 11 month	Annualized	Preliminary
7	OPERATING REVENUE	24/25	25/26	7/1/25 - 5/31/26	F.Y.E. 6/30/26	26/27
8	TOTAL FRANCHISE FEES	\$98,583	\$46,336	\$56,285	\$75,047	\$47,819
9						
10						
11						
12						
13	EXPENSE					
14	Allocation of General Fund	77,304	71,966	64,911	86,547	84,718
15	TOTAL EXPENSES	\$77,304	\$71,966	\$64,911	\$86,547	\$84,718
16						
17	TRANSFER TO RESERVES	\$21,279	-\$25,630	(\$8,625)	(\$11,500)	-\$36,899
18						
19	FUND TOTAL	\$0	\$0	\$0	\$0	\$0
20						

	A	B	C	D	E	F
1	HERITAGE RANCH COMMUNITY SERVICES DISTRICT - GENERAL FUND					
2	2024/25 un-audited, Summary 2025/26 & Preliminary 2026/27					
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4						
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6		Un-audited	Budget	Actual 11 month	Annualized	Preliminary
7	OPERATING REVENUE	24/25	25/26	7/1/25 - 5/31/26	F.Y.E. 6/30/26	26/27
8	Transfer from other Funds	0	0	0	0	0
9	Miscellaneous Income	0	500	4,892	6,523	500
10	TOTAL OPERATING	\$0	\$500	\$4,892	\$6,523	\$500
11						
12						
13						
14	NON-OPERATING REVENUE					
15	Property Tax	72,114	74,684	75,850	101,133	77,999
16	Interest	0	0	0	0	0
17	TOTAL NON-OPERATING	\$72,114	\$74,684	\$75,850	\$101,133	\$77,999
18						
19						
20						
21	RESERVE REVENUE					
22	Capital Reserves	0	0	0	0	0
23	General Reserves	0	0	0	0	70,000
24	TOTAL RESERVE	\$0	\$0	\$0	\$0	\$70,000
25						
26	TOTAL REVENUE	\$72,114	\$75,184	\$80,742	\$107,656	\$148,499
27						
28						
29						
30	OPERATING EXPENSES					
31						
32	SALARIES AND BENEFITS					
33	Salaries	558,906	496,037	477,734	636,979	583,417
34	Overtime	0	0	0	0	0
35	Health Insurance	69,415	79,060	61,206	81,608	110,593
36	Health Insurance - Retirees	88,067	62,535	52,371	69,828	59,416
37	Pers Retirement	112,501	92,228	107,170	142,894	106,973
38	OPEB Funding/Transfer	0	35,000	0	0	35,000
39	Workers Comp. Ins.	240	4,136	3,096	4,129	3,878
40	Directors' Fees	6,300	36,000	5,400	7,200	36,000
41	Medicare/FICA	8,663	7,715	7,080	9,440	8,982
42	Car Allowance	3,000	3,000	2,750	3,667	3,000
43	SUI/ETT	456	1,000	546	727	1,000
44	TOTAL SALARIES & BENEFITS	\$847,548	\$816,711	\$717,353	\$956,471	\$948,259
45						
46						
47						
48	UTILITIES					
49	Electricity	4,524	236	1,042	1,390	245
50	Propane	1,640	1,649	889	1,186	1,715
51	Telephone/Internet	7,570	5,738	7,055	9,407	5,968
52	TOTAL UTILITIES	\$13,734	\$7,623	\$8,986	\$11,982	\$7,928
53						
54						

	A	B	C	D	E	F
55	HERITAGE RANCH COMMUNITY SERVICES DISTRICT - GENERAL FUND					
56	2024/25 un-audited, Summary 2025/26 & Preliminary 2026/27					
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59						
60		Un-audited	Budget	Actual 11 month	Annualized	Preliminary
61	MAINTENANCE & SUPPLIES	24/25	25/26	7/1/25 - 5/31/26	F.Y.E. 6/30/26	26/27
62	Computer/Software	27,609	19,573	33,760	45,014	20,356
63	Equip. Rental/Lease	0	0	0	0	0
64	Fixed Equip.	0	0	0	0	0
65	Office Supplies	1,341	1,687	1,533	2,044	1,755
66	Parks & Recreation	0	0	0	0	0
67	Struct./Grnds.	2,643	4,201	1,693	2,257	4,369
68	Supplies	28	0	35	47	100
69	TOTAL MAINT. & SUP.	\$31,621	\$25,461	\$37,022	\$49,363	\$26,580
70						
71						
72	GENERAL & ADMINISTRATION					
73	Ads./Advertising	748	1,622	963	1,284	1,687
74	Alarm/Answering Service	1,958	2,250	1,893	2,525	2,340
75	Audit	9,685	10,816	9,745	12,993	20,000
76	Bank Charges/Fees	0	0	105	140	500
77	Consulting/Engineering	0	0	0	0	0
78	Dues/Subsription	5,703	0	6,061	8,081	5,568
79	Elections	444	0	0	0	10,000
80	Insurance (Property/Liability)	24,409	13,196	0	0	14,391
81	LAFCO	8,361	8,652	9,227	12,302	9,604
82	Legal/Attorney	24,575	27,040	25,199	33,599	28,122
83	Licenses/Permits	0	0	0	0	0
84	Postage	16,966	16,873	21,263	28,351	17,548
85	Professional Service	21,015	13,836	26,512	35,349	14,389
86	Tax Collection	7,847	7,847	7,414	9,885	7,414
87	Staff Training & Travel	8,803	6,749	6,341	8,454	7,019
88	Board Training & Travel	0	1,082	289	385	1,125
89	TOTAL G & A	\$130,513	\$109,962	\$115,012	\$153,349	\$139,707
90						
91						
92						
93	CAPITAL PROJECTS & EQUIPMENT					
94	Project	0	0	0	0	0
95	Equipment	0	0	0	0	70,000
96	TOTAL CAPITAL	\$0	\$0	\$0	\$0	\$70,000
97						
98						
99	FUNDED DEPRECIATION	15,000	15,000	13,750	18,333	15,000
100	UNFUNDED DEPRECIATION	0	0	0	0	0
101						
102	TOTAL EXPENSE	\$1,038,415	\$974,757	\$892,123	\$1,189,498	\$1,207,474
103						
104	TRANSFERRED TO OTHER FUNDS	(\$966,301)	(\$899,574)	(\$811,382)	(\$1,081,842)	(\$1,058,975)
105						
106	FUND TOTAL	\$0	\$0	\$0	\$0	\$0

	A	B	C	D	E	F
1	HERITAGE RANCH COMMUNITY SERVICES DISTRICT - CONSOLIDATED BUDGET					
2	2024/25 un-audited, Summary 2025/26 & Preliminary 2026/27					
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6		Un-audited	Budget	Actual 11 month	Annualized	Preliminary
7	OPERATING REVENUE	24/25	25/26	7/1/25 - 5/31/26	F.Y.E. 6/30/26	26/27
8	Water Fees	1,760,397	1,791,637	1,790,672	2,387,562	2,052,970
9	Sewer Fees	1,211,488	1,600,609	1,462,132	1,949,509	1,920,185
10	Hook-Up Fees	700	2,400	2,400	3,200	2,400
11	Turn on Fees	2,100	3,500	2,050	2,733	3,500
12	Late Fees	34,135	20,790	37,668	50,224	20,820
13	Plan Check & Inspection	0	1,600	6,422	8,563	1,600
14	Miscellaneous Income	15,435	500	15,462	20,616	500
15	OPERATING	\$3,024,254	\$3,421,036	\$3,316,805	\$4,422,407	\$4,001,975
16						
17						
18						
19	FRANCHISE REVENUE					
20	FRANCHISE	98,583	46,336	56,285	75,047	\$47,819
21						
22						
23	TOTAL OPERATING	\$3,122,838	\$3,467,372	\$3,373,091	\$4,497,454	\$4,049,794
24						
25						
26	NON-OPERATING REVENUE					
27	Standby Charges	233,666	242,200	239,393	319,191	242,200
28	Property Tax	480,762	497,890	505,666	674,222	519,995
29	Interest	245,743	64,494	204,093	272,124	112,709
30	Connection Fees	11,185	28,232	58,052	77,403	28,232
31	TOTAL NON-OPERATING	\$971,356	\$832,816	\$1,007,205	\$1,342,939	\$903,136
32						
33						
34						
35	RESERVE REVENUE					
36	Capital Reserves	361,086	223,288	92,579	123,439	6,535,701
37	General Reserves	786,968	24,429,683	2,650,451	3,533,934	13,700,152
38	TOTAL RESERVE	\$1,148,054	\$24,652,971	\$2,743,030	\$3,657,373	\$20,235,853
39						
40						
41	TOTAL NON-OPERATING	\$2,119,409	\$25,485,787	\$3,750,234	\$5,000,313	\$21,138,989
42						
43						
44	TOTAL ALL REVENUE	\$5,242,247	\$28,953,159	\$7,123,325	\$9,497,767	\$25,188,783
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	A	B	C	D	E	F
54	HERITAGE RANCH COMMUNITY SERVICES DISTRICT - CONSOLIDATED BUDGET					
55	2024/25 un-audited, Summary 2025/26 & Preliminary 2026/27					
56						
57						
58						
59	OPERATING EXPENSES					
60						
61		Un-audited	Budget	Actual 11 month	Annualized	Preliminary
62	SALARIES AND BENEFITS	24/25	25/26	7/1/25 - 5/31/26	F.Y.E. 6/30/26	26/27
63	Salaries	921,690	1,095,291	932,661	1,243,547	1,158,439
64	Health Insurance	178,906	247,593	162,091	216,121	230,886
65	Health Insurance - Retiree	88,067	62,535	52,371	69,828	59,416
66	Pers Retirement	223,423	195,963	231,429	308,572	208,355
67	OPEB Funding/Transfer	0	35,000	0	0	35,000
68	Standby	27,151	34,380	25,966	34,621	34,380
69	Overtime	3,552	3,985	1,339	1,786	1,857
70	Workers Comp. Ins.	2,003	34,469	25,804	34,405	32,318
71	Directors' Fees	6,300	36,000	5,400	7,200	36,000
72	Medicare/FICA	14,355	16,405	14,462	19,283	17,320
73	Car Allowance	3,000	3,000	2,750	3,667	3,000
74	SUI/ETT	456	1,000	546	727	1,000
75	Uniforms	5,864	8,424	4,995	6,660	8,761
76	TOTAL SALARIES & BENEFITS	\$1,474,768	\$1,774,046	\$1,459,813	\$1,946,417	\$1,826,732
77						
78						
79						
80	UTILITIES					
81	Electricity	189,933	140,535	143,409	191,211	146,924
82	Propane	1,640	1,649	889	1,186	1,715
83	Water Purchase	28,600	28,600	28,600	28,600	28,600
84	Telephone/Internet	17,205	13,846	16,081	21,441	14,400
85	TOTAL UTILITIES	\$237,377	\$184,630	\$188,979	\$242,439	\$191,639
86						
87						
88						
89	MAINTENANCE & SUPPLIES					
90	Chemicals	78,342	89,232	69,621	92,828	93,190
91	Computer/Software	28,136	38,133	34,110	45,480	39,659
92	Equip. Rental/Lease	1,895	2,812	0	0	2,834
93	Fixed Equip.	216,460	210,350	252,048	336,064	293,763
94	Fuel & Oil	15,695	16,873	19,235	25,646	17,548
95	Lab Testing	52,945	66,367	50,253	67,004	69,022
96	Office Supplies	1,341	1,687	1,533	2,044	1,755
97	Parks & Recreation	0	0	0	0	0
98	Struct./Grnds.	10,800	16,805	6,809	9,078	17,477
99	Small Tools/Equip.	17,687	3,375	2,400	3,200	3,510
100	Supplies	4,137	5,062	2,975	3,967	5,364
101	Meters/Equip.	12,546	13,498	4,887	6,517	14,038
102	Vehicles	6,991	6,749	11,413	15,217	7,020
103	TOTAL MAINT. & SUP.	\$446,975	\$470,943	\$455,284	\$607,045	\$565,180
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105						
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107						

	A	B	C	D	E	F
108	HERITAGE RANCH COMMUNITY SERVICES DISTRICT - CONSOLIDATED BUDGET					
109	2024/25 un-audited, Summary 2025/26 & Preliminary 2026/27					
110						
111						
112						
113		Un-audited	Budget	Actual 11 month	Annualized	Preliminary
114	GENERAL & ADMINISTRATION	24/25	25/26	7/1/25 - 5/31/26	F.Y.E. 6/30/26	26/27
115	Ads./Advertising	748	1,622	963	1,284	1,687
116	Alarm/Answering Service	3,838	4,499	3,787	5,050	4,680
117	Audit	9,685	10,816	9,745	12,993	20,000
118	Bank Charges/Fees	0	0	105	140	500
119	Consulting/Engineering	0	10,000	0	0	10,000
120	Dues/Subscription	13,499	11,249	12,464	16,618	11,714
121	Elections	444	0	0	0	10,000
122	Insurance (Property/Liability)	72,690	50,754	0	0	55,350
123	LAFCO	8,361	8,652	9,227	12,302	9,604
124	Legal/Attorney	24,575	27,040	25,199	33,599	28,122
125	Licenses/Permits	34,017	32,621	33,798	45,064	33,925
126	Plan Check & Inspection	2,709	1,600	0	0	1,600
127	Postage/Billing	16,966	16,873	21,263	28,351	17,548
128	Professional Service	46,271	100,450	44,520	59,360	104,469
129	Tax Collection	7,847	7,847	7,414	9,885	7,414
130	Staff Training & Travel	9,520	13,498	7,620	10,160	14,039
131	Board Training & Travel	0	1,082	289	385	1,125
132	TOTAL G & A	\$251,169	\$298,603	\$176,393	\$235,191	\$331,776
133						
134						
135						
136	CAPITAL PROJECTS & EQUIPMENT					
137	Structures/Improvements	1,123,292	24,582,971	2,743,030	3,657,373	20,045,853
138	Equipment	24,762	70,000	0	0	190,000
139	TOTAL CAPITAL	\$1,148,054	\$24,652,971	\$2,743,030	\$3,657,373	\$20,235,853
140						
141						
142						
143	DEBT					
144	State Loan Payment - DWR	103,628	103,628	103,628	103,628	103,628
145	State Loan Payment Phase II - SRF	58,739	58,740	29,369	58,740	58,740
146	Western Alliance Lease-PVS	152,858	152,321	152,321	152,321	152,669
147	TOTAL DEBT	\$315,225	\$314,689	\$285,318	\$314,689	\$315,037
148						
149	FUNDED DEPRECIATION	\$288,000	\$288,000	\$264,000	\$352,000	\$288,000
150	UNFUNDED DEPRECIATION	\$0	\$0	\$0	\$1	\$0
151						
152						
153	TOTAL EXPENSE	\$4,161,567	\$27,983,881	\$5,572,817	\$7,355,154	\$23,754,217
154						
155	CAPACTIY CHARGES TRANSFER	\$11,185	\$28,232	\$58,052	\$77,403	\$28,232
156						
157	SOLID WASTE FEES TRANSFER	\$21,279	-\$25,630	(\$8,625)	(\$11,500)	-\$36,899
158			\$2,602			-\$8,667
159						
160	FUND TOTAL	\$1,048,216	\$966,676	\$1,501,081	\$2,076,711	\$1,443,233

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors

FROM: Scott Duffield, General Manager

DATE: June 18, 2026

SUBJECT: Submittal for approval Resolution 26-05 requesting consolidation of the District's biennial election with the November 3, 2026 Consolidated General Election, and Resolution 26-06 adopting regulations for candidates for elective office pertaining to, and costs of, candidate statements.

Recommendation

It is recommended that the Board of Directors:

1. Approve Resolution 26-05 requesting the District's General Election be consolidated with other elections to be held on the same day in the same territory; and
2. Approve Resolution 26-06 adopting regulations for candidates for elective office pertaining to, and costs of, candidate statements.

Background

November 3, 2026 is the date of the General Election. In California, it is the County of San Luis Obispo that administers the election process. The process includes the election of Directors to our Board, as well as any issues that would be subject to voter approval. To be eligible for a Directors' seat, a candidate must be a registered voter and be a resident of the District.

Discussion

The Heritage Ranch Community Services District will have three open seats for the November 3, 2026 election. The term for these seats is four years. Presently occupying these seats are Directors Barker, Camou, and Yaffee. The adoption of these requisite resolutions will be on record with the County of San Luis Obispo as it relates to the District.

The County has published the Special District's Calendar of Events for the November 3, 2026, General Election. The Official Nomination Period for incumbent candidates to file Declarations of Candidacy forms and other related nomination documents with the County Clerk is July 13 - August 7, 2026.

If an insufficient number of candidates, or if no candidates file, the District will not have an election. In this case, a person who filed a Declaration of Candidacy will be appointed in lieu of the election by the County of San Luis Obispo Board of Supervisors. The term of office will commence on December 7, 2026. Each elected officer shall take the official Oath of Office and complete Form 700, Statement of Economics Interest, which will be filed with the Office of the County Clerk Recorder.

Attachments: Resolution 26-05 Requesting consolidation of Biennial Election
Resolution 26-06 Regulations for Candidates Statements

File: BOD General Election 2026

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 26-05**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE HERITAGE RANCH
COMMUNITY SERVICES DISTRICT REQUESTING THE CONSOLIDATION OF
THEIR GOVERNING BOARD ELECTION WITH THE NOVEMBER 3, 2026,
GENERAL ELECTION**

The following resolution is hereby offered and read:

WHEREAS, the Heritage Ranch Community Services District (hereinafter "District") is governed by a Board of Directors committed to effectively representing the interests of the District's beneficiaries; and

WHEREAS, the regular election of the members of the Board of Directors is scheduled to occur on November 3, 2026; and

WHEREAS, the consolidation of the District governing board election with the County of San Luis Obispo's general election is in the public interest as it promotes greater voter participation and reduces the overall cost of the election; and

WHEREAS, pursuant to California Elections Code Section 10404, the District is permitted to request the consolidation of its regular election with the statewide General Election; and

WHEREAS, pursuant to California Elections Code Section 10400, upon approval of such consolidation by the County, the District is obliged to reimburse the County for all costs incurred in conducting the consolidated election, thereby assuming financial responsibility for the related expenditures.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Heritage Ranch Community Services District, as follows:

1. **Election Consolidation:** The Board hereby requests the consolidation of its upcoming governing board election with the general election conducted by the County of San Luis Obispo on November 3, 2026, pursuant to California Elections Code Section 10404 and California Elections Code Section 10400.
2. **Reimbursement of Costs:** The District commits to reimburse the County fully for all services provided and costs incurred in the conduct of the consolidated election, as mandated by California Elections Code Section 10400. This includes, but is not limited to, all direct and indirect expenses such as staffing, equipment, materials, and overhead costs.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Heritage Ranch Community Services District on the 18th day of June 2026, by the following roll call vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

APPROVED:

Bill Barker, President
Board of Directors

ATTEST:

Kristen Gelos
Board Secretary

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 26-06**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE HERITAGE RANCH
COMMUNITY SERVICES DISTRICT ADOPTING REGULATIONS FOR
CANDIDATES FOR ELECTIVE OFFICE PERTAINING TO, AND COSTS OF,
CANDIDATE STATEMENTS SUBMITTED TO THE VOTERS AT THE
NOVEMBER 3, 2026, GENERAL ELECTION**

The following resolution is hereby offered and read:

WHEREAS, Section 13307 of the Elections Code of the State of California requires this board to adopt certain policies in regard to statements of candidates who run for office as members of the governing board of the district.

NOW, THEREFORE, BE IT RESOLVED that this governing board does hereby determine:

1. That the cost of printing, handling, and mailing candidates' statements of qualifications shall be charged to the candidate.
2. That the candidates' statement of qualifications shall not exceed 200 words.
3. The statement shall be filed with the County of San Luis Obispo Registrar of Voters at the time the candidate's nomination papers are filed.
4. The statement may be withdrawn, but not changed, during the period for filing nomination papers and until 5:00pm of the next working day after the close of the nomination paper.
5. That the candidates are not permitted to submit additional materials to be sent to the voter with the County Voter Information Guide.
6. That the County of San Luis Obispo Registrar of Voters be directed to give a copy of these regulations to each candidate, or their representative, at the time that nomination documents are received.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Heritage Ranch Community Services District on the 18th day of June 2026, by the following roll call vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

APPROVED:

**Bill Barker, President
Board of Directors**

ATTEST:

**Kristen Gelos
Board Secretary**

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors

FROM: Personnel Committee (Camou, Swanson)
Scott Duffield, General Manager

DATE: June 18, 2026

SUBJECT: Request to approve amendment to the Memorandum of Understanding Between Heritage Ranch Community Services Employees Association and Heritage Ranch Community Services District for FYE 2027 – FYE 2028.

Recommendation

It is recommended that the Board of Directors approve amendment to the Memorandum of Understanding Between Heritage Ranch Community Services Employees Association and Heritage Ranch Community Services District for FYE 2027 – FYE 2028

Background

Heritage Ranch Community Services Employees Association (Association) is similar to an employee union. The Memorandum of Understanding (MOU) is the employment agreement and is policy for terms and conditions of employment.

Discussion

Your Board met in Closed Session at the regular May Board meeting and came to a consensus in response to items presented by the Association for negotiation. The Manager informed the Association of the Board consensus and has received confirmation from the Association that there is a tentative agreement on all issues.

Fiscal Implications

The draft MOU reflects the final negotiated items for the term of the agreement. The final negotiated items are:

- 4% cost of living adjustment increase each year for the term of the agreement.
- Increase health plan contributions reimbursement as follows:
 - Employee only – from \$700 to \$1000/year
 - Employee + 1 – from \$900 to \$1500/year
 - Employee + family – from \$1100 to \$2000/year
- Provide the option to convert Standby Compensation to Compensatory Time Off

- Term of the agreement of 2 years.

These negotiated changes are reflected in the Preliminary FY 2026/27 Budget.

Attachment: Redline MOU FYE 2027 – 2028



Memorandum of Understanding

Between

**Heritage Ranch Community Services
Employees Association**

And

Heritage Ranch Community Services District

July 1, 2026 to June 30, 2028



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1.0 PARTIES TO AGREEMENT

This Memorandum of Understanding (Agreement) is made and entered into this July 1, 2026, by and between the HERITAGE RANCH COMMUNITY SERVICES DISTRICT BOARD OF DIRECTORS, hereinafter referred to as "District" and the HERITAGE RANCH COMMUNITY SERVICES EMPLOYEES ASSOCIATION, hereinafter referred to as the "Association." The Association includes all regular employees of the District.

This Agreement incorporates those provisions of the Personnel Policy Guide and Employee Handbook ("Handbook") currently in effect to the extent not inconsistent herewith. The District reserves the right to add benefits and other items to the Handbook so long as they improve or increase benefits, protections, and clarifications which do not detract from or decrease the statements of this Agreement. As deemed necessary by the Board of Directors, the Handbook may be revised by insertions of dated revision pages. Revisions to the Handbook which affect the terms or conditions of this Agreement will be accomplished by the District and Association approving an addendum to the Agreement.

2.0 EMPLOYEE RIGHTS

Employees of the District shall have the right to form, join and participate in the activities of employee organizations of their own choosing for the purpose of representation on all matters of employer-employee relations including but not limited to, wages, hours and other terms and conditions of employment. Employees of the District also shall have the right to refuse to join or participate in the activities of employee organizations and shall have the right to represent themselves individually in their employment relations with the District. No employee shall be interfered with, intimidated, restrained, coerced or discriminated against because of the exercise of these rights.

3.0 EXEMPT EMPLOYEES

Exempt employees will not be represented by the Association in any matter covered by this Agreement unless specifically stated in their individual Employment Agreement. Only the Board of Directors has the right to determine what positions are exempt and the following are declared to be exempt: General Manager, Assistant General Manager, Operations Manager, District Engineer, Administrative Manager, seasonal employees, temporary employees, and contract employees.

4.0 ASSOCIATION RIGHTS

- A. Notification to the Association: Except in cases of emergencies, the District shall notify the Association prior to making substantial changes that cover matters within the scope of representation.
- B. The District and the Association agree that no more than two (2) bargaining unit representatives shall be allowed to meet with the District management on District time during normal working hours for the purposes of meeting and conferring the negotiation or re-negotiations of this agreement without loss of compensation or benefits.

5.0 MANAGEMENT'S AUTHORITY

The Association recognizes and agrees that the District has and will retain the right to manage the District and to direct the working forces, make assignments, determine work locations, and determine any employee's ability, skill and competency, and to hire, promote and for just cause discharge any employee, in accordance with applicable law. The exercise of such rights does not preclude employees or their Association representatives, as defined in Section 4.0 of this Agreement, from conferring or raising objections about the practical consequences that decisions on these matters may have on wages, hours and other terms and conditions of employment as elsewhere provided in this Agreement. The Association will ensure that the Association and its members will cooperate with the District to provide, as deemed necessary by the District, for the operation of the District under methods which will further to the fullest extent possible, the safety of the employees, District customers and contractors, District Directors, guests or users. The Association shall extend this same cooperation to ensure the economy of operation, quality of output, cleanliness of the District; and protection of persons, equipment, and property. It is furthermore agreed that it is the duty of the District and the employees to cooperate for the advancement of said conditions.

6.0 NON-DISCRIMINATION

The District and the Association agree that the provisions of this agreement shall apply equally to all employees without discrimination because of race, creed, age, sex, national origin, marital status, and disability, and sexual preference, political or religious affiliations. However, the Association agrees that it shall not support or campaign on District property for or against any of the above, except as provided by law and the terms of this Agreement.

7.0 COST OF LIVING ADJUSTMENT

The District agrees to increase the salary ranges of all represented and eligible positions by 4% effective the first full payroll following July 1, 2026, and then by 4% effective the first full payroll following July 1, 2027, for the term of this agreement which is starting July 1, 2026, and ending June 30, 2028.

8.0 PENSION AND HEALTH BENEFITS

The District's benefit program includes group health benefits, including medical, and a reimbursable dental, vision, life/disability insurance, and medical co-pay cost for eligible employees. Coverage is also available for eligible dependents of eligible employees. Regular full-time employees and regular part-time employees regularly scheduled to work twenty (20) or more hours per week (excluding overtime) on a continuing basis are eligible for these health benefits.

The District also contributes to a pension plan for all regular full-time employees and part-time employees regularly scheduled to work twenty (20) or more hours per week (excluding overtime) on a continuing basis.

While this Agreement does not restate all of the features of the benefit programs, it provides brief summaries of some of the key provisions. It is important to remember that

additional terms and conditions apply, and may impact eligibility and level of benefits. As a result, if there is any real or apparent conflict between this Agreement and the information set forth in official benefit plan documents, the provisions in the official plan documents control. Employees are encouraged to review the official plan documents for complete information.

8.1 Pension Contributions

The District participates in the California Public Employee Retirement System (CalPERS). The District's CalPERS plan agreement is the 2.5% @ 55 formula for existing employees hired prior to August 20, 2011. Employees hired after August 20, 2011 that meet the definition of an existing member of the CalPERS system will participate in the 2% @ 55 formula. Employees hired August 20, 2011, that do not meet the definition of a CalPERS existing member will participate in the 2% @ 62 formula. The District does not participate in the Federal Retirement System (Social Security) for regular full-time employees and part-time employees regularly scheduled to work twenty (20) or more hours per week. Social Security payments are made for all part-time (less than 20 hours worked per week), temporary, or seasonal employees.

The District agrees to contribute employer's amount as annually calculated by the Pension Plan Administrator (CalPERS) of the reportable earnings of each regular member of the Association employed by the District for each of the pension formulas as of the date of this agreement. CalPERS determines reportable earnings and non-reportable earnings. Non-reportable earnings include but are not limited to overtime and stand-by pay.

- A. Retirement Plan: The District contributes the required percentage of Employer Cost (Employer Contribution + Employer Unfunded Accrued Liability) to gross wages (excluding overtime and any other excludible compensation) to CalPERS on behalf of each eligible employee. The District does not contribute on behalf of the employees any Member Contributions. The following are the CalPERS pensions plans available at the District:
1. First Level - for active employees hired prior to August 20, 2011, shall be enrolled in the CalPERS 2.5% @ 55 formula plan.
 2. Second Level - for employees that are hired by the District after August 20, 2011, and meet the definition of a current CalPERS employee shall be enrolled in the CalPERS 2% @ 55 formula plan.
 3. Third Level – for employees hired on or after January 1, 2013, and meet the definition of a new member CalPERS employees are subject to the Public Employees' Pension Reform Act (PEPRA). The PEPRA new member formula is 2% @ 62.
- B. 1959 Survivor Benefit Allowance: This benefit provides for a monthly allowance to eligible survivors of CalPERS members who were covered for this benefit program and die before retirement. The cost to each employee is \$2.00 per month. The District contributes the remaining monthly premium cost on behalf of each employee.

- C. Deferred Compensation Plan: The District offers an IRS 457 Deferred Compensation Plan to its employees who are CalPERS members. This plan is provided as an optional CalPERS benefit. The District does not contribute to this plan.

8.2 Health Plan Contributions

- A. Medical Insurance: Regular full-time employees and regular part-time employees who are regularly scheduled to work twenty (20) hours or more per week, and their dependents may participate in the group health as administered by the CalPERS Retirement System Health Benefit Services Division under the CalPERS Employee's Medical and Hospital Care Act with its requirements, restrictions, and conditions.

During the term of this Agreement the District shall contribute the following percentage of the premiums for employee and dependent coverage for the lowest cost plan (base plan) available in San Luis Obispo County offered through the CalPERS system:

1. 90% effective July 1, 2026.

In the event an employee elects a higher cost plan, the employee shall pay the increased cost for the plan. The District shall annually establish that medical offices located in San Luis Obispo County are accepting the lowest cost plan as published by CalPERS, and in the event that sufficient medical professionals are not participating in the plan, the second lowest cost plan will be used as the base plan.

Regular part-time employees regularly scheduled to work twenty (20) or more hours per week (excluding overtime) shall receive prorated health plan contributions based on the number of regular hours worked in the District service and all hours spent in a paid leave status from regular duties with the same premium contribution as full-time employees but reduced based on hours worked per week. The amount of the contribution shall be prorated based on a forty (40) hour work week and then further reduced by the effective premium contribution as stated above. The District contribution for the coverage for all part-time employees and their dependents as allowed under the plan is the prorated amount based on the lowest cost CalPERS Health Plan available within San Luis Obispo County. For example, when a regular part-time employee is hired for and actually works 30 hours per week, effective July 1, 2026, the District shall contribute ninety percent (90%) of seventy-five percent (75%) of the lowest cost health plan. Any cost over and above this limit would be paid by the employee.

Eligible full-time employees whose health insurance needs are adequately provided through another source, e.g., a spouse's plan or one which carries over from a previous employment, may elect not to participate in the District's plan. Those employees who have provided evidence of medical insurance coverage acceptable to the District shall receive, in lieu of medical benefits, payment of \$200/month for one party coverage, \$400/month for two party coverage and \$600/month for 3+ party coverage in addition to their regular pay. Regular part-time employees regularly

scheduled to work twenty (20) hours or more per week may receive a prorated in lieu payment if their health insurance needs are adequately provided through another source.

The District shall provide a health care cost reimbursement plan with the same eligibility as the health plan. This plan shall be a District self-funded reimbursement plan. The plan will provide reimbursement for employees' cost of dental expenses, vision expenses, and deductible/cost share expenses related to medical insurance plans, life insurance, or disability insurance. Upon receipt of written verified payment (original receipts) by the employee to a licensed dentist, a licensed optician or optometrist, a licensed pharmacy, or a licensed medical professional, for payment of a deductible/cost share for their medical plan, or payment of a deductible/cost share for life insurance, or disability insurance, the District shall reimburse the full time employee the cost of dental services, vision services including lenses and frames, and prescriptions after deducting co-payments and credits by others, and deductible/cost share for medical plans or life/disability insurance plans. The amount of reimbursement for each full time employee per year shall not exceed \$1,000 with no dependents, \$1,500 with one dependent and \$2,000 with two or more dependents. Funds or reimbursement credits shall not be interchanged between employees or paid to the employee upon termination for any reason. Any employee who does not use their reimbursement funds shall be allowed to convert at the end of each contract year 100% of the unused reimbursement credit to the following year. The maximum reimbursement credit that may be accumulated per employee is \$5,000. Funds or reimbursement credits shall not be paid to the employee upon termination for any reason. Regular part-time employees that are regularly scheduled to work twenty (20) or more hours per week shall receive prorated reimbursement based on the number of regular hours worked in the District service and all hours spent in a paid leave status from regular duties.

8.3 Workers' Compensation Insurance

All District employees will be insured against injuries received while on the job as required by State law.

9.0 THE SALARY STEP PLAN

The salary step plan shall provide a salary range for each employee job classification. Such salary ranges will be divided into five (5) salary level steps which shall be interpreted and applied as follows:

- A. "A" Step: The "A" or first step salary level will be the minimum rate and normally shall be the starting or hiring rate and shall include the six (6) months probationary period. In special cases when it is merited by experience, education, training or other qualification, the Manager may approve the hiring of a candidate for employment at a higher level.

- B. "B" Step: The "B" or second step salary level may be granted to an employee after satisfactory completion of twelve (12) calendar months of continuous service at the "A" Step in one or more classifications. The adjustment shall be made only if granted by the District on a basis of a satisfactory performance evaluation.
- C. "C" Step: The "C" or third step salary level may be granted to an employee who has proven to be fully satisfactory in a given (i.e., the same) classification for twelve (12) calendar months of continuous service from the granting of the previous salary step increase only if granted by the District on the basis of a satisfactory performance evaluation. The third step is an incentive advancement and is the rate at which fully-qualified, experienced and ordinarily conscientious employees may be expected to be paid.
- D. "D" Step: The "D" or fourth step salary level may be granted to an employee who has proven to be fully satisfactory in a given (i.e., the same) classification for twelve (12) calendar months of continuous service from the granting of the previous salary step increase only if granted by the District on the basis of a satisfactory performance evaluation. The fourth step is reserved to reward employees whose work is above average for their class.
- E. "E" Step: The "E" or fifth step salary level may be granted to an employee who has proven to be fully satisfactory in a given (i.e., the same) classification for twelve (12) calendar months of continuous service from the granting of the previous salary step increase and may be granted by the District on the basis of an above average performance evaluation. The fifth step is reserved for job performance which exceeds established standards in accordance with the job description. It may be presented to an employee who has demonstrated a sense of public service, contribution to advancement of the District's objectives and goals. Additionally, to be awarded this step, employees must have a good record of reporting to work regularly (limited sick days off) and being on time.

9.1 Advancement Base Date

The basis for the advancement date for all step advancements shall be the employee's date of hire or appointment, except as follows:

- A. If the employee receives a promotion to a position resulting in the employee receiving compensation at a higher range, a new advancement date shall be based on the date of the promotion having become effective. This does not apply to employees advancing through the Operator I and II classifications (i.e. there is no change in advancement date).
- B. If the employee terminates employment or is terminated from the District and is re-employed or is reappointed at a later date, that employee shall be given a new initial anniversary date which shall be the last date of employment or reappointment.

9.2 Step Increase on Promotion

- A. **New Introductory Employees:** All newly appointed introductory employees shall be paid at the first step of the salary range for the position to which the introductory employee is appointed except as provided elsewhere herein.
- B. **Advanced Step Hiring:** If the General Manager finds that qualified applicants have greater experience or competencies than required at the first step of the salary range, the General Manager can extend an offer higher than the first step.
- C. **Increase in compensation other than Cost of Living Adjustments (Step-Merit Increase):** After one year in a salary step (on the employee's Anniversary Date), employees may qualify for a step merit increase to the next step, provided the employee has performed satisfactorily, and provided management has determined that a step merit increase is appropriate. All decisions about step merit increases are subject to management's sole discretion; employees are not automatically entitled to or eligible for a step merit increase. A report verifying satisfactory performance of each employee recommended for advancement shall be submitted to and approved by the General Manager prior to final action on such recommendation.
- D. **Promotion:** Employees promoted to a position with a higher salary range shall be placed on the step of the range allocated to the new classification which would grant such employee an increase in pay no greater than two and one-half percent (2.5%). The increase may exceed two and one-half percent (2.5%) at the discretion of the General Manager, but shall not exceed the top step of the range allocated to the new classification. Employees who are promoted retain the same Anniversary Date for purposes of years of service and benefit accruals, but have a new Promotion Date for purposes of performance reviews and merit step increases.
- E. **Lateral Transfer:** When an employee transfers to a different position or classification with similar responsibilities as his/her existing position (and has not been demoted), the affected employee shall be placed at a salary range within the new classification that is most consistent with the employee's existing salary range not to exceed Step 5 unless employee is eligible for longevity pay.
- F. **Supplemental Wages (for withholding purposes):** The Internal Revenue Service defines supplemental wages to include bonuses, commissions, overtime pay, payments for accumulated sick leave, severance pay, awards, prizes, back pay, retroactive pay increases and payments for nondeductible moving expenses. If supplemental wages are given to the employee at the same time as the employee's regular wages are paid, the District is required to treat the sum of the payments as regular wages and withhold income taxes based on the regular payroll period using the withholding schedules. If the supplemental wage is not given to the employee at the same time as the employees regular wages are paid, the district will withhold a flat 25% for federal income tax and 6.6% for state income tax without allowing for any withholding allowances claimed by the employee.

9.3 Special Merit Advancement

The Board of Directors may, upon the recommendation of the Manager, authorize advancement of an employee to any of the last four steps, (Steps "B" through "E"), earlier than the employee normally would be eligible by virtue of length of service. Such action is reserved for very exceptional cases, and shall be approved only after being carefully analyzed. A special merit advancement need not affect or change the date of a subsequent regular merit increase.

10.0 LONGEVITY PAY

Regular full-time employees, excluding exempt employees, and part-time employees regardless of number of weekly hours worked, who have worked for the District are eligible to receive longevity pay subject to the following conditions:

- A. Employee must have obtained the "E" or fifth step salary level to be eligible for any longevity pay and proven to be fully satisfactory in the classification with job performance which exceeds established standards in accordance with the job classification.
- B. Occupying the fifth step is not required if the employee has been promoted within the last 24 months prior to eligibility of longevity pay to a higher classification that resulted in the decrease to a lower step pursuant to Section 9.2.
- C. A Leave of Absence time, as allowed for under this agreement, shall not be counted for during the review of longevity pay as described in this section.
- D. Longevity pay shall be pursuant to the eligibility requirements above and the following schedule:
 - 1. Longevity differential for 10 years of service is two and one-half percent (2.5%).
 - 2. Longevity differential for 15 years of service is five percent (5%).
 - 3. Longevity differential for 20 years of service is seven and one-half percent (7.5%).

11.0 TYPES OF EMPLOYMENT

The Heritage Ranch Community Service District has four (4) categories of employment which are regular, temporary, seasonal, and contract.

11.1 Regular

Regular employees are those employees who are hired on a full-time basis to work forty (40) hours per week, or on a part-time basis to work for less than forty (40) hours. All regular employees, upon initial hiring or upon promotion, must serve a probationary period. Regular employees are subject to all applicable terms and conditions of this Agreement and the Personnel Manual and Policy Guide.

11.2 Probationary Period

- A. The newly appointed and existing regular employee's probationary period is basically an on-the-job test with pay, "an extension of the examination process." It is a period during which the employee has an opportunity to prove himself/herself in the actual work situation. It is also a training period, and supervisors shall work conscientiously with the new or promoted employee to improve his/her work and to help him/her learn the job. It is also a period when the Manager and supervisors have the opportunity to observe and appraise the conduct, performance, attitude, adaptability and job knowledge of the employee, and to determine whether he/she is fully qualified for regular status. The probationary period will be six (6) months from the initial date of employment. A probationary employee whose work is deemed unsatisfactory can be terminated at any time during the six-month (6-month) probationary period without right of appeal.
- B. The length of the probationary period of a promoted employee shall normally be ninety (90) days unless otherwise specified by the District. Any employee not continued beyond the probationary period following a promotion appointment shall be reinstated to the position from which he/she was promoted if this occurs within ninety (90) days from the promotional appointment date. Then the employee shall be reinstated to the position from which he/she was promoted, provided that a vacancy exists at the same or lower level in the classification series to which he/she would revert. If this does not occur, the District will attempt to find another suitable position at or below the level of range and step the employee held before the promotional appointment, but the District does not guarantee this will occur, except by virtue of a reclassification, within the District service. The probationary period may be extended by mutual consent as a result of an employee's poor performance evaluation. If no vacancy exists, the promoted employee shall be placed on pre-employment hire list for the period of one (1) year. Advancement to a higher grade of Treatment Operator Positions I and II are exempt from this advancement probationary section.
- C. The District shall provide a newly appointed probationary employee a review of his/her performance at approximately the end of each month of the probationary period. At any time during the introductory period, the introductory employee or the District may terminate the employment relationship without cause, without compliance with the procedures set forth in Section 22, without recourse to the grievance procedure set forth in Section 23, and without prior notice. Notification of termination of the introductory employee shall be made in writing by the Manager to the employee.

11.3 EXEMPT EMPLOYEES

Exempt employees will not be represented by the Association in any matter covered by this Agreement. Only the Board of Directors has the right to determine what positions are exempt and the following are declared to be exempt: General Manager, Assistant General Manager, Operations Manager, District Engineer, Administrative Manager,

seasonal employees, temporary employees, and contract employees. Exempt employees shall enter into an Employment Agreement.

11.4 Temporary / Seasonal

Temporary or seasonal employees are those employees who are appointed for a job of limited duration not to exceed one hundred eighty (180) working days. It is understood that use of this type of employment is for short-term needs of the District. Such employees are not eligible for any District funded benefits and the employee or the District can terminate the employment relationship at any time, with or without cause or advanced notice.

11.5 Contract / Casual Workers

Contract or casual workers are those employees who are appointed for a limited duration and for completion of a specific task or project. Contract or casual worker employees are employed under a mutually agreed upon employment contract, and are completely ineligible for the District-funded benefits. The Manager is authorized to retain the services of agency personnel, as needed, if short-term needs arise, such as the maternity leave of an employee may create, or an unexpected work load for brief periods of time. The use of contract or casual employees shall be reported to the Board of Directors at the Board meeting following their being contracted.

12.0 TREATMENT OPERATOR POSITION CLASSIFICATIONS

The District has four (4) classifications of water and/or wastewater treatment operators. Funding for the classifications (positions) are established by the Board of Directors and are subject to annual review through the budget process. The classification structure allows employees to progress up the treatment operator classification chart as they receive higher levels of State certification. For complete job duties of each treatment operator refer to the job descriptions. The treatment operator classification and minimum requirements are as follows:

- A. Treatment Operator I: Possession of a Grade 1 Water Treatment Operator Certificate (T1) issued by the California State Water Resources Control Board (SWRCB) Drinking Water Department and the possession of a Grade 1 Water Distribution Operator Certificate (D1) issued by the California SWRCB Drinking Water Department within one (1) year of employment. Possession of a Grade I Wastewater Treatment Plant Operator Certificate issued by the California State Water Resources Control Board is desirable and qualifies for a treatment operator certificate incentive as outlined in Section 12.1.
- B. Treatment Operator T2: Possession of a Grade 2 Water Treatment Operator Certificate (T2) issued by the California State Water Resources Control Board (SWRCB) Drinking Water Department, and possession of a Grade 1 Water Distribution Operator Certificate (D1) issued by the California SWRCB Drinking Water Department. Possession of a Grade I Wastewater Treatment Plant Operator Certificate issued by the California State Water Resources Control Board is desirable and qualifies for a treatment operator certificate incentive as outlined in Section 12.1.

- C. Treatment Operator T3: Possession of a Grade 2 Water Treatment Operator Certificate (T2) issued by the California State Water Resources Control Board (SWRCB) Drinking Water Department; and the ability to obtain a Grade 3 Water Treatment Operator Certificate (T3) within one (1) year of employment. Possession of a Grade 2 Water Distribution Operator Certificate (D2) issued by the California SWRCB Drinking Water Department. Possession of, or ability to obtain, a Grade I Wastewater Treatment Plant Operator Certificate issued by the California SWCRB within two (2) years of employment. Possession of a Grade I Laboratory Analyst Certificate issued by the California Water Environment Association or American Water Works Association is desirable. There are a limited number of positions available in this classification.
- D. Operations Manager: Possession of a Grade 2 Water Treatment Operator Certificate (T2) issued by the California State Water Resources Control Board (SWRCB) Drinking Water Department; and the ability to obtain a Grade 3 Water Treatment Operator Certificate (T3) within one (1) year of employment. Possession of a Grade II Water Distribution Operator Certificate (D2) issued by the California SWRCB Drinking Water Department. Possession of, or ability to obtain, a Grade I Wastewater Treatment Plant Operator Certificate issued by the California SWRCB within two (2) years of employment. There is only one (1) position available in this classification.

12.1 Certification/License/Pay Adjustments

When not within the relevant job classification (job description), and of benefit to the District, as determined by the General Manager, the following certifications will be subject to pay adjustments to the following classification, with no employee receiving more than two adjustments, or 7.5%:

- A. Treatment Operator I classification (Range 28) shall be eligible for a 5% increase to Range 30 for possession of a Grade I Wastewater Treatment Plant Operator Certificate issued by the SWRCB.
- B. Treatment Operator II classification (Range 32) shall be eligible for a 2.5% increase to Range 33 for possession of a Grade 3 Water Treatment Operator Certificate (T3) issued by the SWRCB.
- C. Treatment Operator II classification (Range 32) shall be eligible for a 5% increase to Range 34 for possession of a Grade I Wastewater Treatment Plant Operator Certificate issued by the SWRCB.
- D. Treatment Operator II classification (Range 32) shall be eligible for a 7.5% increase to Range 35 for possession of a Grade I Wastewater Treatment Plant Operator Certificate and a Grade 3 Water Treatment Operator Certificate (T3) issued by the SWRCB.

12.2 Treatment Certification Higher than Required by Plant Classification – Bonus

When an Employee obtains Water Treatment Operator Certificate issued by the California State Water Resources Control Board (SWRCB) Drinking Water Department or a

Wastewater Treatment Plant Operator Certificate issued by the California SWRCB that is of a higher grade than required for plant operations the employee is eligible for a one-time pay bonus pursuant to the following requirements and schedule:

- A. Any Treatment Operator shall be eligible for a \$500 bonus for possession of a Grade 4 (T4) Water Treatment Plant Operator Certificate issued by the SWRCB-Drinking Water Department.
- B. Any Treatment Operator shall be eligible for a \$500 bonus for possession of a Grade II Wastewater Treatment Plant Operator Certificate issued by the SWRCB.
- C. Treatment Operators I or II shall be eligible for a \$500 bonus for possession of a Grade 3 (T3) Water Treatment Plant Operator Certificate issued by the SWRCB-Drinking Water Department.
- D. If the District incorporates higher treatment certificates grades for any of its water or wastewater treatment plants operations classification in the future due to a higher plant grade designates by the SWRCB, the bonus program of this section shall no longer be applicable.
- E. There is no pay bonus for any Water Distribution Operator Certificates.
- F. The total pay bonus that can be received by any single employee is \$1,000.

13.0 OUT-OF-CLASS ASSIGNMENT

As used herein, "Out-Of-Class Assignment" means the authorized full-time performance of all significant duties of an authorized vacant District position by a current District employee. When a current employee, in accordance with the policy set forth below, performs an out-of-class assignment in a position with a higher pay range, he/she shall be compensated at the greater of a five percent (5%) increase in his/her salary, or compensated under the closest step to a five percent (5%) increase of the position to which he/she has been temporarily assigned during the period of out-of-class assignment.

The Manager may authorize in writing the out-of-class assignment of a current District employee when, because of termination or unavailability of a District employee, an authorized District position becomes vacant and is expected to remain vacant for more than fifteen (15) working days, except for vacancies resulting from vacation in which case there will be no adjustment.

14.0 HOURS OF WORK AND OVERTIME COMPENSATION

- A. Paydays. The salaries and wages of all District employees shall be paid bi-weekly every other Friday. The two-week pay period begins on Saturday at 12:01 a.m. and ends two weeks thereafter on Friday at midnight. In the event a payday falls on one of the holidays listed, the immediately previous working day shall become the payday. Upon request, District employees can be paid via direct deposit into a personal bank account.
- B. Workweek: The work-week shall consist of seven (7) consecutive days from 12:01 a.m. Saturday through midnight Friday.

- C. **Workday Hours:** The regular hours of work each day shall be consecutive except for interruptions for meal periods. The regular working day for the operations department is generally 7:00 a.m. until 3:30 p.m. Employees shall be at their assigned work location, ready to start work at 7:00 a.m. Employees who are required to wear uniforms shall be in uniform at their designated jobsite at 7:00 a.m. Employees are required to record their work time (including start of shift, meal breaks, and end of shift). Hours worked can be rounded to the nearest 1/10th of an hour.
- D. **Meal Periods and Rest Breaks:** Employees are provided with a half-hour (30 minutes) break for lunch, a mid-morning break of fifteen (15), minutes and a mid-afternoon break of fifteen (15) minutes. Break time must be used on a daily basis. Time allocated to breaks may not be accumulated or used to come in late, leave early, or add to a meal period. All fifteen (15) minute breaks must be taken on the job site or other assigned work location, as that time is compensable.
- E. **Alternate Schedules:** The General Manager, or his/her designee, may authorize flexible work schedules with different starting and ending times, provided it does not interfere with the regular workload of the District. The General Manager, or designee, can also require employees to vary their workday hours when needed for operational or other business purposes.
- F. **Clean-up:** In addition to the 30-minute break for lunch, five (5) minutes of paid time will be allowed at the commencement of the meal period for employees to clean up (such as washing hands). At the end of the workday, ten minutes of paid time is allowed to operations staff to clean up and change out of required uniform (this will begin no sooner than 3:20 p.m. based on a regular work day schedule concluding at 3:30 p.m.).
- G. **Tardiness:** If an employee cannot report for work at the scheduled start time, then that employee is required to notify his/her immediate supervisor before his or her scheduled start time. Tardiness shall be cause for disciplinary action.

14.1 Overtime

- A. **Overtime Discouraged:** The District discourages overtime whenever possible.
- B. **Overtime Approval Required:** Employees should not work overtime without first obtaining approval from his or her supervisor or the General Manager.
- C. **Overtime Calculation:** All time which an employee spends in a pay status shall be considered in establishing the employee's normal regularly scheduled forty-hour (40-hour) work week. Any overtime worked by a regular part-time employee shall not be included or considered in calculating prorated benefits under this Agreement. Rather, such pro rata calculations shall be based on the number of hours regularly scheduled to be worked by the employee as compared with a full-time schedule. When overtime is necessary and authorized by the General Manager or designated supervisor, it shall be paid as follows:
 - 1. Time worked in excess of forty (40) hours in a work-week.

2. Time worked in excess of eight (8) hours in a work day (or regular scheduled shift).
 3. Time worked on a designated holiday.
 4. Overtime compensation will not be paid to Exempt Employees.
 5. Compensation for overtime is paid at a rate of one and one-half times the employee's regular hourly rate.
 6. Work after twelve (12) hours in any one work day (or regular scheduled shift) shall be compensated at twice the employee's regular rate of pay
- D. Compensatory Time Off: In place of overtime pay, an employee may request compensatory time off (CTO), which may be approved if the District so deems that CTO will not have any adverse effect on operations, scheduling, or expectations of the public and others served by the District. Any request for time off as a substitute for overtime compensation must be made in writing in advance and will only be allowed if the employee has less than 60 hours of accrued CTO, and the employee is regularly scheduled to work no less than 40 hours per week. In this case, CTO will accrue at the rate of one and one half (1-1/2) times the hours worked if compensatory time off is allowed. The maximum allowed employee accrual of CTO is sixty (60) hours.

Compensation as provided herein, shall not be granted to any employee for services for which the employee has been otherwise compensated. For purposes of this section, compensation for paid time off shall be considered as compensation for services rendered.

The employee shall be permitted to schedule the use of CTO, at the discretion of the District as stated above, provided the employee requests the time off at least two work days in advance. If the requested time off is not granted, the immediate supervisor and the employee shall meet to select an alternative date. If no alternative date is available, the employee shall be paid in cash in lieu of receiving time off. Compensated overtime shall be paid to the nearest five (5) minutes worked.

14.2 Standby Policy

The District requires standby work for some employment classifications and provides standby pay in accordance with the following policy:

- A. Schedule: A written schedule shall be maintained by the Operations Manager whereby all operations staff qualified for and designated for standby duty shall be assigned, on a rotational basis, to be on standby and subject to call out on weekends, holidays, and other times not considered regular hours of work for District employees.
- B. Notification. An employee on standby duty will be required to wear a cell phone or pager and remain in the local area where service is active. The standby employee may pursue any personal activity which leaves him/her available to promptly respond to paged calls for response to operational problems or emergencies. The standby employee shall refrain from activities which might impair his/her assigned

duties upon call. Notification of the need for emergency repair/maintenance work may also be given verbally, in person or telephonically, by the General Manager or Operations Manager, or by the employee's immediate supervisor.

- C. Reporting Requirement: When an employee is on standby, he/she shall be free to utilize his/her time as desired for personal pursuits, but must be fit for duty, ready, willing, and able to arrive at District facilities within forty-five (45) minutes from the time of the initial call-back notification. This means that those on standby should refrain from using alcohol. If called to duty, the employee on standby shall utilize a District vehicle and be dressed in District provided uniform and use all necessary personal protective equipment when performing scheduled rounds and when responding to call outs.
- D. Standby Period: The normal standby period begins at 3:30 p.m. on any given day and ends the following day at 7:00 a.m. The schedule will be determined by the Operations Manager as described above and may include daily, consecutive days, or groups of consecutive days.
- E. Standby Compensation: Standby pay shall be paid as follows:
 - 1. Weekdays: Standby weekday duty employees will be paid the equivalent of one (1) hour at their base overtime (OT) rate of pay of each weekday they are on standby. If an employee on standby receives a call, the employee shall be paid as provided in the call-out section below.
 - 2. Weekends and Holidays: On certain Saturdays, Sundays, and Holidays, the employee on standby may be required to perform scheduled rounds, other essential duties, and various secondary duties as assigned and determined by the Operations Manager. The employee performing these tasks shall begin work no later than 9:00 a.m. and perform a minimum of three (3) hours of work. The employee shall complete scheduled rounds first, followed by other essential duties, and then any secondary duties. The employee will be paid at the overtime rate for these three (3) hours. The employee shall conclude work at 12:00 p.m., unless the employee is specifically authorized by his or her supervisor to perform more than three (3) hours of work. The employee will be compensated at the overtime rate for all hours worked. In addition, Standby weekend and Holiday duty employees will be paid the equivalent of three (3) hours at their base overtime (OT) rate of pay for each weekend day and Holiday they are on standby. If an employee on standby receives a call, the employee shall be paid as provided in the call-out section below.
 - 3. Substituting Standby Coverage: Any employee agreeing to fill a day for the standby duty person shall receive compensation at the rates described above and the employee originally scheduled for standby duty for that day shall be reduced to \$0.00 for each day they are not on standby. The employee originally scheduled for standby shall notify their supervisor of the substitution and shall notify the answering service.

4. Illness: An employee who is scheduled to be on standby and who does not work the regular work day due to illness is not eligible to be on standby. The employee who is scheduled to be on standby shall contact his/her immediate supervisor who will then arrange for a replacement. In instances of illness, the assigned employee will be removed from the standby schedule and will not receive any standby pay.
5. In place of Standby compensation as outlined above, an employee may request compensatory time off (CTO) in accordance with Section 14.1 D.

14.3 Call Out Pay

An employee earns call out pay when an employee is ordered to return to work after the employee has completed the employee's usual work shift and left the work site. The District adheres to the following requirements for call out pay:

- A. Timing and Rate for Call Out Pay: Call out pay begins when the employee is initially called out and ends when the employee leaves the Maintenance Shop (or job site if the employee is not required to return to the Maintenance Shop) to return home. Call out pay is paid at the rate of one and one-half times an employee's regular pay.
- B. Before Regular Shift: An employee called in early to start his/her day or shift without prior reasonable notice shall also be eligible for call out pay for the time actually worked until 7:00 a.m., at which point the employee is expected to begin his/her regularly scheduled work day. An employee is not eligible for two hours of call out pay if the employee is called to work less than two hours before the commencement of his or her regular workday.
- C. Working Late Does Not Qualify for Call Out Pay: If an employee stays late to complete assigned work, that is not considered a call out. The employee will be paid at the appropriate hourly rate for any such work. In that instance, hours are paid at the overtime rate only if the work otherwise qualifies as overtime (i.e., in excess of 40 hours for the workweek).
- D. Minimum Pay for Call Out Duty: Subject to the limitations above, the District shall pay the employee a minimum of two (2) hours of overtime pay for a call out. An employee will not receive additional call out pay for any subsequent call outs received during the initial two hour period. Additional call outs during any two-hour minimum call out period will be considered time already paid. If actual work exceeds two (2) hours, then employees will be compensated for the time actually worked in excess of two hours. Any subsequent call out, after completion of the previous call out and after the employee has left the Maintenance Shop (or job site if the employee is not required to return to the Maintenance Shop), shall begin a new two-hour period.
- E. Obligation to Advise of Fitness for Duty: If an employee is called back to work (whether on standby or otherwise), the employee is obligated to promptly disclose to his or her immediate supervisor if he or she is not fit to return to duty for any reason.

15.0 CELL PHONE AND INTERNET REIMBURSEMENT

Operations employees are required to carry a cell phone, and if on standby duty, remain in the local area where service is active. The standby employee may pursue any personal activity which leaves him/her available to promptly respond to calls for response to operational problems or emergencies. The standby employee shall refrain from activities which might impair his/her assigned duties upon call. Operations employees required to carry a cell phone shall be reimbursed on a monthly basis \$80.00 for the use of their personal cell phone and internet for response to operational problems or emergencies, and to monitor/operate facilities remotely. The monthly cell phone and internet reimbursement shall be paid the first full payroll following the end of each month.

Other employees whose position includes the need for a cell phone may receive a cell phone allowance to reimburse for business-related costs incurred when using their personally-owned cell phones. Other employees that include the need for a cell phone for business-related use and that shall be reimbursed on a monthly basis \$80.00 are the positions of: Administrative Manager; Assistant General Manager; Operations Manager; District Engineer.

16.0 TRAVEL ALLOWANCES

Regular employees required by the District to attend educational programs, training sessions and/or meeting functions as representatives of the District shall be compensated as provided in the Personnel Policy Manual.

Part-time employees required to attend educational programs, training sessions and/or meeting functions as representatives of the District shall be compensated the cost of training, per diem travel expenses and pro-rated salary (i.e. part-time employees will receive normally worked part-time salary for time spent in training).

17.0 HOLIDAYS

This policy shall apply to all regular and introductory employees.

A. Days Designated as Holidays: The following days shall be recognized and observed as paid holidays:

- New Year's Day; (January 1)
- Martin Luther King, Jr's Day; (as observed by the State)
- President's Day (third Monday in February);
- Memorial Day; (last Monday in May)
- Independence Day; (July 4)
- Labor Day; (1st Monday in September)
- Veteran's Day;
- Thanksgiving Day; (4th Thursday in November)
- The Friday in November immediately following the day designated as Thanksgiving Day;
- Christmas Eve Day; (December 24)
- Christmas Day; (December 25)

- All regular District employees have one floating holiday per calendar year. If not taken during the calendar year earned, the floating holiday will be forfeited.

The District may close the office to the public between Christmas and New Year’s Day. During that time, employees can either take vacation or report to work on normal workdays, keeping doors closed to the public.

- B. Requirements: All regular work shall be suspended and employees shall receive one (1) day’s pay for each of the holidays listed above. An employee on a leave without pay will not receive holiday pay. In order to receive holiday pay, you must work the regularly scheduled work day prior to and after the holiday unless vacation has been pre-approved. If an employee is on approved vacation when a holiday occurs, the employee will receive holiday pay in lieu of vacation for the scheduled holiday. If an employee is on sick leave when a holiday occurs, the employee is not eligible for holiday pay and must use sick leave instead. If an employee has exhausted available sick leave, then the employee’s absence will be unpaid.
- C. Holidays on Weekends: Whenever a holiday falls on Saturday, the preceding Friday shall be observed as the holiday. Whenever a holiday falls on Sunday, the following Monday shall be observed as the holiday.
- D. Work on Holidays: Except for exempt employees, an employee that is required to work on a District Holiday shall be compensated or earn CTO at the rate of two times the employee’s regular rate of pay for actual time worked.
- E. Rate of Eligibility: Employees are eligible for holiday pay based on the following formulas:

Hours Worked Per Week	Proportion of Vacation, Sick, and Holiday Benefits
21-23	57.5%
24-26	65.0%
27-29	72.5%
30-32	80.0%
33-35	87.5%
36-38	95.0%
39-40	100.0%

18.0 VACATION

This policy shall apply to regular and introductory employees in all classifications.

- A. Rate of Accrual: Paid vacations shall be accrued according to the following full-time equivalent schedule on an annual basis. Years of service begins when an employee becomes a regular employee. Time is not accrued for any seasonal or temporary positions. Years of service must be continuous as follows:

1. Employees with less than five years of service earn one (1) working day per month of paid employment (equivalent to 12 working days per year);
2. Employees with five to ten years of service earn one and one and one-quarter (1.25) working days per month of paid employment (equivalent to 15 working days per year);
3. Employees with more than ten years of service earn one and two-thirds (1.67) working days per month of paid employment (equivalent to 20 working days per year).

All regular employees shall accrue vacation leave on the basis of the number of regular hours worked in the District service and all hours spent in a paid leave status from regular duties, excluding any time worked as overtime or special time. Such accrual shall take place on a pay period basis. Employees are eligible for vacation based on the following formulas:

Hours Worked Per Week	Proportion of Vacation, Sick, and Holiday Benefits
21-23	57.5%
24-26	65.0%
27-29	72.5%
30-32	80.0%
33-35	87.5%
36-38	95.0%
39-40	100.0%

- B. Limitations on Accumulated Vacation Time: An employee shall be able to accrue no more than forty (40) days or three-hundred twenty (320) hours of vacation leave. Once the maximum vacation accrual is reached, vacation time will no longer be accumulated.
- C. Cash-Out During Employment: Vacations are provided by the District to employees as a period of time away from work with pay for the purpose of rest, relaxation, and recreation. This respite is a benefit and is intended as an aid in maintaining the long-term and consistent productivity and contentment of the employee. As such, pay in lieu of vacation time away from work is highly discouraged. If the District would be adversely impacted by the employee taking vacation leave in excess of the (320) hours maximum, the District may elect to provide payment to the employee at their current hourly wage. Once the vacation accrual is below the maximum, vacation accrual will again start to accumulate.
- D. Termination: At termination of employment for any reason, the District shall compensate the regular employee for his/her accumulated vacation time at his/her straight time rate of pay at the time of termination.
- E. Paid Leave of Absence: Employees granted a leave of absence with pay or other approved leave with pay shall accrue vacation leave as otherwise regularly provided by this Agreement

- F. Unpaid Status: Vacation leave shall not be accrued by any employee absent from duty after separation from District service, or during a District authorized leave of absence without pay or any other absence from duty not authorized by the District or an absence from work as a result of any disciplinary action. An employee is not permitted to borrow on future accrual of vacation benefits.
- G. Holidays: If a holiday falls on a workday during an employee's vacation period, that day shall be considered as a paid holiday and not vacation time.
- H. Requesting Vacation: Employees must submit vacation requests of four (4) hours or more to their supervisor in a timely manner. In the event of the need for unscheduled vacation time off of less than four (4) hours, the employee has the option to use vacation time or sick time regardless of the nature. This option of unscheduled time off is only available if the paid time off is less than four (4) hours. Supervisors will consider requests in light of all relevant criteria, including operational concerns, seniority, scheduling issues, leave balances, timing of the request, and fairness.
- I. Introductory Employees: Introductory employees accrue vacation time during their introductory period, but are not eligible to take any accrued vacation until successful completion of the introductory period.

19.0 SICK LEAVE

This policy shall apply to regular and introductory employees in all classifications. Sick leave is defined as absence from work due to illness, non-industrial injury, or quarantine due to exposure to a contagious disease.

- A. Usage: Sick leave may be used for dental and doctor appointments, including the actual time spent at the appointment and a reasonable amount of time to travel to and from the appointment. The employee must report to work prior to the appointment and report back to work after the appointment, if reasonable. Employees are expected to schedule appointments so as to minimize the time away from and disruption to work. Sick leave use of less than four (4) hours may be granted for any reason if the employee has a need for unscheduled time off and cannot use CTO or vacation time.
- B. Kin Care: In any calendar year, an employee may use accrued sick leave, up to the amount earned during one year of employment, to attend to the illness of an immediate family member as defined in paragraph H below. After this maximum allotment is used, employees can take accrued vacation to attend to the illness of an immediate family member in accordance with the District's rules for scheduling and taking vacation time.
- C. Rate of Accrual: Employees shall earn sick leave at the rate of one (1) working day per month. There is no maximum of sick that may be earned. Employees who work overtime do not accrue any additional sick leave credit. Hours spent in a pay status shall include all regular hours worked in the District service and all hours spent in a paid leave status from regular duties, and shall exclude any hours worked as overtime or special time. Sick leave shall not be accrued by any employee absent from duty after separation from District service, or during a District authorized leave

of absence without pay, or any other absence from duty not authorized by the District, or an absence from work as a result of any disciplinary action.

- D. No Borrowing or Advance Accrual: An employee is not permitted to borrow on future accrual of sick benefits.
- E. Unpaid Leave: Sick leave does not accrue during any unpaid leave of absence.
- F. Notification Requirement: In order to receive compensation while on sick leave, the employee shall notify his/her supervisor prior to the time for beginning the regular work day that illness will prevent them from coming to work.
- G. Abuse of Sick Leave: If an employee is absent due to illness, if the District reasonably suspects abuse of sick leave, if there is a pattern of sick leave usage, or if an employee's sick leave balances are consistently maintained at a low level, a doctor's note may be required. Failure to provide a doctor's note upon request may be grounds for disciplinary action and/or denial of sick leave benefits.
- H. Family Members. Accrued sick leave may be used for care of a member of an employee's immediate family defined as spouse, child, brother, sister, parents, parents in-law, step-parents, step brothers and sisters, grandparents and/or other family member, or for bereavement leave for the death of a member of the employee's immediate family. Additionally, sick leave may be used for an employee's family illness or injury and medical or dental appointments.
- I. Compensation upon Separation: Employees must work a minimum of five (5) continuous years of service for the District to be eligible for any accrued sick leave compensation upon separation. This compensation is available only to employees that are separating employment for other than cause. Upon separation without cause or by retirement or any other voluntary reason, or a layoff, an employee has two options for reimbursement for accrued sick leave:
 - 1. The employee may elect to be paid at a rate of fifty percent (50%) of the employee's total maximum accrued sick leave, not to exceed sixty-five (65) days [520 hours]. Such reimbursement shall be at the employee's salary rate at the time of separation, and shall reduce the employee's total amount of accrued sick leave to zero (0).
 - 2. If retiring, the employee may elect to transfer their entire sick leave balance, one hundred percent (100%), to their CalPERS retirement account under the provisions of the sick leave credit contract provisions if applicable for the CalPERS formula Level the employee is classified in.
- J. Sick Leave Incentive: Employees who have accrued a minimum balance of an amount equal to one hundred sixty (160) hours of sick leave shall be allowed to convert at the end of each calendar year 50% of the unused sick leave balance of the ninety-six (96) hours earned for that year. The employee may elect to being paid straight time or transferring this percentage to vacation leave. This sick leave incentive will be paid with the first full pay period in January of each calendar year and can be made for up to a maximum of forty-eight (48) hours. The employee

must maintain a minimum balance of 160 accrued hours of sick leave after the cash out or transfer.

- K. Not Guaranteed Benefit: Sick leave is a benefit provided to employees for sporadic time off work in the event of true illness or need for medical care. Employees are not guaranteed the ability to take all sick leave that may accrue. If an employee is unable to perform the essential functions of his or her position, then the District may take steps to remove the employee from his or her position even if sick leave remains available.
- L. Rate of Eligibility: Employees are eligible for sick leave based on the following formulas:

Hours Worked Per Week	Proportion of Vacation, Sick, and Holiday Benefits
21-23	57.5%
24-26	65.0%
27-29	72.5%
30-32	80.0%
33-35	87.5%
36-38	95.0%
39-40	100.0%

20.0 BEREAVEMENT LEAVE

A regular employee shall be eligible for a temporary leave of absence without loss of salary upon the death of any member of the immediate family. Such leave is available for each incident but shall be limited to 3 days (24 hours), where the death or service are within the State of California and up to five days (40 hours) where the death or service is outside the State. Bereavement Leave is limited to 40 hours annually and shall be exhausted when a total of 40 hours have been used in any calendar year. If bereavement leave has been exhausted, a covered employee may elect to use other paid leave including sick leave, if necessary, for this purpose. "Immediate family member" is defined below. The employee shall include their familial relationship to the deceased on their leave request form.

Definition of immediate family for bereavement leave

"Member(s) of Immediate Family" as used for Bereavement Leave only shall mean mother, father, husband, wife, son, daughter, brother, sister, grandmother, grandfather, grandson, granddaughter, guardian with whom employee has lived. The definition includes "In-Law" relationships in each case and "Step" relationships in the case of parents and children.

21.0 EDUCATIONAL INCENTIVE PLAN

The District shall pay the costs associated with management approved education and training which will enhance productivity of District employees in their current job with the District. The District shall also pay costs associated with management approved education and training which will enhance the preparation of District employees for a District position in their probable career path. To be eligible for this plan, an employee shall first submit an education plan for review and consideration by the District prior to enrollment into any education incentive program. An employee must have completed three years of full-time employment with the District and have achieved above average job performance for the last three consecutive years to be eligible for this section. The education plan submittal shall outline the classes, institute and duration. It will also estimate the total cost of the education and what portion will be requested for reimbursement.

22.0 UNIFORMS AND PROTECTIVE CLOTHING

- A. This section and the annual reimbursement allowance and uniform program shall be administered by the Manager and/or designee. The Administrative Manager shall be deemed the designee unless notice is otherwise provided.
- B. The District shall reimburse each operation/maintenance employee for purchase of pants/shorts, jackets, and safety shoes/work boots every fiscal year not to exceed \$675 per employee. This reimbursement allowance will be available the first full payroll following July 1 of each year of this Agreement beginning July 1, 2026.
- C. Employees shall order and purchase their own pants/shorts, jackets, and safety shoes/work boots. Upon receipt of written verified payment (original receipts) by the employee for the appropriate uniform attire, the District shall reimburse the employee the cost of said uniform up to the reimbursement allowance amount for the fiscal year. Funds or reimbursement credits shall not be interchanged between employees or paid to the employee upon termination for any reason.
- D. In addition, the District shall purchase up to five (5) uniform shirts and two (2) hats for each operations/maintenance employee every fiscal year. This purchase shall not count towards the employee's annual reimbursement allowance. Any uniform shirts or hats needed in addition to the annual District purchase shall be the responsibility of the employee to pay for.
- E. Employees shall not order uniform shirts and/or hats but shall request that the District order uniform shirts and hats using a form approved by the District. This shall also apply to the uniform and hats needed in addition to the annual District purchase.
- F. Uniform reimbursement allowance shall not accrue from year to year and shall be forfeited at the end of any eligibility year in which it is not used.
- G. The design and type of employee uniforms and hats shall be approved by the Manager.
- H. If an employee leaves District service for any reason, any annual uniform reimbursement allowance paid shall be deducted from their last paycheck on a pro-

rated basis of the months remaining in the fiscal year. For example, if six months of the year has been completed and \$675 has been reimbursed, \$337.50 will be deducted from the employee's last payroll ($\$675/12 * 6 = \337.50).

- I. Employees shall be required by the District to always be in the appropriate uniform while on duty. Employees shall be responsible for their proper use and care of all items issued at District's expense. Loss or improper care of issued items may result in employees being charged by the District for lost or damaged items with appropriate salary deductions for reimbursement to the District. Excessive or unusual loss or occurrences of loss may result in disciplinary action.
- J. The District shall provide employee protective and safety clothing required by the job task. Such equipment shall include, but not be limited to, safety glasses, helmets, hard hats, gloves, rubber boots, and all related safety items. The District shall retain the right to determine the minimum specifications of the safety equipment, procurement procedures and limitations and exclusions.

23.0 SEPARATION FROM DISTRICT EMPLOYMENT

- A. Resignation: An employee can resign District employment at any time. To allow for proper transition of duties, the District requests, but does not require, that employees provide the District with at least two (2) weeks advance notice of resignation. On or before the effective date of the employee's resignation, employee shall immediately relinquish to his or her supervisor all District property, including but not limited to keys, phone, computer, credit cards, and any other property in the employee's possession. Resignations may only be withdrawn with the expressed written approval of the General Manager. At the General Manager's discretion, the resigning employee may be required to immediately return all District property in their possession and/or be placed on paid administrative leave for the duration of his or her employment through the resignation date.
- B. Layoffs: Whenever, in the judgment of the District Board, it becomes necessary, due to the lack of work, absence of need for a position, material change in duties, curtailment of public services, lack of funds, or other economic considerations, the General Manager may layoff an employee. The General Manager shall prepare a layoff list, giving consideration to all applicable factors, including business necessity, job performance, competence and skill-set of individual employees, and longevity of service with the District (where practical). Longevity will not dictate layoff choice where other relevant factors apply.
 - 1. Employees to be laid off shall be notified as soon as practicable and given at least fourteen (14) calendar days prior notice. A layoff is not subject to grievance or appeal.
 - 2. Employees laid off or demoted in good standing under this policy shall be eligible for re-employment with the District. The names of all persons laid off or demoted in accordance with this policy shall be entered upon a re-employment list. If, within three (3) months of the effective date of layoff, the position held by the employee immediately prior to layoff or demotion becomes

vacant, or if another position within the same class and for which the employee is qualified becomes vacant (“alternate position”), then the employee shall be offered the vacant position. Persons who decline re-employment shall be removed from the list. At the discretion of the General Manager, the re-employment list can be extended beyond the initial three (3) months.

- C. Involuntary Termination: The District can terminate employment of employees who have not completed the introductory period for any reason, or no reason, in accordance with the introductory period policy. Employees who have attained regular status can be terminated for good cause in accordance with the disciplinary policy.

24.0 GRIEVANCE PROCEDURE

A. Definition:

A grievance is a written request or complaint initiated by an employee, arising out of a specific application of a policy or rule, the solution of which will involve the interpretation or application of existing rules, regulations, policies, or procedures administered by the employee’s supervisor concerning wages, hours, or other terms and conditions of employment. An employee may request in writing to take vacation or non-paid leave to respond to a grievance, not to exceed one working day, with the Manager’s approval.

These matters cannot be the subject of a grievance:

1. Matters reviewable under some other District administrative procedure;
2. Requests or complaints the solutions of which would require the exercise of authority, such as the adoption or amendment of a resolution, rule, regulation or policy established by the Board of Directors;
3. Requests or complaints involving the termination of an introductory or temporary employee, or the termination, suspension or demotion of a regular employee, or any other disciplinary matter;
4. Requests or complaints involving the denial or granting of merit increases, performance evaluations, suspension or denial of education assistance, verbal and/or written reprimands.

B. Grievance Procedure Steps:

1. Level I, Preliminary Informal Resolution: Any employee who believes he/she has a grievance shall present the matter orally to his/her immediate supervisor within five (5) working days after the employee knows, or reasonably should know, of the circumstances which form the basis for the alleged grievance. The immediate supervisor shall hold discussions and attempt to resolve the matter within three (3) working days after the presentation of such grievance. It is the intent of this informal meeting that at least one personal conference be held between the employee and the immediate supervisor. The supervisor shall advise the employee orally as to the outcome of the grievance.

2. Level II, General Manager: If the grievance has not been resolved to the employee's satisfaction at Level I, the grievant must present his/her grievance in writing on a form provided by the District to the General Manager within ten (10) working days after the occurrence of the act or omission giving rise to the grievance.

The statement shall include the following:

- a. A concise statement of the grievance including specific reference to any law, policy, rule, regulation and/or instruction deemed to be violated, misapplied or misinterpreted;
- b. The circumstances involved;
- c. The decision rendered by the immediate supervisor at Level I;
- d. The specific remedy sought.

The General Manager shall attempt to communicate his/her decision within five (5) working days after receiving the grievance. Decisions will be in writing setting forth the decision and the reasons therefore and will be transmitted promptly to all parties in interest. Either party may request a personal conference with the other.

3. Level III, Board of Directors: If, after receipt of the written decision of the Manager, the grievance is still unresolved, the employee may appeal the decision to the Board of Directors in Closed/Open Session as mutually agreed. The Board of Directors shall schedule a meeting concerning the matter and it shall take place at the next regularly scheduled Board meeting or otherwise within ten (10) working days of receipt of the appeal. After hearing and reviewing the Board of Directors shall render a decision on the appeal within five (5) working days. The Board of Directors may hear the appeal or by Resolution, Board Order, or Ordinance, refer all grievances submitted to them to such other person or body as they deem necessary for hearing. The Board of Directors shall further determine whether or not the decision reached by such other person or body shall be final and binding or advisory in nature. The Board of Directors' decision shall be final and binding in all cases.
4. Basic Rules: If an employee does not present the grievance, or does not appeal the decision rendered regarding the grievance within the time limits specified above, the grievance shall be considered resolved.

By agreement in writing, the parties may extend any and all time limitations of the grievance procedure. In addition, if the General Manager needs additional time within which to meaningfully respond to a grievance, the General Manager will so notify the employee. A copy of all formal grievance decisions shall be placed in the employee's permanent personnel file.

25.0 DISCIPLINARY PROCESS

The purpose of this section is to establish the types of actions for which an employee can be disciplined and the disciplinary measures that may be used.

25.1 Standard of Conduct

The District expects employees to observe a standard of conduct which will maintain an orderly, positive and productive workplace. Such a standard of conduct will benefit and protect both the District and all employees.

The discipline procedures in this section represent guidelines which the District believes are generally appropriate to govern employee conduct. They are not, however, absolute rules. The District retains discretion to determine what constitutes proper disciplinary action and procedure in each individual situation.

Behavior that violates this standard of conduct will subject employees to discipline up to and including suspension without pay or termination.

The disciplinary action used to maintain the standards of conduct will be determined in light of the facts and circumstances of each individual case. Each incident will be considered in light of a variety of factors, including:

- A. The seriousness of the incident and the circumstances.
- B. The employee's past conduct and length of service.
- C. The nature of any previous incidents.
- D. The general practice as it relates to the incident.

25.2 Grounds for Discipline

Although not exhaustive, the following list represents kinds of behavior that should be considered improper and unacceptable in the workplace, and may subject the employee to the disciplinary process. Employees are noticed that conduct not specifically listed below but which adversely affects or is otherwise detrimental to the interests of the District, other employees, or the public, may also result in disciplinary action. Discipline may be taken against an employee for "good cause." Good cause exists where any fact or set of facts, based upon relevant circumstances, may be reasonably relied upon in the exercise of discretion as a basis for disciplinary action. The following are set forth as examples only and shall not be construed as an exclusive list:

- A. Fraud in securing employment.
- B. Abuse of sick leave or other violation of sick leave policy.
- C. Violation of any lawful or reasonable regulation or order made and given by an employee's supervisor; insubordination.
- D. Use of, or possession of, intoxicating liquors or substances or other substances, such as medications, whether prescribed or not prescribed, which may have a

- negative effect on the employee's ability to think clearly and work safely while on duty.
- E.** Reporting to work under the influence of intoxicating liquors or other substances.
 - F.** Theft or embezzlement from the District or from other District employee(s), or customers.
 - G.** Misuse of District property.
 - H.** Misuse of District credit cards and/or violation of purchasing policies.
 - I.** Negligence in the performance of duties.
 - J.** Incompetence or inefficiency.
 - K.** Inexcusable neglect of duty.
 - L.** Inattention to or dereliction of duties.
 - M.** Excessive number of absences or tardiness in reporting for duty and/or unauthorized or excessive absence from assigned duties.
 - N.** Use, possession, being under the influence of, sale/purchase or offer to sell/purchase illegal drugs and narcotics or alcohol during working hours or after working hours on District property.
 - O.** Falsification of District records.
 - P.** Dishonesty.
 - Q.** Fighting or other abusive conduct toward employees or the public during working hours.
 - R.** Improper or unauthorized operation of District vehicles or equipment.
 - S.** Deliberate destruction or damage to District property, public property or the property of another employee.
 - T.** Possessing unauthorized firearms on District property or during hours when the employee is employed by the District.
 - U.** Private or personal use of District equipment, vehicles, tools or materials without prior approval of the General Manager.
 - V.** Violation of safety rules or unsatisfactory driving record.
 - W.** Conviction for a felony or misdemeanor.
 - X.** Refusal to take and subscribe any oath or affirmation which is required by law in connection with his/her employment.
 - Y.** Harassment.
 - Z.** Violation of District ordinance(s), rules or regulations or County, State, or Federal laws.
 - AA.** Failure or refusal to report to work in neat, clean clothing or uniform.
 - BB.** Negligent or unsafe conduct or operation of equipment or vehicles at, or in the course and scope, of employment.

- CC.** Use of offensive, harassing, obscene or abusive language or conduct with the public, employees and Directors, lessees and contractors and/or other visitors and persons on business with the District.
- DD.** Loss of employment-required licenses or certificates.
- EE.** Sexual harassment.
- FF.** Intentional or negligent act or omission or failure to observe, safety rules and regulations which adversely affects or threatens to adversely affect, the safety of the employee or others or facilities or equipment.
- GG.** Unauthorized use of District employees, time, materials or equipment for personal activities.
- HH.** Leaving work area, job assignment or departing during working hours without proper authorization.
- II.** Willful destruction or defacement of District property, or private property while employee is on duty.
- JJ.** Misuse or unauthorized use or alteration without Management approval, of the District's computer system(s), including any programs and/or equipment and/or data.
- KK.** Accepting favors or gratuities in return for services required to be performed as a part of the employee's official duties or responsibilities.
- LL.** Use of an employee's official position for personal gain or advantage.

All employees shall strictly observe the District's prohibition against bringing onto, possessing, or storing intoxicating liquors, illicit drugs, or other such substances in or about District buildings, work sites, vehicles, vessels, equipment or other facilities, except as otherwise provided by law. Violation of this sub-section may result in immediate disciplinary action, including termination.

There shall not be any cigarette, pipe or cigar or similar substance smoking in the District's office buildings, maintenance yard, maintenance yard buildings, water treatment plant, sewer treatment plant, vehicles, other equipment or in any work area where smoking could result in hazardous conditions, except in certain designated areas.

The procedure set forth in this Procedure shall be exclusive, and the failure of an employee to utilize the provisions herein shall constitute a waiver of any claim to relief.

These Procedures apply only to Regular Employees. Regular Employees do not include Introductory Employees, those employees identified by this agreement as exempt employees, or any employee hired on a temporary, special, provisional, seasonal, emergency basis, or any independent contractor. An employee not covered by this disciplinary policy may be disciplined without reference to these provisions and removed from his or her position at will and without cause.

25.3 Progressive Disciplinary Procedures

In order to provide a fair method of disciplining employees, the following progressive disciplinary procedures shall be taken when disciplinary action is necessary, except in the case of immediate disciplinary action, as stated in the section of this Agreement entitled IMMEDIATE DISCIPLINARY ACTION. Progressive discipline must be timely and should follow, as closely as possible, the incident requiring the disciplinary action.

A. Level of Discipline: The District has the discretion to determine the appropriate level of discipline in the circumstances involved. The District is not obligated to follow any particular level or order of discipline. The severity of any action taken should be proportionate to and commensurate with the cause and should also take into account prior disciplinary history, if any. In appropriate circumstances, the District may suspend or terminate an employee without first providing lower levels of discipline.

1. Types of Discipline – Minor: No right to appeal is available to challenge minor discipline.

a. Corrective Counseling: Corrective counseling is a verbal warning accompanied by written documentation. Corrective counseling may be provided to an employee whose conduct or performance must be improved. The counseling should detail the areas for improvement, the degree of improvement required, and notice that failure to improve will result in more serious disciplinary action. The supervisor shall document the verbal warning (corrective counseling) and place a dated copy in the employee's personnel file with a copy to the employee. The employee must acknowledge receipt of the counseling by signing the documentation at the time of presentation; this signature signifies only receipt of the document, not necessarily agreement with the contents. The employee may, within five (5) calendar days, respond in writing, which shall be included in his/her file.

b. Written Reprimand: A formal written notice to an employee which summarizes previous related disciplinary action, if any, which details conduct subject to discipline and which advises that continued conduct at such levels may result in suspension, pay reduction, demotion or dismissal. The employee must acknowledge receipt of the reprimand by signing the letter at the time of presentation; this signature signifies only receipt of the document, not necessarily agreement to the contents. The employee may, within five (5) calendar days, respond in writing to the contents of the letter of reprimand to be included in his/her file.

c. Appeal from Minor Discipline: Corrective counseling and written reprimands are not subject to appeal. These forms of minor discipline are considered final when provided to the employee. The employee's only form of challenge to these types of discipline is to submit a written response, as provided above.

2. Types of Discipline – Major:

- a. Suspension: The temporary removal of an employee from the service of the District without pay. A suspension of this type does not include suspension pending an investigation into alleged misconduct.
- b. Pay Reduction: The reduction in pay of one or more pay steps where performance falls short of normal established standards or where performance is clearly inadequate in one or more of the critical job duties for the position.
- c. Demotion: The removal of an employee from a position to one of lower grade or classification.
- d. Dismissal: The removal of an employee from the service of the District.

25.4 Disciplinary Procedures for Major Discipline

The following procedures apply when major discipline is imposed. These procedures do not apply when minor discipline is imposed.

- A. Notice of Intent-to-Discipline for Suspension, Pay Reduction, Demotion or Dismissal: Where the proposed discipline is major, as defined, a Notice of Intent-to-Discipline, signed by a Supervisor, supporting the discipline shall be served on the employee. Service of the Notice of Intent-to-Discipline shall be made at least five (5) days before a hearing pursuant to Section B.3. is held regarding the charges. The Notice shall include:
 - 1. The proposed discipline.
 - 2. The effective date of the discipline.
 - 3. The reasons for the discipline.
 - 4. All documents which support the discipline. Copies of the documents upon which the discipline is based shall be attached to the Notice of Intent.

An employee may, where circumstances warrant, be placed on administrative leave pending the hearing held pursuant to Section B.3.

- B. Service: Notice of Intent-to-Discipline shall be served on the affected employee by:
 - 1. Personal service; or
 - 2. If personal service is not feasible, by first class certified mail, return receipt requested, to the last known mailing address of the employee.

Service is deemed complete when any one of the preceding steps is taken.

- 3. Informal Hearing Procedure (Skelly hearing): The employee shall be given an opportunity at an informal hearing to show why the proposed major discipline should not be imposed prior to its imposition.
 - a. The hearing will be conducted by a Reviewing Officer who shall be the General Manager or a responsible person designated by the General Manager (either another District managerial employee or an individual

from an outside organization). The Reviewing Officer can be the managerial employee who issued the Notice of Intent or an alternate individual designated by the General Manager. The employee, at his or her choice, can bring a representative to the hearing.

- b. At the hearing, the employee shall be given an opportunity, either orally, in writing, or both, to explain why the proposed discipline should be revised or cancelled. The hearing is not an evidentiary hearing. It shall be tape recorded or stenographically recorded.
- c. If an alternate Skelly officer conducts the Skelly hearing, then that individual, within five (5) days of the hearing, shall provide a recommendation to the individual who issued the Notice of Intent as to whether to uphold, lessen, or withdraw the proposed action.
- d. Within five (5) days after the hearing or receiving a recommendation from an alternate Skelly officer, the managerial employee who issued the Notice of Intent shall issue an order upholding, lessening, or withdrawing the proposed discipline. The final notice will contain a final statement of charges, explain the basis for the decision, and indicate whether the employee has a right of appeal. The five-day period may be extended by the General Manager, who shall notify the employee.
- e. The decision will be served on the employee as provided in this Section. The decision shall also inform the employee of his/her right of appeal as provided in Section C, below.

C. Appeal from Major Discipline: If an employee desires to appeal the decision issued pursuant to Section B 3, above, then the following procedures shall apply.

1. Appeal Right: An employee who has received a major form of discipline (dismissal, suspension, pay reduction, or demotion) may appeal to a Hearing Officer. The appeal must be in writing and filed with the General Manager within ten (10) working days after service on the employee of the final notice of discipline.
2. Selection of a Hearing Officer: The Hearing Officer shall be a retired judge or attorney with at least ten (10) years' experience in employment law. The parties may mutually and informally agree upon their desired Hearing Officer. If informal selection is not possible, then the Hearing Officer shall be selected as follows: the District shall obtain a list of five (5) potential hearing officers from the State Mediation and Conciliation Service. Each party may strike all names on the list it deems unacceptable. If only one name remains on the list, that individual shall be designated as the Hearing Officer. If more than one common name remains on the list, the parties shall strike names alternately until only one remains (with the District striking a name first). If no name remains on the list, the conciliation service shall furnish an additional list or lists until a Hearing Officer is selected.

3. Hearing: An evidentiary hearing shall be held on the appeal. The hearing shall be conducted within sixty (60) days of the selection of the hearing officer, unless the General Manager, the Hearing Officer and the appellant agree in writing that the date of the hearing be extended for a specified time. The General Manager or designee shall provide as much advance notice as practicable, but at least fourteen (14) days written notice, of the date, time, and place of hearing to the appellant.
4. Conduct of the Hearing: The hearing shall be conducted in the manner most conducive to determination of the truth, and the Hearing Officer shall not be bound by technical rules of evidence. The following procedures shall be follows:
 - a. The proceedings shall be tape recorded or stenographically reported. The decisions of the Hearing Officer shall not be invalidated by any informality in the proceedings.
 - b. The hearing officer shall determine the relevancy, weight, and credibility of testimony and evidence. The hearing officer shall base his/her findings on the preponderance of the evidence.
 - c. Each side shall be permitted an opening statement and closing argument. The District shall first present witnesses and evidence to sustain the discipline and the appellant will then present his/her witnesses and evidence in defense.
 - d. Each side will be allowed to examine and cross-examine witnesses.
 - e. The hearing officer, upon a request by either party, may subpoena witnesses and/or require production of other records or material evidence.
 - f. The hearing officer may, prior to or during a hearing, grant a continuance for any reason he/she believes may be important to reaching a fair and proper decision.
5. Cost: The District shall bear the cost of the hearing officer and the court reporter or stenographic recording; each side shall bear its own cost of representation.
6. Attendance at the hearing: The appellant shall personally attend the hearing, unless physically unable to do so and excused in advance by the Hearing Officer. Unexcused failure of an appellant to appear at a hearing shall be deemed a withdrawal of the appeal.
7. Resolution by the Hearing Officer: Within thirty (30) days after completion of a hearing, unless waived by the parties, the hearing officer shall prepare a written decision and forward it to the General Manager. The written decision shall set forth the hearing officer's findings of fact and shall state reasons why the discipline is recommended to be sustained, reduced, or cancelled. If the

hearing officer recommends that the discipline be reduced or cancelled, the hearing officer shall make recommendations concerning payment of back pay, if applicable, during pendency of the appeal.

8. **Advisory to the General Manager:** The decision of the Hearing Office shall be forwarded to and is considered advisory by the District's General Manager. The General Manager shall review the recommendation of the Hearing Officer and may then accept, reject, or modify the proposed decision (which includes the authority to impose a lesser or different form of discipline). The General Manager's decision shall be in writing and shall be issued within thirty (30) days of receiving the Hearing Officer's decision. The General Manager's decision shall be final.
9. **Appeal from the General Manager's final decision:** If the appellant is dissatisfied with the General Manager's decision and wishes to seek judicial review, the limitations period provided in Code of Civil Procedure Section 1094.6, shall apply. The General Manager's written decision shall include notice to the appellant that the time within which judicial review must be initiated is governed by Code of Civil Procedure § 1094.6. A copy of the General Manager's decision shall be forwarded to the Hearing Officer, the manager who issued the discipline, and the appellant. The decision shall be included in the appellant's personnel file.
10. **Administrative Leave:** Whenever the General Manager determines that it is in the best interest of the District not to have an employee at the workplace – either prior to or during the disciplinary process – an employee may be placed on administrative leave, with pay, subject to such reasonable conditions as may be determined by the General Manager given the circumstances of the situation.

26.0 IMMEDIATE DISCIPLINARY ACTION

The following special situations shall apply in conjunction with the Section Disciplinary Process:

- A. **Failure to come to work:** An employee who fails to appear for work without reasonable explanation and justification for a continuous period of three (3) working days shall be subject to termination effective on the first working day of said continuous period. Such termination shall be deemed voluntary.
- B. **Intoxicating liquors, drugs or substances:** An employee whose alcohol test indicates an alcohol concentration level between .02 and .04 grams of alcohol per 210 liters of breath shall be removed from his/her position for at least 24 hours. An employee whose alcohol test indicates an alcohol concentration level greater than .04 grams of alcohol per 210 liters of breath, or who has a positive drug test result shall be removed from his or her position for a period to be determined by the District Manager. Employees who are removed from their position under this policy shall be placed on unpaid leave. The

District, in its discretion, may discipline, up to and including termination, an employee who fails, one or more times, a drug or alcohol test.

The District recognizes that the abuse of alcohol or drugs is a progressive illness which can be arrested if treated in a sensitive and timely manner, therefore any disciplinary actions shall consider the appropriateness of and commitment to treatment programs pursued by the employee, the employee's work record, and the problems created by the employee's absence for treatment. If a treatment program is pursued, the employee shall be allowed to use sick leave, compensatory time off, and annual leave, in that order, while seeking professional counseling and/or treatment. A letter from the provider of the professional counseling and/or treatment must be received by the Manager prior to the employee returning to work and must state the nature of the treatment or counseling, the extent or degree to which the employee has recovered, the fact that the employee is recovered sufficiently to return to work, any limitations to be imposed on the employee while at work, and any further treatment or counseling required, including timing and extent. The employee may be allowed to return to work providing that the professional counselor or treatment provider's requirements or stipulations can be met by the District without any adverse effect on District operations, objectives, and/or safety.

Failure of an employee who has committed himself/herself to follow a treatment program, to rigidly adhere to that program, will result in disciplinary actions up to and including termination. Subsequent violation of this policy after completion of a treatment program will result in further disciplinary action.

- C. Impact on Health, Safety and Welfare: Any discipline which, in the judgment of the Manager, must be imposed immediately to protect the health, safety or welfare of the community or other District employees, may be summarily imposed without affecting the pre-disciplinary procedures of this Agreement. Such procedure shall be completed, however, within five (5) working days of the imposition of discipline.

27.0 PERSONNEL FILES

Employees shall have the right to examine those materials in their personnel files which may affect the status of their employment. Employees shall be given copies of those records, upon verbal or written request, however, the request shall be kept to a reasonable amount. An employee shall have the right to have his/her own written comments attached to any such item placed in his/her file.

28.0 MISCELLANEOUS

28.1 Amendments

These rules and regulations may be amended at any time by the Board; provided, however, that amendments shall not be made until after consultation in good faith with the Association representatives.

28.2 Severability

If any section, paragraph, or provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable, such determination shall not affect the validity and enforceability of the remaining sections, paragraphs, and provisions.

29.0 MINIMUM WORK WEEK

Nothing in this Agreement shall be construed to be a guarantee of a minimum work week for any employee.

30.0 TERM OF AGREEMENT

This Agreement shall become effective on, July 1, 2026 and shall remain in effect through June 30, 2028. This agreement may be opened at any time the state budget has a significant and unbudgeted impact to the District's budget.

31.0 NO STRIKE CLAUSE

- A. During the terms of this Agreement, There will be no concerted strike, sympathy strike, work stoppage, slow down, obstructive picketing, informational picketing, or concerted refusal or failure to fully and faithfully perform job functions and responsibilities, or other concerted interference with the operations of the District by any employee. The Association shall ensure compliance by its members and itself with this no strike clause.
- B. Any employee concertedly violating this article may be subject to disciplinary action up to and including discharge, and/or may be considered to have automatically resigned from the District's employment.

32.0 AUTHORIZED AGENTS

For the purpose of administering the terms and provisions of this Agreement:

- A. Management's principal authorized agent shall be:
 - General Manager
 - Heritage Ranch Community Services District
 - 4870 Heritage Road
 - Paso Robles, California 93446
 - Telephone: (805) 227-6230 FAX: (805) 227-6231
- B. The Association's principal authorized agent shall be:
 - Designated Employee Representatives
 - Heritage Ranch Community Services Employees Association

33.0 SAVINGS CLAUSE

If any provision of this Agreement should be held invalid by operation of law or by any court of competent jurisdiction, or if compliance with or enforcement of any provision should be

restrained by any tribunal, the remainder of this Agreement shall not be affected thereby, and the parties shall enter into a meet and confer session for the sole purpose of arriving at a mutually satisfactory replacement for such provision within a thirty (30) day work period. If no agreement has been reached, the parties agree to invoke the provision of impasse.

FOR THE DISTRICT:

FOR THE ASSOCIATION:

Bill Barker, President
Board of Directors

Troy Shogren
Employee Representative

DATED: _____

DATED: _____

Scott Duffield
General Manager

Jered Marty
Employee Representative

DATED: _____

DATED: _____

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors

FROM: Scott Duffield, General Manager

DATE: June 18, 2026

SUBJECT: Request to approve a proposal from Tuckfield & Associates to perform a Water and Wastewater Capacity Charge study for a not to exceed amount of \$14,900.

Recommendation

It is recommended that the Board of Directors approve a proposal from Tuckfield & Associates to perform a Water and Wastewater Capacity Charge study for a not to exceed amount of \$14,900.

Background

The purpose of water and sewer Capacity Charges is to provide revenue to recover costs of existing and future facilities that are of proportional benefit to the person or property being charged. These fees are separate from the monthly user fees which are billed to individual accounts based on the amount of service used. Capacity Charges are a one-time cost towards the lot or parcel and is collected by the District upon a will serve commitment for water and/or sewer service.

The California Government Code Sections 66013 defines water and sewer capacity charges, and the process to account for these fees. Excerpts from Government Code Sections 66013 provides the following:

“(a) Notwithstanding any other provision of law, when a local agency imposes fees for water connections or sewer connections, or imposes capacity charges, those fees or charges shall not exceed the estimated reasonable cost of providing the service for which the fee or charge is imposed...”

(b) As used in this section:

(1) "Sewer connection" means the connection of a structure or project to a public sewer system.

(2) "Water connection" means the connection of a structure or project to a public water system...

(3) "Capacity charge" means a charge for facilities in existence at the time a charge is imposed or charges for new facilities to be constructed in the future that are of proportional benefit to the person or property being charged...”

The District's current Capacity Charges became effective October 1, 2018, and are shown in the table below.

Water	October 1, 2018 Capacity Charge
Water system capacity charge based on meter size	Per Meter
¾"	\$6,698
1"	\$11,185
1 ½"	\$22,304
2"	\$35,700
3"	\$71,467
4"	\$111,655
6"	\$267,920
8"	\$446,555

Sewer	October 1, 2018 Capacity Charge
Sewer system capacity charge based on use category	Charge per Dwelling Unit
Single family	\$8,212
Multiple dwelling	\$8,212
Mobile home	\$8,212
RV space	\$6,570
Commercial	Based on calculation by District engineer
Other	Based on calculation by District engineer

Discussion

The last study was completed in 2018 and did not include the current Capital Improvement Program (2022), which also includes the Water Resources Recovery Facility project. It would be prudent to update the Capacity Charges now.

The Manager requested and received a proposal from Tuckfield & Associates to perform the Capacity Charge study. Clayton Tuckfield performed our 2018 Capacity Charge study as well as the 2023 water rate study and 2024 wastewater rate study. Financial services, rate studies, and debt analyses are the only work that Tuckfield & Associates performs. Clayton Tuckfield is a professional engineer and holds an MBA.

Fiscal Implications

The proposed cost of the Capacity Charge study is \$14,900 and is included in the Preliminary Fiscal Year 2026-27 Budget.

Results

Approval of the recommended action will result in initiation and implementation of updating the District's Capacity Charges which will contribute revenue to recover costs of existing and future facilities that are of proportional benefit to the person or property being charged.

Attachment: Tuckfield & Associates Proposal for Water and Wastewater Capacity Charge Study dated May 2026

Proposal To:

Heritage Ranch Community Services District

4870 Heritage Road
Paso Robles, CA 93446
(805) 227-6230

Proposal For

Water and Wastewater Capacity Charge Study

Submitted By:

Tuckfield & Associates

Contact: Mr. Clayton Tuckfield
2549 Eastbluff Dr, #450B
Newport Beach, CA 92660
(949) 760-9454

ctuckfield@tuckfieldassociates.com

FINANCIAL CONSULTING
**TUCKFIELD &
ASSOCIATES**
MANAGEMENT CONSULTING

May 2026

Tuckfield & Associates

2549 Eastbluff Drive, Suite 450B, Newport Beach, CA 92660
Phone (949) 760-9454 Fax (949) 760-2725
Email ctuckfield@tuckfieldassociates.com

May 29, 2026

Mr. Scott Duffield
General Manager
Heritage Ranch Community Services District
4870 Heritage Road
Paso Robles, CA 93446

Dear Mr. Duffield:

I am pleased to submit this proposal to provide consulting services for a Water and Wastewater Capacity Charge Study (Study) for the Heritage Ranch Community Services District (District). Over the last 25 years I have conducted numerous water and wastewater rate and capacity charge studies in California as well as an additional 15 years of experience conducting studies nationally. This depth of experience will benefit the District throughout the performance of this Study.

The primary goal of this Study is to develop new wastewater capacity charges to adequately recover investment in existing facilities, and to fund any new facilities, both required to provide capacity to serve new growth. The scope of work provided herein proposes to evaluate the appropriate methodology, determine facility value, and calculate capacity charges. The Study will address the following objectives.

- Develop capacity charges in compliance with California Government Code
- Provide revenue sufficiency for capital recoupment and fund future facilities related to growth
- Implement capacity charges that are equitable for all types of property ownership and consistent with industry practice

Tuckfield & Associates is a financial consulting firm with extensive experience in California, specializing in rate studies and capacity charge studies. Mr. Tuckfield is the Principal Consultant for Tuckfield & Associates and routinely conducts rate and capacity charge studies as the sole consultant, having completed such studies in this manner for many clients, including those whose populations have exceeded 100,000. Recent water and wastewater rate study and/or capacity charge study clients in the District's area have included the cities of Pismo Beach, Arroyo Grande, and Grover Beach and special districts including Nipomo CSD, Heritage Ranch CSD, and Santa Ynez CSD. Additional experience is provided in the References section of this proposal.

I look forward to working with the District on this project. Should the District need any additional information, please contact me at (949) 760-9454.

Very Truly Yours,

TUCKFIELD & ASSOCIATES



G. Clayton Tuckfield
Principal Consultant
Tuckfield & Associates

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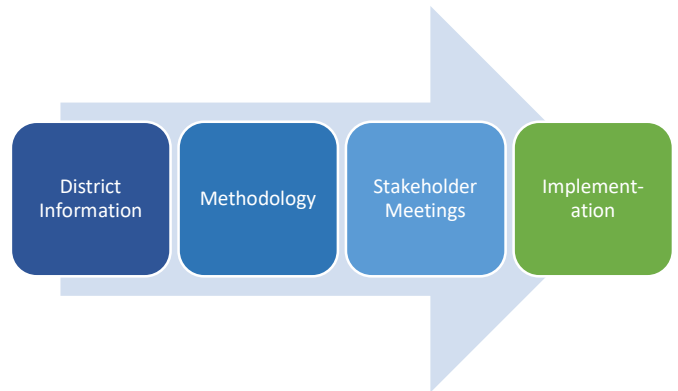
Proposal for Water and Wastewater Capacity Charge Study

Heritage Ranch Community Services District

Project Understanding

The Heritage Ranch Community Services District (District) desires to engage the services of a consultant to determine new water and wastewater capacity charges for its enterprise systems. The objective of this Study is to calculate the water and wastewater capacity charges such that they comply with the Mitigation Fee Act, also known as AB 1600, and related case law.

To provide solid capacity charges and supporting documentation, Tuckfield & Associates will work in a collaborative process to obtain buy-in of key stakeholders to facilitate the capacity charge process. The following outlines our general approach to developing water and wastewater system capacity charges.



We propose to conduct the study to facilitate completion in a collaborative manner, which will allow the District ample time to review and implement any suggested changes to the fees.

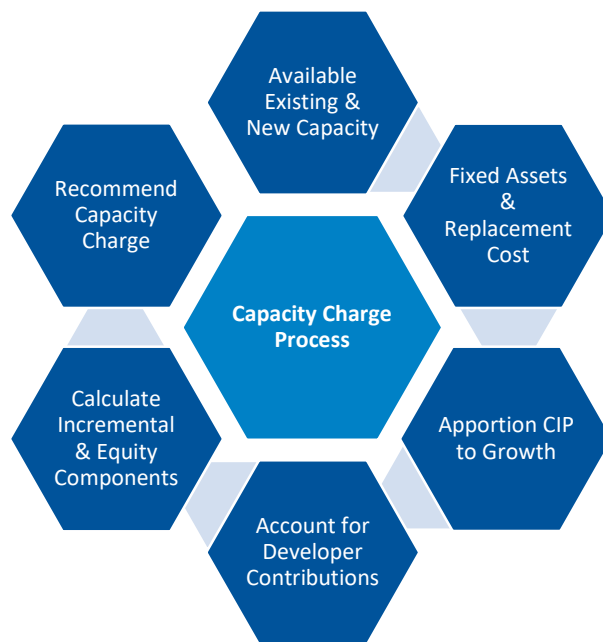
Capacity Charge Process

All of our studies are prepared using five basic utility plan objectives. Taken together, they result in a well-balanced capacity charge recommendation that best meets the District’s needs. The five basic objectives are:

Objectives	Goals
Sufficient Charges	Effective in recovering the costs related to serving growth
Practical to Apply	Easy and feasible for District staff to implement and administer
Fairness to Existing and New Customers	Fair in apportioning the costs of growth
Acceptable to the Community	Designed to foster public acceptance from stakeholders
Legal to Implement	Meets all city, state, and regulatory legal requirements

Tuckfield & Associates will develop capacity charges with the objective of making growth pay for itself without impeding each system’s economic development. The charges will be based on recovering the investment in the water and wastewater systems that was spent for the benefit of future connections. The California Government Code and case law governs utility connections and provides that capacity charges can be based on a combination of existing facility values and projected capital improvement costs.

Tuckfield & Associates will develop the water and wastewater capacity charges for all customer classifications using a combination of the equity (capital cost recovery / capacity buy-in) method and the incremental cost method. If no existing capacity is left, the analysis will default to the incremental method. If the enterprise systems have no expansion related CIP, the analysis will default to the equity method. The charges will be based on the costs of major facilities to recover the investment made in the enterprise systems for the benefit of future connections.



The capacity charge calculation methodology captures the costs associated with both the equity and incremental components to meeting growth.

The District desires to update its previous study to accommodate recent changes in the District’s plans and local development. This new capacity charge Study will develop an updated schedule that provides capacity fees for the next five years.

An issue that relates to the calculation of capacity charges is the replacement value of facilities. Some studies use unit costs applied to facility units, such as dollars per inch-ft of pipe applied to various lengths and pipe sizes to estimate replacement cost. To the extent that this information is available in the most recent master plans, they will be used to determine the replacement cost. If such information is not available, we will trend the current fixed asset installed cost to today’s dollars to provide an estimate of replacement cost.

Scope of Work

The following tasks are proposed to address the District's needs for a comprehensive Water and Wastewater Capacity Charge Study. The tasks are proposed for completion based upon information available from the District and other readily available sources.

Task 1 – Initial Conference Call/Data Collection

Tuckfield & Associates will conduct a conference call with District representatives at the beginning of the Study to establish communications, discuss the project work plan, and finalize project requirements. During this call, we will request appropriate data and discuss the requirements to complete the Study. This data will include, but not be limited to, the following.

- Water and wastewater master plans and capital improvement plans
- Water and Wastewater debt service schedules
- Fixed asset listings of current water and wastewater facilities
- Other pertinent documents

Task 2 - Evaluate Water and Wastewater Capacity Charge Methodology

No single method for determining wastewater capacity charges has been established or validated by legal proceedings that are either inherently equitable or appropriate for all urban growth situations. However, there are several acceptable methodologies that can be used in the derivation of the capacity charges. Brief descriptions of each methodology and their advantages and disadvantages are described below.

System Buy-In - Charges are designed to derive from the new customer an amount per connection equal to the "equity" in the system attributable to existing customers. This method employs either original costs or replacement costs in measuring equity.

Incremental Cost - Charges are designed to derive from the new customer the incremental, or added, cost of system expansion associated with new customer growth. This method is based on the principle that new connections to the system should pay for those costs, which they cause to be incurred, resulting from the most recent or next increment of system capacity needed to serve new customers.

Combination of Buy-In and Incremental Cost - In some situations, utilities use a combination of system buy-in and incremental cost pricing. Usually, this occurs when a utility is facing the uncertainty of timing for future facilities or what those facilities will cost. Since a utility may prefer that a charge be applicable for several years, capital improvement program (CIP) cost estimates for a minimum five-year planning period are included with costs for existing facilities.

We will review the District's available data, discuss policy with staff, and recommend an appropriate methodology to be used for calculating water and wastewater capacity charges. The methodology used will depend on the completeness of the data received and the need for defensible documentation of the capacity charges. For whichever method is implemented, a value of the water and wastewater system assets and/or value of the future CIP is necessary to determine the amount of the capacity charge.

Task 3 – Determine Value of Facilities

Existing Facility Replacement Value

The District maintains a database of fixed assets for the water and wastewater systems. For the water system, the assets include water supply, wells, pumping, storage, distribution, and administration plant. assets. For the wastewater system, these assets include wastewater collection, manholes, lift stations, wastewater treatment, disposal, and administration plant. In many cases, the developer or new customer may pay for the cost of local

facilities (water lines and small sewers). Because the developer/new customer may pay for their own local facilities, they should not be required to pay for existing local facilities and these facilities will be excluded.

It will also be necessary to determine any assets that were grant funded. These assets will also be excluded from the capacity charge calculations because they were not paid for by the existing ratepayers. By excluding these assets, future customers share in the grant benefit as well.

Once the asset list has been refined, asset value may be determined in one of two ways. In the absence of recent master plan replacement unit costs, fixed asset value will be trended to today's value using appropriate methods to determine replacement cost, then will be decreased to account for the depreciated value of each asset to state the value in terms of Replacement Cost Less Depreciation, or RCLD. The RCLD will be the basis for determining the system buy-in portion of the capacity charges.

Growth-Related CIP Value

The water and wastewater systems' current 5-year capital improvement plan (CIP) will be used as a basis to identify the future capital costs. If the District has recent water and wastewater master plan documents, it will be used in addition to the CIP to identify capital improvements to build out of each system. Most master plans identify capital needs for a 20 to 30-year period or until build out.

Future CIP projects will be allocated between replacement and new development. To accomplish this, we propose that the District, or the District's consulting engineer, apply the percent of the project cost designed to replace existing facilities and the percent of the project that is designed to accommodate new customer growth. Typically, these estimates are based on master planning, though professional judgment may suffice in this case.

Task 4 - Develop Capacity charges

Capacity charges are typically determined for each land use type, customer class, or appropriate method that represents the capacity provided. The customer classifications place different demands on each system, which influences the design and costs of the facilities. This may be recognized in the capacity charge through the allocation of the value of the facilities to each customer classification based on this cost causative principle. The allocation of the facility value will be evaluated and discussed with District staff. Such allocations may cause large capacity charge differences among customer classifications and prove to be politically challenging for implementation. Factors to be considered in establishing the capacity charges include:

- The cost of capital facilities.
- The method of financing those facilities.
- The extent to which new development will pay for existing facilities through user fees, debt service, or other payments toward capital improvements.
- The extent to which new development is required to construct and contribute capital improvements as a condition of development.
- The extent to which administrative and financing costs will be included in capacity charges.
- The time - price differential in comparing amounts paid at different times.

Once facility value has been determined, the capacity charge is developed such that it may be charged based on a reasonable measure of impact for each land use type. Such measures may include meter size, equivalent dwelling unit, thousand square feet, or other measures agreed upon with the District. Specific subtasks include the following.

- 4.1 Review existing ordinances and resolutions discussing capacity charges if any.
- 4.2 Review the California Government Code regarding capacity charges.
- 4.3 Review wastewater growth projections of residential and non-residential customers.
- 4.4 Determine the costs to be recovered from new customers considering the selected methodology.
- 4.5 Evaluate methods to allocate costs to customer classifications and methods to recover costs from new customers.
- 4.6 Develop capacity charges for each system that complies with federal, state, and local legislation.
- 4.7 Recommend appropriate escalation in the charges for future years.
- 4.8 Provide a comparison of proposed capacity charges with those of surrounding public agencies.

Task 5 – Meetings/Reports/Deliverables

Tuckfield & Associates will initiate teleconference calls with District staff. The teleconference calls are intended to provide communication, discuss findings, and make decisions regarding capacity charges that meet the requirements of each system. The schedule for completion of the tasks and attending meetings depends upon timely receipt of the data requested and timely review of the draft and final reports by the District staff. The draft and final reports will provide the necessary documentation to meet the requirements of the Mitigation Fee Act as provided in the California Government Code section 66000, et. seq., also known as AB 1600.

Conference Call 1: Conference call with District staff to initiate the Study.

Conference Call 2: Conference call with District staff to discuss the draft report.

Conference Call 3: Follow-up cConference calls as required.

Tuckfield & Associates will deliver the following.

1. Prepare and deliver an electronic copy of the draft and final Water and Wastewater Capacity Charge Study report to the District for review and comment.

Qualifications

Tuckfield & Associates was founded in 1999 to provide quality consulting services to publicly-owned utilities to sustain their systems on sound rate-making principles. The firm was founded by Mr. Clayton Tuckfield PE MBA who has over 40 years of experience conducting rate studies and capacity charge studies. Now in its 27th year, the firm has provided innovative and time-tested strategies founded on industry practice for implementing rates and charges.

Prior to the firm's founding, Mr. Tuckfield served Black & Veatch Corporation for nearly 15 years in their Management Consulting Division. Mr. Tuckfield has worked with numerous cities and special districts in California and has written papers and articles for AWWA (American Water Works Association) and California Special Districts Association (CSDA) and has conducted a webinar for CSDA regarding financing projects with USDA funding.

Mr. Tuckfield, founder, and principal of Tuckfield and Associates has managed or been directly involved in publicly owned utility financial services for over 35 years. The size and specialization of the firm allows it to provide competitively priced services.

Services

Tuckfield and Associates provides comprehensive consulting services intended to safeguard the financial viability of the client’s multi-million-dollar utility. Key elements include financial plans that anticipate economic contractions and expansions, capital planning for improvement financing options, allocation of costs to appropriate customers based on cost causative principles, and rates that are designed to be fair and equitable. Various services provided by Tuckfield & Associates include the following.

<i>Qualifications Summary</i>	
▪	40 years of experience
▪	Over 100 rate studies
▪	Public Agency Specialization
▪	Tested Strategies

- Cost of Service and Rate Studies
- Capacity Charge/Connection and Service Fee Studies
- Rate Stabilization Studies
- Supporting Information for Official Statements
- Capital Improvement Plan Financing Analyses
- Computer Modeling

References

Listed below are representative engagements and references for studies delivered by Tuckfield & Associates. These recent and successful municipal utility capacity charge studies and rate studies are samples of the work provided to California communities. The studies have been prepared in conformance with methods described in the AWWA Manual M1 for water utilities and Water Environment Federation for wastewater utilities, and in compliance with California legislation.

Heritage Ranch Community Services District, California

Water and Wastewater Rate Study Capacity Charge Study

Reference: Mr. Scott Duffield, General Manager, 805-470-3140, scott@heritageranchcsd.com

Mr. Tuckfield completed a Water and Wastewater Capacity Charge Study for the District in 2018. The study included review of the District’s master plans, identification of facilities, identifying and calculating system capacities, adjusting facility value for grants and developer contributions, and accounting for credits for future debt service. Capital improvement spending plans were allocated between existing and new development such that each individual capital project was separately identified and allocated. The capacity charges were determined by recognizing the wastewater flow and strength of the development type. The charges were adopted by the Board of Directors.

Mission Hills Community Services District

Water and Wastewater Capacity Charge Study

Reference: Mr. Mike Garner, General Manager, 805-733-4366, mgarner@mhcsd.com

Mr. Tuckfield completed a Water and Wastewater Capacity Charge Study for the District in 2024. The study included a review of the District's recently annexed area, identification of facilities, determining adjustments to facility value for grants and developer contributions, and accounting for credits for future debt service. The study recognizes capital improvement spending between existing and new development and the capacities provided by each. From previous rate studies conducted by Tuckfield & Associates, the capacity demanded by various development types were applied to unit capacity charges which recognizes flow and strength of the development type.

City of Atascadero, California

Wastewater Rate and Capacity Charge Study

Reference: Mr. Nick DeBar, Director of Public Works, 805-461-5000, ndebar@atascadero.org

Tuckfield & Associates completed a wastewater rate and capacity charge study for the City of Atascadero in January 2018. The scope of work included (1) preparing a long-range financial plan that includes assessment of current revenues to meet the current and future obligations of the wastewater fund, establishing operating and capital reserve policies, and incorporating financing of the proposed capital improvement program (CIP) spending plan, (2) design of an appropriate rate structure that complies with Proposition 218, and (3) development of wastewater capacity charges for the system.

The capacity charges were developed based on Equivalent Dwelling Units (EDUs) recognizing the flow and strength of a single-family dwelling unit as one EDU. Existing fixed asset value was trended to today's dollars to estimate replacement cost (RC), then the RC was depreciated using industry method to determine replacement cost less depreciation (RCLD). The CIP costs were allocated between existing and new development and included appropriately into facility value. A per unit capacity charge was determined to apply to other wastewater system users to develop a schedule of wastewater capacity charges by development type based on their flow and strength.

Proposed Fee

Tuckfield & Associates will complete the specified project requirements and deliverables in a timely and efficient manner as expressed in our proposed Scope of Work section. It is estimated that the tasks presented in this proposal can be successfully accomplished for an amount not to exceed \$14,900 as shown below. Invoices will be submitted monthly for work that comply with the scope of work.

Heritage Ranch Community Services District
 Water and Wastewater Capacity Charge Study
 Detailed Cost Breakdown

Major Task Description	Personnel		Total Budget
	Conference Call	Clayton Tuckfield	
Hourly Rate		\$195	
Task 1: Initial Conference Call & Data Collection	1	2	\$390
Task 2: Evaluate Capacity Charge Methodology		8	\$1,560
Task 3: Determine Value of Facilities		28	\$5,460
Task 4: Develop Capacity Charges		20	\$3,900
Task 5: Meetings/Report/Deliverables	2	16	\$3,120
Total	3	74	\$14,430
		Hours	
Other Direct Costs (ODCs): Travel, Mileage & Printing:			\$470
		Total Study Cost:	\$14,900

Schedule

Tuckfield & Associates has a strong track record of meeting client schedules. Our experience in performing rate and capacity charge studies enables us to meet the District’s goals in a timely and efficient manner. The Study will begin with Notice-To-Proceed from the District when all data requested is provided. The tasks discussed above will be completed over the course of about 8 weeks with a draft report expected to be provided at the end of week 7. The schedule is based on timely receipt of information and acceptance of the Study by the District. The timeline can be adjusted to meet the District’s specific needs.

Appendix A

Resume

A resume for Mr. Clayton Tuckfield is provided in Appendix A.

Clayton Tuckfield, PE MBA

Principal, Tuckfield & Associates Consulting

Education

M.B.A. – Finance,
University of Kansas,
Lawrence, KS, 1985

B.S. – Mechanical
Engineering, Kansas State
University, 1980

Registration

Professional Engineer:
Kansas

Years of Experience

35

Presentations

CSDA 2011 Nov/Dec
Magazine

CSDA 2011 Rate Webinar

AWWA Annual Conference
and Exposition
Toronto, Canada

ASCE, Phoenix, AZ

AFOA, Phoenix, AZ

Mr. Tuckfield is the Principal of Tuckfield & Associates consulting. He has over 35 years of experience serving in various capacities on work performed for publicly owned water and wastewater utilities. Mr. Tuckfield has performed a variety of financial feasibility and economic analyses studies including utility cost of service and rate design studies, impact fee studies, development of pro forma statements of revenue and operating expense, cash flow analyses, preparation of engineer's reports for revenue bond official statements, valuations of facilities use plans, preparation of alternative financing plans for capital improvement programs, and development of training material for presentation to international interest groups.

Mr. Tuckfield has conducted or managed over 100 water and wastewater rate studies for various cities and special districts in California and nationwide. Clients have included the cities of Buena Park, Loma Linda, Ventura, Long Beach, Fullerton, Pismo Beach, and special districts including Mesa Water, Seeley CWD, Nipomo CSD, Keyes CSD, Hilmar CWD, and many other clients.

Water and Wastewater Utility Rate Studies, City of Buena Park, California. Mr. Tuckfield completed a water financial plan and rate study for the City of Buena Park in 2016 and in 2020; and was engaged to perform a wastewater rates study in 2023. The studies included (1) preparing a long-range financial plan that includes assessment of current revenues to meet the current and future obligations of the water fund, establishing operating and capital reserve policies, and incorporating financing of the proposed capital improvement program (CIP) spending plan and (2) design of an appropriate rate structure that complies with Proposition 218.

Three financial plan alternatives were prepared and discussed with City Staff that funded the same CIP but with various combinations of cash, bond financing, and annual revenue increases. The cost of service and rate portion of the study included a review and justification of the City's current rate structure and rates and preparing two rate structure alternatives. The water rate structures addressed the recent San Juan Capistrano court decision regarding water conservation rates. A uniform volume rate structure alternative was also developed for all customers.

Water and Wastewater Rate Study, City of Loma Linda, California. Mr. Tuckfield completed a water and wastewater rate study for the City of Loma Linda in 2014, 2018, and again in 2022. The studies included discussion with staff regarding the City's proposed levels of CIP spending and the effect of a delay of capital improvements to future years.

In both the water and sewer funds, the fund balances were below city policy target levels. The rate increases for both utilities were designed to rebuild fund balances, cure annual deficits, meet O&M escalation, pay for future debt service, and fund annual repair and replacement expenditures. Rate

Clayton Tuckfield, PE MBA

Principal, Tuckfield & Associates Consulting

structures were discussed that included explanations of tier break points and possible rate scenarios. Water and wastewater rates were adopted by the City Council.

Water and Wastewater Utility Rate Studies, City of San Buenaventura, Ventura, California.

Mr. Tuckfield has performed rate study updates almost on an annual basis for the City from 1990 through 2010. In the most recent study, Mr. Tuckfield worked with City Staff to expand the study period to 10 years, develop various cash flow scenarios for alternative CIP plans, expand water customer classifications to reflect actual operations, developed analyses regarding the City's then outside rate differential, and presented draft results to City Staff. He has also prepared information for City Staff's use for conducting internal meetings on an as needed basis.

Wastewater Rate Study, City of Santa Barbara, California. Working as a sub consultant to a large regional consulting firm, Mr. Tuckfield performed a wastewater rate study for the City that involved developing a revenue plan, allocating costs, and designing several rate structures that included fixed and variable components. The revenue plan review noted a low cash reserve level. The study identified necessary rate increases that were adopted by City Council. Justification of the current cost allocations was also performed.

Water Utility Rate Study, City of Fullerton, California. Working with a City organized task force, this study included a detailed analysis of the City's Water Fund. Mr. Tuckfield developed pro forma revenue, revenue requirements, and cash flows including review of the water utility program costs for reasonableness, which resulted in a recommendation to reallocate some of the utility overheads. Costs were compared to other local cities including various operational ratios and franchise fees. The task force accepted the recommendations including cash flow, cost of service allocations and rate design. The proposed utility rates were adopted by the City Council.

Representative Water and Wastewater Rate Studies

- City of Avondale, AZ
- City of Arroyo Grande, CA
- City of Battle Creek, MI
- City of Brawley, CA
- City of Buena Park, CA
- City of Charleston, SC
- City of Chesapeake, VA
- City of El Monte, CA
- City of Fayetteville, AR
- City of Firebaugh, CA
- City of Flagstaff, AZ
- City of Georgetown, TX
- City of Grover Beach, CA
- City of Homestead, FL
- City of Imperial Beach, CA
- City of Imperial, CA
- City of Kalamazoo, MI
- City of Loma Linda, CA
- City of Long Beach, CA
- City of Modesto, CA
- City of Oakdale, CA
- City of Orange Cove, AZ
- City of Pismo Beach, CA
- City of Santa Cruz, CA
- Santa Barbara, CA
- City of Sioux City, IA
- City of Sioux Falls, SD
- City of Westmorland, CA
- DuPage County, IL
- Hilmar County WD, CA
- Mission Springs WD, CA
- Nipomo CSD, CA
- San Miguel CSD, CA

Clayton Tuckfield, PE MBA

Principal, Tuckfield & Associates Consulting

- City of Florence, AZ
- City of Fullerton, CA
- City of Peoria, AZ
- City of Phoenix, AZ
- Templeton CSD, CA
- Town of Cave Creek, AZ

Representative Municipal Bond Feasibility Studies

- City of Alexandria, LA
- City of Kansas City, MO
- City of Owensboro, KY
- City of Salem, OR
- City of Tacoma, WA
- Eugene Water & Elec, OR
- Litchfield Park, AZ
- Memphis Gas, Water, TN
- San Dieguito WD, CA

Other Feasibility Studies

- City of Brownsville, TX - Electric Utility Rate Study
- City of Detroit, MI - Organizational Study
- City of Phoenix, AZ - Impact Fee Review
- County of Maui, HI - Pretreatment Program
- Imperial Irrigation District, CA - Financial Feasibility Study
- Imperial Valley Task Force, CA - Financial Alternatives Study
- MWD of Southern California, CA - Review of New Demand Charges
- Saudi Consolidated Electric Co. - Electric Generation Dispatch Model
- Texas A&M University, TX - Power Supply Alternatives Study
- United Water Conservation District - Water Supply Pricing Model

Publications/Presentations

"Value of Rate Study in Project Finance", CSDA November/December 2011 Magazine, Sacramento, California

"Role of Rate Study with USDA Financing", CSDA Webinar, September 22, 2011, Sacramento, California

"Committee Involvement Facilitates Rate Implementation", AWWA Annual Conference and Expo, Toronto, Canada 1996

"Arizona Utility Rates", ASCE Arizona Fall Conference, Phoenix, Arizona 1997

"Utility Rate Seminar", Arizona Finance Officers Association, Spring Meeting, Flagstaff, Arizona 1998

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors

FROM: Scott Duffield, General Manager

DATE: June 18, 2026

SUBJECT: Request to renew conditional will serve letters for Vesting Tentative Tract Map 2879 and Vesting Tentative Tract Map 3110.

Recommendation

It is recommended that the Board of Directors renew conditional will serve letters for Vesting Tentative Tract Map 2879 and Vesting Tentative Tract Map 3110.

Background

The District may, at its sole discretion, issue a conditional will serve letter to an applicant based on the conditions in Code Section 4.310, and any other conditions the District may deem appropriate. A conditional will serve shall expire in one year. Upon satisfying all of the conditions, the District would issue a final will serve. A conditional will serve allows the applicant to continue working on the County of San Luis Obispo Department of Planning and Building process towards recordation of a Final Map.

One of San Luis Obispo County's conditions of approval for subdivisions is a final will serve letter from the District for water and sewer service. The Final Map can only be approved by the County if the Applicant receives a final will serve letter indicating the District is ready and able to provide water and sewer to the project.

Your Board has previously issued conditional will serve letters for these projects most recently in 2025, which will expire in July. The projects have not changed significantly.

Discussion

Tract 2879

The applicant, H.R. Holding (Applicant), has resubmitted a request for a will serve letter for Vesting Tentative Tract Map 2879 (Tract 2879). Tract 2879 is a proposal to subdivide a 2.17-acre parcel located on the south side of Gateway Drive near the HROA Gatehouse into eight residential parcels of approximately ¼ acre in size.

The Applicant has not yet submitted water/sewer improvement plans for the project. Only a cursory review of the submitted Vesting Tentative Tract Map 2879 exhibits was performed by staff and the District Engineer. This cursory review indicates that we could serve Tract 2879 with water and sewer service subject to the conditions in the attached draft conditional will serve letter.

A preliminary list of identified items that will need to be looked at closer during the plan check include but are not limited to:

- Evaluation of sewer system to Lift Station 1
- Evaluation of impacts to Lift Station 1
- Evaluation of sewer system to Lift Station 3
- Evaluation of impacts to Lift Station 3
- Evaluation of force main from Lift Station 3
- Evaluation of impacts and necessary upgrades to the new WRRF

Tract 3110

The applicant, H.R. Holding (Applicant), has submitted a request for a will serve letter for Vesting Tentative Tract Map 3110 (Tract 3110). Tract 3110 is a proposal to subdivide a 13.59-acre parcel located on Equestrian Road into 52 buildable lots approximately 6,000 square feet in size. The parcel is Lot 5 of Tract 1904-1 and is currently used for recreational vehicle storage.

The Applicant has not yet submitted water/sewer improvement plans for the project. Only a cursory review of the submitted Vesting Tentative Tract Map 3110 exhibits was performed by staff and the District Engineer. This cursory review indicates that we could serve Tract 3110 with water and sewer service subject to the conditions in the attached draft conditional will serve letter.

A preliminary list of identified items that will need to be looked at closer during the plan check include but are not limited to:

- Evaluation of sewer system to Lift Station 3
- Evaluation of impacts to Lift Station 3
- Evaluation of force main from Lift Station 3
- Evaluation of impacts and necessary upgrades to the new WRRF

The draft conditional will serve letters for both Tracts are attached.

Fiscal Considerations

Prior to issuing a final will serve letter, the Applicant shall pay the then current Gallery Well fee, and 30% of the water/sewer capacity charges and hookup fees as required pursuant to Ordinance 4.700 and 4.310 respectively.

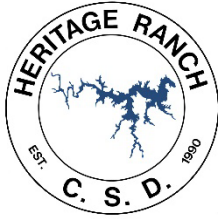
The Applicant has entered into an agreement to reimburse the District for any and all District costs associated with these projects.

Results

Approval of conditional will serve letters will provide the Applicant an opportunity to continue to work on the Final Map pursuant to the County of San Luis Obispo development process and still provide the District the opportunity to place conditions on the proposed new development during the subsequent comprehensive plan review process, and new development agreements.

Attachments: Draft Conditional Will Serve Letters
Letter from Applicant
Tract 2879 and Tract 3110 Exhibits

File: TR 2879, TR 3110



Heritage Ranch Community Services District

4870 Heritage Road, Paso Robles, CA 93446

(805) 227-6230 ~ Fax (805) 227-6231

www.heritageranchcsd.com

June 18, 2026

H.R. Holding, LLC
735 Tank Farm Road, Suite 130
San Luis Obispo, CA 93401

Subject: Conditional Will Serve for Water & Sewer Service for Vesting Tentative Tract Map 2879

The Heritage Ranch Community Services District (District) has adequate water and sewer capacity and will serve Vesting Tentative Tract Map 2879 with water and sewer services, subject to the following conditions:

1. This conditional will serve letter may only be used for the eight residential lots of Vesting Tentative Tract Map 2879 (Tract 2879).
2. This conditional will serve letter is for water and sewer services only.
3. This conditional will serve letter is valid for one year.
4. A final will serve shall not be issued if the Board of Directors implements Water Shortage Conservation Stage III – Drought in accordance with the District Code of Ordinances, Section 5.900 – Emergency Water Shortage Regulations and Staged Water Use Reduction Plan. Applications for will serve letters shall be placed on a waiting list.
5. In order to serve Tract 2879, improvements and additions to District facilities must be constructed, including but not limited to, the public water system, mains, hydrants, services, and the public sewer collection and treatment system. The applicant shall construct all such facilities necessary for Tract 2879 and provide all easements and property transfers required by the District. The design of the improvements shall be approved by the District Engineer.
6. Prior to recording a Final Map for Tract 2879, all District improvements required to be constructed shall be constructed and accepted by the District, or the applicant shall enter into an improvement agreement and provide a financial guarantee (bond or letter of credit) to complete the construction. The form of the agreement and the amount of the guarantee shall be approved by the District.
7. The covenants, conditions and restrictions for Tract 2879 shall contain a water

H.R. Holding
TR 2879 Conditional Will Serve
June 18, 2026

conservation landscape mandate for all residential lots within the Final Map. The type of landscaping shall be approved by the District before issuance of a final will serve for water.

8. This agreement is non-transferable.

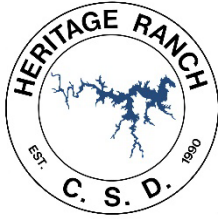
If you have any questions or concerns with the conditions or terms of this letter, please let me know as soon as possible.

Sincerely,

Scott Duffield, PE
General Manager

C: Board of Directors
District Engineer

File: TR 2879



Heritage Ranch Community Services District

4870 Heritage Road, Paso Robles, CA 93446

(805) 227-6230 ~ Fax (805) 227-6231

www.heritageranchcsd.com

June 18, 2026

H.R. Holding, LLC
735 Tank Farm Road, Suite 130
San Luis Obispo, CA 93401

Subject: Conditional Will Serve for Water & Sewer Service for Vesting Tentative Tract Map 3110

The Heritage Ranch Community Services District (District) has adequate water and sewer capacity and will serve Vesting Tentative Tract Map 3110 with water and sewer services, subject to the following conditions:

1. This conditional will serve letter may only be used for the fifty-two residential lots of Vesting Tentative Tract Map 3110 (Tract 3110).
2. This conditional will serve letter is for water and sewer services only.
3. This conditional will serve letter is valid for one year.
4. A final will serve shall not be issued if the Board of Directors implements Water Shortage Conservation Stage III – Drought in accordance with the District Code of Ordinances, Section 5.900 – Emergency Water Shortage Regulations and Staged Water Use Reduction Plan. Applications for will serve letters shall be placed on a waiting list.
5. A final will serve letter shall not be issued until the applicant has paid in full the then applicable gallery well improvement fee pursuant to Heritage Ranch Community Services District Code of Ordinances, Section 4.760, and 30% of the water and sewer capacity charges currently under review and yet to be determined, and hook-up fees, pursuant to Section 4.310, for all lots within the proposed Tract 3110.
6. In order to serve Tract 3110, improvements and additions to District facilities must be constructed, including but not limited to, the public water system, mains, hydrants, services, and the public sewer collection and treatment system. The applicant shall construct all such facilities necessary for Tract 3110 and provide all easements and property transfers required by the District. The design of the improvements shall be approved by the District Engineer.
7. Prior to recording a Final Map for Tract 3110, all District improvements required to be

H.R. Holding
TR 3110 Conditional Will Serve
June 18, 2026

constructed shall be constructed and accepted by the District, or the applicant shall enter into an improvement agreement and provide a financial guarantee (bond or letter of credit) to complete the construction. The form of the agreement and the amount of the guarantee shall be approved by the District.

8. The covenants, conditions and restrictions for Tract 3110 shall contain a water conservation landscape mandate for all residential lots within the Final Map. The type of landscaping shall be approved by the District before issuance of a final will serve for water.
9. This agreement is non-transferable.

If you have any questions or concerns with the conditions or terms of this letter, please let me know as soon as possible.

Sincerely,

Scott Duffield, PE
General Manager

C: Board of Directors
District Engineer

File: TR 3110

From: [Dan Lloyd](#)
To: [Scott Duffield](#)
Subject: RE: Request for Issuance of Conditional Will-Serve Letter for Tract 2879 and Tract 3110
Date: Tuesday, May 19, 2026 9:44:58 AM

Good morning, Scott ,

There have been no changes to either Tract 2879 or Tract 3110. Since we have a one-year time limitation on the conditional will serve letters, I thought it would be prudent to request new will serve letters so that we can move into preparation of construction documents.

Please let me know if you need anything further from me in order to process our request.

Kind regards,

Dan

[Yahoo Mail: Search, Organize, Conquer](#)

On Tue, May 19, 2026 at 9:21 AM, Scott Duffield
<scott@heritageranchcsd.ca.gov> wrote:

Good morning Dan,

Please provide updated exhibits and any other changes, if there are no changes, please state that in your response.

Thanks.



|
Scott B. Duffield, PE

|
General Manager
Heritage Ranch Community Services District
Phone: (805) 227-6230 Fax: (805) 227-6231
www.heritageranchcsd.ca.gov

From: Dan Lloyd <danrlloyd@yahoo.com>

Sent: Wednesday, May 6, 2026 8:56 AM

To: Scott Duffield <scott@heritageranchcsd.ca.gov>

Cc: Bob Schiebelhut <bob@tolosawinery.com>; Charles Richardson <charlie@richardsonproperties.com>; Ian McCarville <ian@kirk-consulting.net>

Subject: Request for Issuance of Conditional Will-Serve Letter for Tract 2879 and Tract 3110

Good morning, Scott,

Now that both of our tracts have been approved by the county we anticipate that preparation of construction documents will begin in the near term. Therefore, I am asking that you process another conditional will-serve letter for our subdivisions.

If you have any questions regarding this request, please reach out to me.

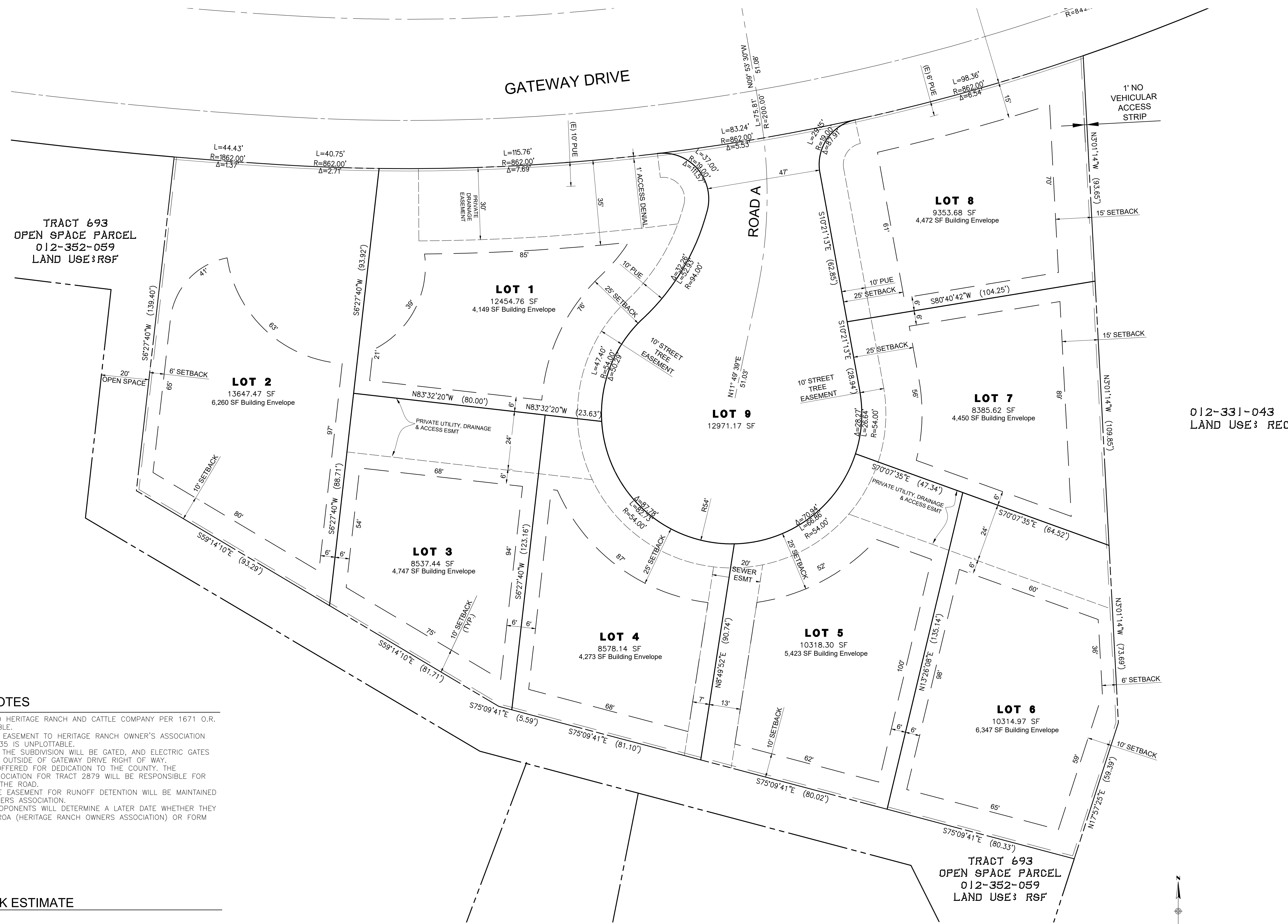
Kind regards,

Dan

This email has been scanned for spam and viruses by Proofpoint Essentials. Click [here](#) to report this email as spam.

TRACT 2879 PRELIMINARY IMPROVEMENT PLANS

COUNTY OF SAN LUIS OBISPO, CA



LEGEND

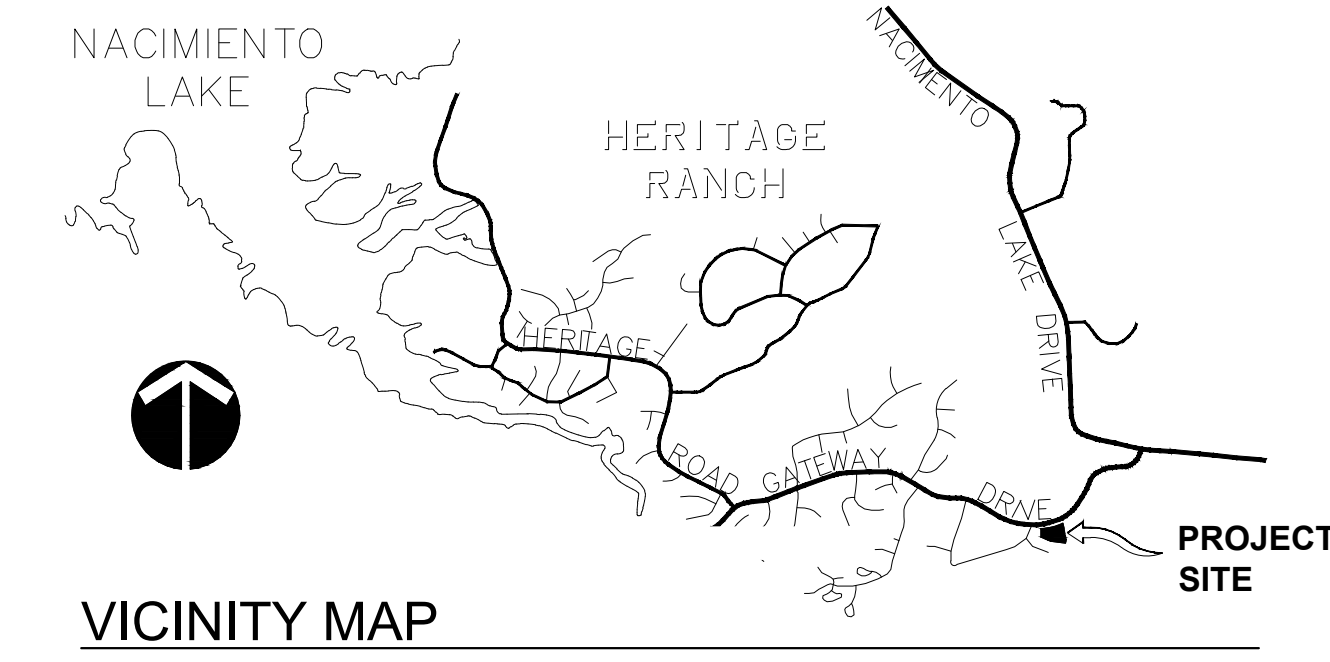
	BOUNDARY
	PROPOSED INTERIOR PARCEL LINE
	CENTERLINE
	EXISTING EDGE OF PAVEMENT
	EASEMENT LINE
	PROPOSED BUILDING ENVELOPES
	PROPOSED EDGE OF PAVEMENT
	EXISTING 5' CONTOUR INTERVAL
	EXISTING 1' CONTOUR INTERVAL
	EXISTING CHAIN LINK FENCE
	PROPOSED 5' CONTOUR INTERVAL
	PROPOSED 1' CONTOUR INTERVAL
	EXISTING CHAIN LINK FENCE
	PROJECT PERIMETER FENCE
	PROPOSED CONCRETE PAVEMENT
	PROPOSED ASPHALT PAVEMENT
	PROPOSED RETAINING WALL

ABBREVIATIONS:

CO - CLEAN OUT	SF - SQUARE FEET
(E) EXIST - EXISTING	SS - SANITARY SEWER
FH - FIRE HYDRANT	TBR - TO BE REMOVED
GB - GRADE BREAK	TF - TOP OF WALL FOOTING
MH - MAN HOLE	TYP - TYPICAL
PUE - PUBLIC UTILITIES EASEMENT	TW - TOP OF WALL
POC - POINT OF CONNECTION	W - WATER
ROW - RIGHT OF WAY	WL - WATER LINE
S - SEWER LINE	WV - WATER VALVE

SHEET INDEX

1. TITLE SHEET
2. PRELIMINARY GRADING & DRAINAGE PLAN
3. PRELIMINARY GRADING & DRAINAGE PLAN
4. PRELIMINARY ROADWAY IMPROVEMENT PLAN
5. TREE IMPACT PLAN
6. DETAILS



- ### PROJECT NOTES
1. THE EASEMENT TO HERITAGE RANCH AND CATTLE COMPANY PER 1671 O.R. 139 IS UNPLOTTABLE.
 2. THE RIDING TRAIL EASEMENT TO HERITAGE RANCH OWNER'S ASSOCIATION PER 1680 O.R. 635 IS UNPLOTTABLE.
 3. ROAD ACCESS TO THE SUBDIVISION WILL BE GATED, AND ELECTRIC GATES WILL BE LOCATED OUTSIDE OF GATEWAY DRIVE RIGHT OF WAY.
 4. LOT 9 WILL BE OFFERED FOR DEDICATION TO THE COUNTY. THE HOMEOWNERS ASSOCIATION FOR TRACT 2879 WILL BE RESPONSIBLE FOR MAINTENANCE OF THE ROAD.
 5. PRIVATE DRAINAGE EASEMENT FOR RUNOFF DETENTION WILL BE MAINTAINED BY THE HOMEOWNERS ASSOCIATION.
 6. THE PROJECT PROPONENTS WILL DETERMINE A LATER DATE WHETHER THEY WILL JOIN THE HROA (HERITAGE RANCH OWNERS ASSOCIATION) OR FORM THEIR OWN HOA.

EARTHWORK ESTIMATE

CUT:	11,300 CY
FILL:	4,800 CY EXPORT
NET:	6,500 CY EXPORT
AOD:	94,500 SF

1. THE QUANTITIES SHOWN ARE "RAW" QUANTITIES AND DO NOT INCLUDE ADJUSTMENTS FOR SOIL CHARACTERISTICS
2. THESE ADJUSTMENTS ARE APPROXIMATE AND SHOULD NOT BE USED FOR BIDDING PURPOSES
3. OVER EXCAVATION AND REPLACEMENT OF ENGINEERED FILL ARE NOT ACCOUNTED FOR IN THESE QUANTITIES

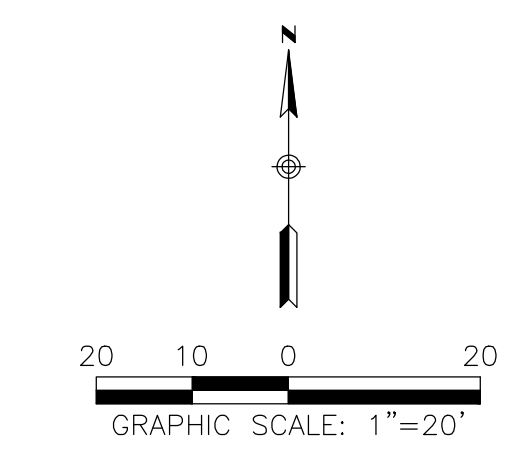
PROJECT DATA

1. PROJECT ADDRESS:	GATEWAY DRIVE
2. TRACT SIZE:	2.17 AC
3. ASSESSOR'S PARCEL NO.:	012-352-058
4. ZONING:	RESIDENTIAL SINGLE FAMILY (RSF)
5. WATER SUPPLY:	HERITAGE RANCH CSD
6. SEWAGE DISPOSAL:	HERITAGE RANCH CSD
7. GAS:	PROPANE
8. ELECTRICITY:	PACIFIC GAS & ELECTRIC
9. TELEPHONE:	AT&T
10. CABLE TV:	CHARTER COMMUNICATIONS

OWNERS/APPLICANT:	CIVIL ENGINEER:
H.R. HOLDINGS, LLC	RICK ENGINEERING
735 TANK FARM ROAD, SUITE 130	1160 MARSH STREET #150
SAN LUIS OBISPO, CA 93401	SAN LUIS OBISPO, CA 93401

BASIS OF BEARINGS

THE BASIS OF BEARINGS FOR THIS SURVEY IS GRID NORTH, CALIFORNIA STATE PLANE COORDINATE SYSTEM ZONE 5, ACCORDING TO GPS OBSERVATION



RICK ENGINEERING COMPANY
1160 MARSH STREET - SUITE 150
SAN LUIS OBISPO, CA 93401
805.544.0707
rickengineering.com

TRACT #2879 TITLE SHEET

IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA BEING A SUBDIVISION OF LOT 84 OF TRACT NO. 693 PER THE MAP FILED IN BOOK 10, OF MAPS AT PAGE 70, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY

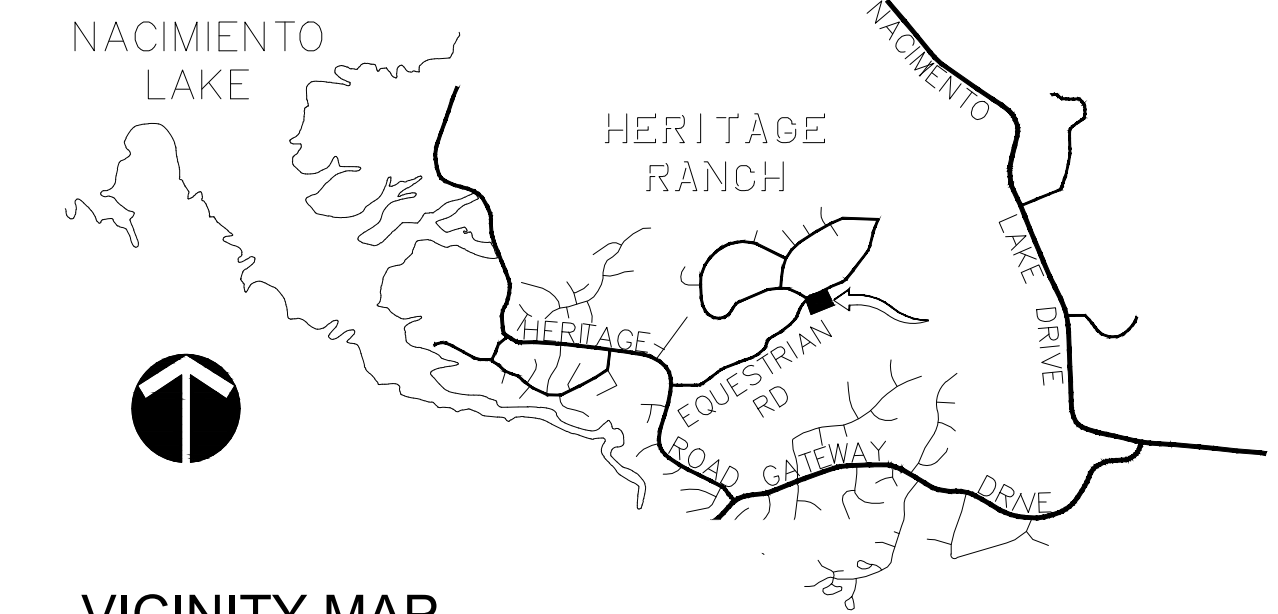
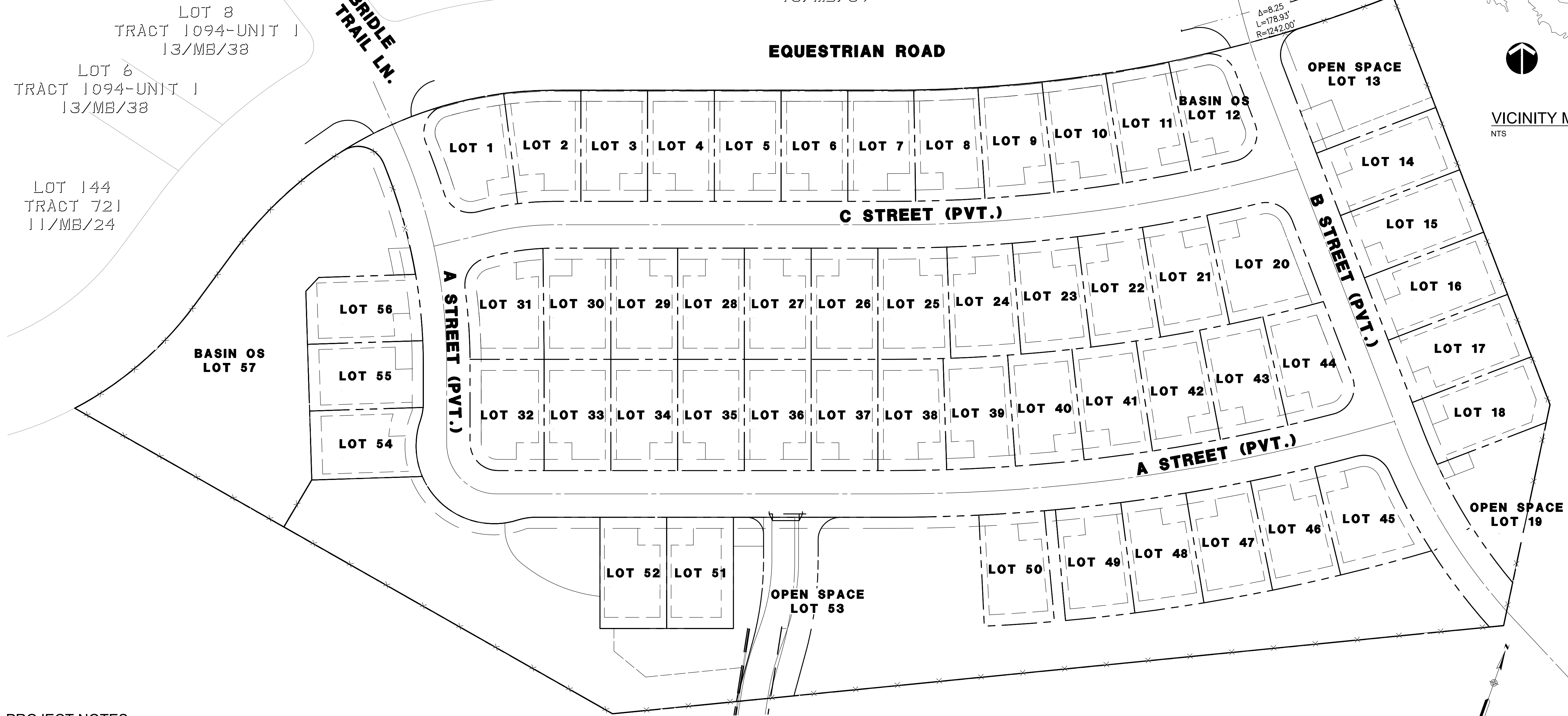
JOB NO: 17987 SCALE: 1"=20' DATE: 1-31-2025 SHEET NO. C1 OF C6



TRACT 3110 PRELIMINARY IMPROVEMENT PLANS

COUNTY OF SAN LUIS OBISPO, CA

TRACT 1094-UNIT 2
13/MB/39



VICINITY MAP
NTS

PROJECT SITE

LEGEND

- BOUNDARY
- - - PROPOSED PARCEL LINE
- CENTERLINE
- - - EASEMENT LINE
- - - PROPOSED BUILDING ENVELOPES
- - - EXISTING EDGE OF PAVEMENT & AC DIKE
- - - EXISTING 5' CONTOUR INTERVAL
- - - EXISTING 1' CONTOUR INTERVAL
- LO • LIVE OAK
- WO • WHITE OAK
- PI • PINE
- TR • TREE
- ▨ COMMUNITY GATHERING SPACE

ABBREVIATIONS:

- CO - CLEAN OUT
- (E) - EXISTING
- EXIST - EXISTING
- FH - FIRE HYDRANT
- GB - GRADE BREAK
- MH - MAN HOLE
- PUE - PUBLIC UTILITIES EASEMENT
- POC - POINT OF CONNECTION
- ROW - RIGHT OF WAY
- S - SEWER LINE
- SS - SANITARY SEWER
- TBR - TREE TO BE REMOVED
- TYP - TYPICAL
- W - WATER
- WL - WATER LINE
- WV - WATER VALVE

PROJECT NOTES

- ALL PRIVATE STREETS ARE TO BE PUBLIC UTILITY AND ACCESS EASEMENTS.
- UTILITIES SHOWN ARE BASED ON AS-BUILT PLANS AND AVAILABLE PAINT MARKINGS AT THE TIME OF FIELD SURVEY. LOCATIONS OF ALL EXISTING UTILITIES ARE TO BE FIELD LOCATED PRIOR TO CONSTRUCTION.
- ALL TREES TO REMAIN AND BE PROTECTED UNLESS OTHERWISE SHOWN.
- THE 30' WIDE EASEMENT FOR WATER AND ACCESS PURPOSES PER 13/MB/38 IS NOT PLOTTABLE PER THAT MAP DUE TO LACK OF DATA. THE ALIGNMENT SHOWN HEREON IS BASED ON THE LIMITED DATA PER 13/MB/38. THE GENERAL LOCATION SHOWN HEREON IS BASED ON THE SCALED LOCATION OF THE WATERLINE AND PROPOSED EASEMENT SHOWN ON THE H.R.C.S.C. AS-BUILT PLANS.

- NO PROPOSED SIDEWALKS IN THIS TRACT
- STREETS A, B, AND C WILL BE OFFERED FOR DEDICATION TO THE COUNTY, AND THE HOMEOWNERS ASSOCIATION FOR TRACT 3110 WILL BE RESPONSIBLE FOR MAINTENANCE OF THE ROADS.
- THE PRIVATE DRAINAGE EASEMENTS/BASINS FOR RUNOFF DETENTION WILL BE MAINTAINED BY THE HOMEOWNERS ASSOCIATION.
- PROJECT PROPONENTS WILL DETERMINE, AT A LATER DATE, WHETHER THEY WILL JOIN THE HROA OR FORM THEIR OWN HOA.
- RED CURBS ARE PARKING PROHIBITED AND WILL BE PAINTED RED
- EXISTING FENCE WITHIN THE SUBDIVISION TO BE REMOVED

PROJECT DATA

- | | |
|--------------------------|---------------------------------|
| 1. PROJECT ADDRESS: | 2350 EQUESTRIAN ROAD |
| 2. TRACT SIZE: | 13.59 AC |
| 3. ASSESSOR'S PARCEL NO: | 012-181-071 |
| 4. ZONING: | RESIDENTIAL SINGLE FAMILY (RSF) |
| 5. WATER SUPPLY: | HERITAGE RANCH CSD |
| 6. SEWAGE DISPOSAL: | HERITAGE RANCH CSD |
| 7. GAS: | PROPANE |
| 8. ELECTRICITY: | PACIFIC GAS & ELECTRIC |
| 9. TELEPHONE: | AT&T |
| 10. CABLE TV: | CHARTER COMMUNICATIONS |

PROPOSED LOTS

TOTAL NUMBER OF PROPOSED LOTS = 57	11.15 ACRES
SINGLE FAMILY RESIDENTIAL LOTS = 52	7.45 ACRES
BASIN OS LOTS = 2	1.08 ACRES
OPEN SPACE LOTS = 3	2.62 ACRES

EARTHWORK ESTIMATE

CUT: 13,000 CY
FILL: 4,600 CY
NET: 8,400 CY EXPORT

AOD: 536,000 SF

- THE QUANTITIES SHOWN ARE 'RAW' QUANTITIES AND DO NOT INCLUDE ADJUSTMENTS FOR SOIL CHARACTERISTICS
- THESE ADJUSTMENTS ARE APPROXIMATE AND SHOULD NOT BE USED FOR BIDDING PURPOSES
- OVER EXCAVATION AND REPLACEMENT OF ENGINEERED FILL ARE NOT ACCOUNTED FOR IN THESE QUANTITIES

OWNERS/APPLICANT:
H.R. HOLDINGS, LCC
735 TANK FARM ROAD,
SUITE 130 SLO 93401



TRACT #3110 TITLE SHEET

IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA
BEING A SUBDIVISION OF LOT 5 OF TRACT NO. 1094-1 PER THE MAP FILED IN BOOK 13, OF MAPS AT PAGE 38, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY

JOB NO: 18151 SCALE: 1"=50' DATE: 03/03/25 SHEET NO. C1 OF C6

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors
FROM: Scott Duffield, General Manager
DATE: June 18, 2026
SUBJECT: Receive and file Water Resource Recovery Facility Project updates.

Background

The District has been working towards the Water Resource Recovery Facility Project (Project) since 2019. The Notice to Proceed with construction was issued to the contractor, W.M. Lyles Co., on February 25, 2026.

Discussion

This report is regarding the Project construction unless otherwise noted.

Scope

The contractor continues to work on submittals. A summary as of June 10, 2026 is:

Submittals = 105 (46 complete, 59 bic)
Requests for Information = 27
General Correspondence = 4
Contract Change Orders = 0

The contractor has worked on site rough grading, grading and preparation of the pads for the MBR and Sludge Dewatering equipment, installation and backfill of the Influent Lift Station wet well, preparation for install of Manholes No. 1-3 at the Influent Lift Station, and pouring of the rerouted v-ditch among other things.

Schedule

The construction Contract Time is on schedule. The 3-week-look-ahead schedule dated 6/15/26 is attached. A summary as of June 10, 2026 is:

Original Contract Time = 545 Days (Completion August 25, 2027)
Adjustment to Days = 0
Updated Contract Time = 545 Days
Contract Time completed = 105 Days
Contract Time completed = 19%

Budget

The construction Contract Price is within budget. A summary as of June 10, 2026 is:

Original Contract Price = \$14,560,000
Adjustment to Contract Price = \$0
Updated Contract Price = \$14,560,000
Contract Price performed = \$2,019,135
Contract Price performed = 14%

Fiscal Considerations

The Project Budget is \$22,752,000. A detailed breakdown of the Project Budget may be provided at the meeting.

Attachments: 3-week-look-ahead schedule

File: Projects_WRRF

W. M. Lyles Co.

Heritage Ranch WRRF Improvement Project - 3 Week Look Ahead Schedule

6/15/2026		Current Week						Week 1						Week 2						Week 3					
Description	Resource	M	T	W	TH	F	Sa	M	T	W	TH	F	Sa	M	T	W	TH	F	Sa	M	T	W	TH	F	Sa
		8-Jun	9-Jun	10-Jun	11-Jun	12-Jun	13-Jun	15-Jun	16-Jun	17-Jun	18-Jun	19-Jun	20-Jun	22-Jun	23-Jun	24-Jun	25-Jun	26-Jun	27-Jun	29-Jun	30-Jun	1-Jul	2-Jul	3-Jul	4-Jul
SITE																									
Fill Existing Culvert with CLSM	WML		POUR																						
Set & Backfill SS Manholes 1,2,3	WML																								
Dig/Lay 3W from Lagoon 1 toward Eff PS	WML																								
Ex and Set Pond 1 Drain Manhole	WML																								
Dig/Lay SS from Pond 1 Drain Manhole to SSMH-1	WML																								
Dig/Lay SS from MBR to SSMH-1	WML																								
INFLUENT PUMP STATION																									
MBR FACILITY																									
Compact Native Under MBR Slab	WML																								
Excavate for CBs and Pipe Under Slab	WML																								
Set Catch Basins 1 and 2	WML																								
Tie Encasement Rebar Under Slab	CMC																								
Install Underslab Pipe	WML																								
Test Underslab Pipe	WML																								
Pour Pipe Encasement Concrete	WML																								
Backfill Underslab Pipe	WML																								
Install Conduit Under Slab	Braun																								
SLUDGE FACILITY																									
Compact Native Under MBR Slab	WML																								
Excavate for CBs and Pipe Under Slab	WML																								
Set Catch Basins 3 and 5	WML																								
Tie Encasement Rebar Under Slab	CMC																								
Install Underslab Pipe	WML																								
Test Underslab Pipe	WML																								
Pour Pipe Encasement Concrete	WML																								
Backfill Underslab Pipe	WML																								
Install Conduit Under Slab	Braun																								

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

General Manager Report For the Month of June 2026

In addition to normal administrative, engineering, and operations duties, below are points for several areas of work:

Administration

- Continue preparation of the Fiscal Year End 2027 Budget.
- Completed revision of the District sections of the update to the major incident management plan.
- Participated in the CSDA Professional Development Committee June meeting.
- Participated in the CSDA Membership Services Committee June meeting.
- Participated in the CSDA Board June meeting.
- Participated in the CSDA General Manager monthly meeting.

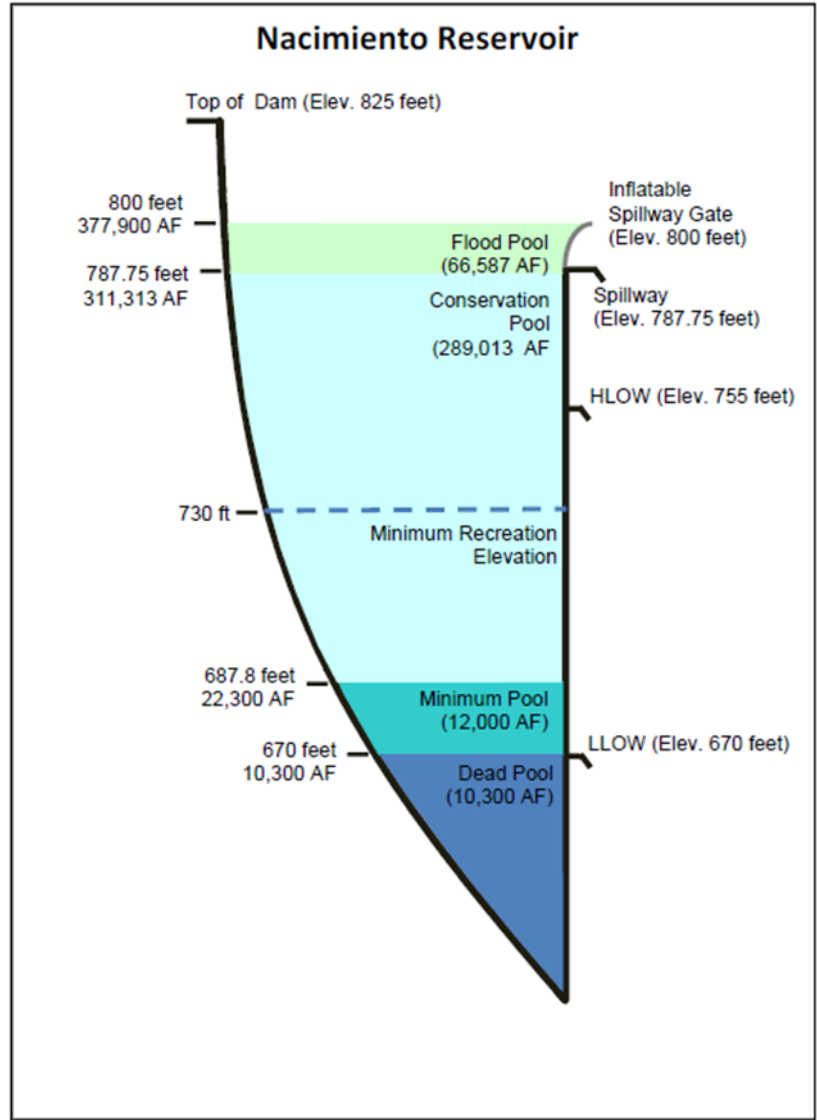
Solid Waste

- Participated in the IWMA Recycling and Organic Waste Informing and Networking Group June meeting.

Reservoir Status

- As reported by Monterey County Water Resources Agency (MCWRA), as of June 12, 2026, the reservoir was at approximately 766.9 feet in elevation, 57% of capacity, and 214,340-acre feet of storage. MCWRA water releases were shown as 264 cfs.

Nacimiento Reservoir



* * *

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors

FROM: Craig A. Steele, District Counsel

DATE: June 18, 2026

SUBJECT: Request to consider compensation and other terms of the Employment Agreement for the General Manager.

Recommendation

It is recommended that the Board discuss and consider compensation and other terms of the Employment Agreement for the General Manager.

Background and Discussion

On June 18, 2026 your Board met in closed session for the annual evaluation of the General Manager. Beginning January 1, 2017, and in response to reform following the City of Bell controversy, the Government Code was revised to require executive compensation be finally determined in a Regular Meeting in open session. Following Board discussion and public comment, it is recommended that your Board determine the General Manager's compensation and other terms of the Employment Agreement.

Fiscal Considerations

The annual Budget accommodates compensation for the General Manager.

Results

The General Manager serves as the Chief Executive Officer of the District, accountable to the Board of Directors and responsible for enforcement of all District ordinances, policies, procedures, the conduct of all financial activities and the efficient and economical performance of the District's operations, and exercises general direction and supervision of all District staff.

FILE: Personnel_GM