



Sunnyslope County Water District

BOARD OF DIRECTORS

REGULAR MEETING

District Office Board Room



3570 Airline Hwy., Hollister, CA

NOTICE & AGENDA

DECEMBER 21, 2021

Regular Board Meeting - 5:15PM

Closed Session to precede the Regular Session – 4:30PM

AS AUTHORIZED BY THE STATE OF CALIFORNIA EXECUTIVE ORDER N-08-21 THE SSCWD UNANIMOUSLY APPROVED THE USE OF VIRTUAL MEETING ACCESS THROUGH NOVEMBER 5th, 2021. PUBLIC ACCESS TO DISTRICT MEETINGS CAN BE OBTAINED THROUGH THE FOLLOWING ACCESS POINTS:

ZOOM MEETING ACCESS LINK

<https://zoom.us/j/94351443777?pwd=bjVleGdCQVhQa1dSWldhNmt4SDIUdz09>

Passcode: SSCWD

Or Telephone: Dial + 1 (669) 900-9128 and when prompted enter Meeting ID: 943 5144 3777

Passcode: 130559

COVID PROTECTION GUIDELINES

Per the San Benito County meeting guidelines all attendees must comply and wear a face covering if not fully vaccinated. If providing proof of vaccination attendees will not need to wear a face covering. Virtual meeting access will continue to be provided until further determined by the District Board; All attendees must comply with any other rules of procedures/instructions announced by the Board of Directors or as directed by Staff. The meeting will be available through Zoom for those who wish to join remotely. Anyone requiring accommodations may contact the Main Office at (831) 637-4670 a minimum of 24 hrs prior to the start of the meeting.

Mission Statement:

“Our Mission is to provide safe, reliable, and high-quality water and wastewater services to our customers and all future generations in an environmentally and financially responsible manner.”

A. CALL TO ORDER - ROLL CALL

President Buzzetta_____, Vice-President Parker_____

Director Brown_____, Director Alcorn_____, and Ed Mauro _____.

- B. PUBLIC COMMENT ON CLOSED SESSION MATTERS** – Members of the public may address the Board on the item or items listed on the Closed Session agenda, with a time limit of three minutes per speaker.

CLOSED SESSION

C. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTIONS:

1. Conference with Legal Counsel – Pending Litigation (§ 54956.9):

- a. *County of San Benito vs. SSCWD*, San Benito County Superior Court Case No. CU-20-00068

2. Public Employee Performance Review (§ 54957) – Title: General Manager

REGULAR SESSION

D. PLEDGE OF ALLEGIANCE

E. REPORT IN OPEN SESSION ACTION TAKEN IN CLOSED SESSION

- F. APPROVAL OF AGENDA** – Any requests to postpone consideration of an agenda item or move an item forward on the agenda will be considered at this time.

- G. PUBLIC COMMENTS and AUDIENCE INTRODUCTIONS** – The public may comment¹ on any District business, not on the agenda, with a time limit of three minutes per speaker. No actions may be taken by the Board during the public comment period.

- H. CONSENT AGENDA** – Members of the Board and/or members of the public may pull matters from the Consent Agenda. Any matter pulled from the Consent Agenda requiring action shall be moved to New Business and treated as a matter of new business, or for matters needing clarification shall be moved to Staff Reports and addressed by the respective staff. The public may address the Board² on these items, not to exceed 3 minutes, when the Board reviews each pulled item.

1. Approve Minutes of the Regular Board Meeting of November 16, 2021. (page 1)
 2. Approve Minutes of the Special Board Meeting of December 7, 2021. (page 9)
 3. Receive and Accept Allowance of Claims for Disbursements from November 1, 2021 through November 30, 2021. (page 12)
 4. Receive and Accept Associate Engineer Monthly Status Report. (page 16)
 5. Receive and Accept Finance Manager Monthly Status Reports:
 - a) Narrative Report (page 19)
 - b) Operation Summary (page 25)
 - c) Statement of Income (page 27)
 - d) Investment Summary (page 29)
 - e) Board Designated Reserves (page 30)
 6. Receive and Accept Superintendent Monthly Status Reports:
 - a) Maintenance (page 33)
 - b) City Meter Reading (page 38)
 - c) Groundwater Level Measurement (page 39)
 7. Receive and Accept General Manager Monthly Status Report. (page 40)
 8. Approval of Resolution #564 of the Board of Directors of the Sunnyslope County Water District – Hollister California Proclaiming a Local Emergency, Ratifying the State of Emergency Proclaimed on March 4, 2020, and Authorizing Remote Teleconference Meetings of all District Legislative Bodies for the Following 30 Days in Accord with the Ralph M. Brown Act. Resolution #564 attached. (Not a project under CEQA per Article 20, Section 15378) (page 42)
- I. NEW BUSINESS** – The Board will review and discuss agenda items and take action or direct staff to return to the Board for action at a following meeting. The public may address the Board² on these items as the Board reviews each item when directed to do so.
1. Take Appropriate Action to Elect a President and Vice-President of the Board of Directors, and President to Assign Director Duties to Standing District Committees for 2022. (Not a project under CEQA per Article 20, Section 15378) (page 47)
 2. Receive Audit Report/Presentation by Patricia Kaufman, CPA/Partner, with McGilloway, Ray, Brown & Kaufman on June 30, 2021 Audit. (Not a project under CEQA per Article 20, Section 15378) (page 50)

3. Consider and Authorize the President of the Board to sign Resolutions #565 and #566 Approving Reserve Policy (#8600) and Investment Policy (#8650). Resolution #565 and #566 attached. (Not a project as defined by the California Environmental Quality Act per Article 20, Section 15378) (page 65)
4. Consider Approval and Authorize the General Manager to Sign the Amendment 1 to the Agreement for Water and Sewer Facilities and Service for the Promontory at Ridgemark Development. Ammendment 1 attached. (page 77)

J. STATUS REPORTS

1. Governance Committee – (Next meeting January 12, 2022, @5pm)
2. Water / Wastewater Committee – (No Meeting)
3. Finance Committee – (Meeting held December 13. Committee read and reviewed Policy #8600 and #8650)
4. Policy and Procedure Committee – (Meeting held December 13. Committee read and reviewed Policy #8600 and #8650)
5. Personnel Committee – (Meeting held December 13. Committee met in closed session regarding General Manager annual review.)
6. Water Resources Association of San Benito County – (Next meeting – January 6, 2022 @ 4:00 PM)

K. BOARD and STAFF REPORTS

1. Directors
2. District Counsel
3. General Manager – COVID 19 Update (Oral Report)

L. FUTURE AGENDA ITEMS

M. ADJOURNMENT

Upon request, Sunnyslope County Water District (SCWD) will make a reasonable effort to provide written agenda materials in appropriate alternative formats, languages or disability-related modification or accommodation, including auxiliary aids or services, to enable all individuals to participate in public meetings. SCWD will also make a reasonable effort to provide translation services upon request. Please submit a written request, including your name, mailing address, phone number and brief description of the requested materials and preferred alternative format or auxiliary aid or service as soon as possible in advance of the meeting.

Next Regular Board Meeting – January 18th, 2021 @ 5:15 p.m., District Office

AGENDA DEADLINE: January 12th, 2021 @ 12:00 p.m.

Future Scheduled Committee Meetings

Water Resources Association of San Benito County – January 6th, 2022 @ 4pm

Governance Committee – January 12th, 2022 @ 5pm

¹ The person speaking is requested to fill out a speaker card stating items on which they wish to comment to be properly recognized during communications from the public and address comments to the Board of Directors. A limit of three (3) minutes per speaker is requested to allow others an opportunity to comment. Board members may ask questions of the speaker, but no action may be taken and no discussion may be held on non-agenized items raised by the public. The General Manager may refer the matter to the proper personnel for review.

² The person speaking is requested to fill out a speaker card stating their name, address, and items on which they wish to comment to be properly recognized during communications from the public and address comments to the Board of Directors. Please limit your comment to three (3) minutes. Please step up to and speak at the podium.

MINUTES
Regular Meeting of the Board of Directors
of the
SUNNYSLOPE COUNTY WATER DISTRICT
November 16, 2021

A. CALL TO ORDER: The meeting was called to order at 4:39 p.m. by President Buzzetta, as authorized by the State of California Executive Order N-08-21 via teleconference, at the Sunnyslope County Water District office, 3570 Airline Highway, Hollister, California.

ROLL CALL: Present in Person: President Jerry Buzzetta (JB), Vice President James Parker (JP), Director Dee Brown (DB), Director Alcorn (MA), Director Edward Mauro (EM).

B. PUBLIC COMMENTS ON CLOSED SESSION MATTERS: The Board welcomed members of the public and opened the meeting to public comments regarding matters identified on the Closed Session agenda. Two members of the public joined the meeting virtually at the end of the closed session.

C. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTIONS:

1. Conference with Legal Counsel – Pending Litigation (§ 54956.9):

County of San Benito vs. SSCWD, San Benito County Superior Court Case No. CU-20-00068

2. Public Employee Performance Review (§ 54957) – Title: General Manager

President Buzzetta retired to closed session at 4:40 p.m. and upon returning to the regular session, moved to take a brief recess at 5:07. The meeting was reconvened to open session at 5:16 p.m.

D. PLEDGE OF ALLEGIANCE: Director Mauro led those in attendance in the Pledge of Allegiance.

E. REPORT IN OPEN SESSION ACTION TAKEN IN CLOSED SESSION:

1. Conference with Legal Counsel – Pending Litigation (§ 54956.9):

Attorney Michael Laredo reported, Board was given status update, general direction was provided by the Board to Staff and Counsel and no reportable action taken.

2. Public Employee Performance Review (§ 54957) – Title: General Manager

Attorney Michael Laredo reported, Board reviewed materials presented, general direction was provided by the Board to the General Manager and no reportable action taken.

F. APPROVAL OF AGENDA: Upon a motion made to approve the agenda by Director Alcorn, seconded by Director Parker, for which President Buzzetta then took a roll call vote as follows: (DB), yes; (EM), yes; (JP), yes, (MA), yes, and (JB), yes; the motion carried 5-0.

G. PUBLIC COMMENTS AND AUDIENCE INTRODUCTIONS: The Board welcomed members of the public and opened the meeting to public comments regarding matters not itemized on the agenda. No comments were received. Two members of the public joined the meeting virtually.

Staff Present for Open Session: In Person: General Manager/Secretary Drew Lander, Finance and HR Manager Barry Kelly, Executive Assistant/Stenographer Madison Koester, Water/Wastewater Superintendent Jose Rodriguez, O&M Crew Chief Dee J. Burbank.

Via Teleconference: Attorney Michael Laredo.

H. CONSENT AGENDA:

1. Approval of Minutes of the Regular Board Meeting of October 19, 2021.
2. Allowance of Claims – The Board reviewed the Disbursement Summary (below) for the period of October 1, 2021 through October 31, 2021, totaling \$4,893,336.00 which includes \$303,912.24 for payments to vendors, \$302,583.65 for Payroll, \$391,231.92 paid to the City of Hollister for collection of City sewer billings (net of our fees), \$7,585.35 for customer refunds and checks returned and \$3,540,827.74 for debt payment.

<u>Date</u>	<u>Number</u>	<u>Name</u>	<u>Amount</u>
10/08/2021	10-01	ADP Payroll	-507.92
10/08/2021	10-01	ADP Payroll	-69,713.13
10/08/2021	10-01	ADP Taxes	-19,178.14
10/02/2021	RET 1021-01	RETURNED ACH	-1,089.31
10/22/2021	10-02	ADP Payroll	-67,821.53
10/22/2021	10-02	ADP Taxes	-18,665.65
10/06/2021	RET 1021-02	RETURNED ACH	-155.25
10/07/2021	RET 1021-03	RETURNED ACH	-150.00
10/16/2021	RET 1021-04	RETURNED ACH	-150.00
10/15/2021	RET 1021-05	RETURNED ACH	-165.31
10/19/2021	RET 1021-06	RETURNED ACH	-194.02
10/20/2021	RET 1021-07	RETURNED ACH	-1,314.41
10/21/2021	RET 1021-08	RETURNED ACH	-2,154.15
10/22/2021	RET 1021-09	RETURNED CHECK	-179.92
10/04/2021	ACH 2077	BASIC Benefits LLC	-66.00
10/05/2021	ACH 2078	BASIC Benefits LLC	-35.00
10/14/2021	ACH 2079	BASIC Benefits LLC	-204.43
10/21/2021	ACH 2080	BASIC Benefits LLC	-105.00
10/25/2021	ACH 2081	BASIC Benefits LLC	-10.00
10/27/2021	ACH 2082	BASIC Benefits LLC	-60.66
10/27/2021	ACH 2083	CalPERS - Health Insurance	-23,093.49
10/22/2021	ACH 2084	CalPERS - Retirement	-23.08
10/12/2021	ACH 2085	CalPERS - Retirement	-8,263.05
10/12/2021	ACH 2086	CalPERS - Retirement	-7,474.89
10/12/2021	ACH 2087	CalPERS - Retirement	-23.08
10/22/2021	ACH 2088	CalPERS - Retirement	-7,583.23
10/22/2021	ACH 2089	CalPERS - Retirement	-8,485.87
10/19/2021	ACH 2090	P G & E	-58,111.88
10/06/2021	ACH 2091	CalPERS - Retirement	-2,002.83
10/06/2021	ACH 2092	CalPERS - Retirement	-208.25
10/01/2021	ACH 2093	CalPERS - Retirement	-8,267.60
10/01/2021	ACH 2094	CalPERS - Retirement	-7,520.54
10/01/2021	ACH 2095	CalPERS - Retirement	-23.08
10/15/2021	ACH 2096	ADP	-2,072.40
10/07/2021	ACH 2097	iCloud	-10,195.30
10/01/2021	ACH 2098	CalPERS - Health Insurance	-30,426.83
10/05/2021	ACH 2099	Principal	-3,526.87
10/07/2021	ACH 2100	City National Bank	-2,540,827.74
10/12/2021	ACH 2101	CalPERS- CEPPT	-500,000.00

10/20/2021	ACH 2102	CalPERS- CEPPT	-500,000.00
10/05/2021	29603	Ace Hardware (Johnson Lumber Co.)	-25.76
10/05/2021	29604	AT&T	-1,099.70
10/05/2021	29605	CM Analytical, Inc.	-13,372.50
10/05/2021	29606	E.H. Wachs Co.	-123.09
10/05/2021	29607	Edges Electrical Group, LLC	-219.70
10/05/2021	29608	exceedio	-3,108.37
10/05/2021	29609	Hollister Auto Parts, Inc.	-23.77
10/05/2021	29610	Independent Business Forms, Inc.	-945.22
10/05/2021	29611	Mission Uniform Service	-323.70
10/05/2021	29612	Nationwide Retirements Solutions	-8,585.55
10/05/2021	29613	O'Reilly Auto Parts	-107.06
10/05/2021	29614	Palace Business Solutions	-644.81
10/05/2021	29615	RJR Recycling	-1,000.00
10/05/2021	29616	San Benito County Water District	-311,089.02
10/05/2021	29617	Sharp Engineering and Construction, Inc.	-7,325.00
10/05/2021	29618	Simplot Grower Solutions	-4,089.46
10/05/2021	29619	Staples Advantage	-187.84
10/05/2021	29620	Star Concrete	-1,241.08
10/05/2021	29621	Toro Petroleum Corp.	-2,392.18
10/05/2021	29622	U.S. Bank Corporate Payment Systems	-4,729.69
10/05/2021	29623	USA Blue Book	-190.18
10/05/2021	29624	UWUA Local 820	-738.56
10/05/2021	29625	UWUA Local 820	-830.88
10/12/2021	29626	Ace Hardware (Johnson Lumber Co.)	-35.36
10/12/2021	29627	ACWA/JPIA	-770.00
10/12/2021	29628	AT&T	-1,456.54
10/12/2021	29629	Brenntag Pacific, Inc.	-22,544.47
10/12/2021	29630	City of Hollister-Finance Dept	0.00
10/12/2021	29631	Don Chapin Co. Inc., The	-140.00
10/12/2021	29632	EBCO Pest Control	-69.00
10/12/2021	29633	Hach Company	-987.90
10/12/2021	29634	Iconix Waterworks (US) Inc.	-162.89
10/12/2021	29635	Mc Master-Carr	-70.64
10/12/2021	29636	Mission Uniform Service	-381.26
10/12/2021	29637	Nationwide Retirements Solutions	-8,635.55
10/12/2021	29638	New SV Media, Inc. (was So. Valley News.)	-257.20
10/12/2021	29639	Nobel Systems	-1,900.00
10/12/2021	29640	O'Reilly Auto Parts	-9.82
10/12/2021	29641	Postal Graphics	-13.46
10/12/2021	29642	Recology San Benito County	-313.19
10/12/2021	29643	San Benito County Water District-Pumping	-36,106.08
10/12/2021	29644	Schaaf & Wheeler	-10,570.00
10/12/2021	29645	Simplot Grower Solutions	-851.04
10/12/2021	29646	Star Concrete	-396.58
10/12/2021	29647	Traffic and Parking Control Co., Inc	0.00
10/12/2021	29648	Trans Union LLC	-208.40
10/12/2021	29649	USA Blue Book	-2,922.96
10/19/2021	29650	A-1 Services	-403.00
10/19/2021	29651	Ace Hardware (Johnson Lumber Co.)	-267.85
10/19/2021	29652	Analytical Technology, Inc.	-255.50
10/19/2021	29653	Auto Tech Service Center, Inc.	-120.00
10/19/2021	29654	Brenntag Pacific, Inc.	-27,022.17
10/19/2021	29655	Central Ag Supply LLC	-603.71
10/19/2021	29656	City of Hollister-Finance Dept	-391,231.92
10/19/2021	29657	De Lay & Laredo	-3,651.50
10/19/2021	29658	Green Line	-2,295.00
10/19/2021	29659	Greenwood Chevrolet	-915.95

10/19/2021	29660	Mission Uniform Service	-325.56
10/19/2021	29661	TechnoFlo Systems	-43.02
10/19/2021	29662	Toro Petroleum Corp.	-2,239.57
10/19/2021	29663	USA Blue Book	-678.96
10/25/2021	29664	TIMOTHY & KATHRYN DUDGEON	-83.53
10/25/2021	29665	MARK FOSHEE	-25.05
10/25/2021	29666	RENE & SANDRA GARCIA	-16.29
10/25/2021	29667	DIANA & KEVIN HERBST	-248.53
10/25/2021	29668	MANZO CONSTRUCTION INC,	-546.34
10/25/2021	29669	JOHN & MARI MORIN	-151.72
10/25/2021	29670	RAMIRO JIMENEZ & VIRIDIANA PAVON	-42.05
10/25/2021	29671	SMITH DENISON CONSTRUCTION CO.	-580.10
10/25/2021	29672	RICHARD W SPALDING	-51.53
10/25/2021	29673	G DEHARO & G TREVINO	-29.07
10/25/2021	29674	SHEILA L ZART	-258.77
10/21/2021	29676	Alvarez, Abel	-250.00
10/25/2021	29677	Bartel Associates, LLC	-2,600.00
10/25/2021	29678	Brenntag Pacific, Inc.	-21,009.84
10/25/2021	29679	C & N Tractors	-1,958.47
10/25/2021	29680	Calcon System, Inc.	-852.50
10/25/2021	29681	Central Ag Supply LLC	-79.82
10/25/2021	29682	Don Chapin Co. Inc., The	-70.00
10/25/2021	29683	exceedio	-3,157.05
10/25/2021	29684	Hach Company	-227.40
10/25/2021	29685	Konica Minolta Premier Finance	-416.76
10/25/2021	29686	Nationwide Retirements Solutions	-8,635.55
10/25/2021	29687	O'Reilly Auto Parts	-56.83
10/25/2021	29688	Palace Business Solutions	-190.48
10/25/2021	29689	State Water Resources Control Board-DWOCF	-60.00
10/25/2021	29690	TechnoFlo Systems	-43.02
10/25/2021	29691	Tyler Technologies, Inc.	-5,971.50
10/25/2021	29692	USA Blue Book	-29.12
10/25/2021	29693	UWUA Local 820	-830.88
10/25/2021	29694	Hernandez, Bazilio	-21.79
10/27/2021	29695	Perez Bribiesca, Diego	-91.00
10/27/2021	29696	ACC Business	-1,324.60
10/27/2021	29697	Ace Hardware (Johnson Lumber Co.)	-22.91
10/27/2021	29698	AT&T	-476.00
10/27/2021	29699	Badger Meter, Inc.	-3,991.68
10/27/2021	29700	Brenntag Pacific, Inc.	-2,305.10
10/27/2021	29701	Brigantino Irrigation	-54.63
10/27/2021	29702	Calif. Special Districts Association	-5,080.42
10/27/2021	29703	Central Ag Supply LLC	-108.23
10/27/2021	29704	Judy's Gifts & Awards	-11.37
10/27/2021	29705	Mission Uniform Service	-361.12
10/27/2021	29706	O'Reilly Auto Parts	-48.35
10/27/2021	29707	Petty Cash	-64.99
10/27/2021	29708	Postmaster	-2,203.91
10/27/2021	29709	Sharp Engineering and Construction, Inc.	-46,770.27
10/27/2021	29710	Verizon Wireless	-539.22
10/28/2021	29711	Postmaster	-89.20

-4,893,336.00

3. Receive Associate Engineer Monthly Status Report: Item removed from Consent agenda and Associate Engineer was excused from preparation of report this month due to absence.

4. Receive Finance Manager Monthly Status Reports: a. Narrative Report, b. Operation Summary, c. Statement of Income, d. Investment Summary, and e. Board Designated Reserves.
5. Receive Superintendent Monthly Status Reports: a. Maintenance, b. City Meter Reading, and c. Groundwater Level Measurement.
6. Receive General Manager Monthly Status Report.
7. Approval of Resolution #563 of the Board of Directors of the Sunnyslope County Water District – Hollister, California Proclaiming a Local Emergency, Ratifying the State of Emergency Proclaimed on March 4, 2020, and Authorizing Remote Teleconference Meetings of all District Legislative Bodies for the Following 30 Days in Accord with the Ralph M. Brown Act (Not a Project under CEQA per Article 20, Section 15378).

President Buzzetta asked for public comment and receiving none, President Buzzetta requested a motion to approve the consent agenda. Upon a motion made by Director Alcorn to approve the Consent Agenda, seconded by Director Brown, for which President Buzzetta then took a roll call vote as follows: (MA), yes; (JP), yes; (EM), yes; (DB), yes; and (JB) yes; the motion carried 5-0.

I. NEW BUSINESS:

1. **Authorize the General Manager to Purchase a PipeHunter Jetter Trailer from Municipal Maintenance Equipment Inc. for a Cost Not to Exceed \$75,000 and to surplus and auction the 1999 O'Brian 700 Series Water Jetter. (Not a project as defined by the California Environmental Quality Act per Article 20, Section 15378)**

General Manager Lander provided a summary of the steps taken to receive three different quotes on the piece of machinery to ensure we were getting the best deal. O&M Crew Chief Burbank spoke on the matter explaining why this new machine was being requested and went over the benefits of this machine identified for purchase. Board questions involved use of the machine and how often it is utilized. Director Buzzetta asked for any public comment. Upon receiving no public comment, Director Alcorn made a motion to authorize General Manager Lander to purchase a PipeHunter Jetter Trailer from Municipal Maintenance Equipment Inc. for a cost not to exceed \$75,000 and to surplus and auction the 1999 O'Brian 700 Series Water Jetter when staff is ready. This motion was seconded by Director Mauro for which President Buzzetta then took a roll call vote as follows: (DB), yes; (EM), yes; (JP) yes; (MA), yes; and (JB) yes ; the motion carried 5-0.

2. **Authorize the General Manager to Purchase the Temetra Network Solution from Meter, Valve & Control for a Cost Not to Exceed \$30,000 and Replace the Outdated Meter Reading Software. (Not a project as defined by the California Environmental Quality Act per Article 20, Section 15378)**

General Manager Drew Lander spoke on the matter on behalf of Associate Engineer Robert Hillebrecht. He stated that the current software was getting more costly year after year and this new purchase would be more cost and time effective. It's operating costs are less and the technology is required for the future planning to accomplish meter reading that don't require staff to drive around throughout the District. Director Buzzetta then asked for any public comment, to which public comment was made from an individual attending via teleconference. Elias Salinas asked if this program was selected because of cost or desire to work with this particular company. To which General Manager Lander

answered that the proper steps were taken to research the best option and this company was chosen due to both cost effectiveness and the desire to stay with Itron for the meter reading technology. After receiving a single public comment, Director Parker made a motion to authorize General Manager Lander to Purchase the Temetra Network Solution from Meter, Valve & Control for a Cost Not to Exceed \$30,000 and Replace the Outdated Meter Reading Software. This motion was seconded by Director Brown for which President Buzzetta then took a roll call vote as follows: (DB), yes; (EM), yes; (JP) yes; (MA), yes; and (JB) yes ; the motion carried 5-0.

3. Take Appropriate Action to Update Signature Cards for the District's Heritage Bank of Commerce Bank Accounts. (Not a project as defined by the California Environmental Quality Act per Article 20, Section 15378)

General Manager Lander requested that the signature cards be updated for Heritage Bank of Commerce so that the change in staff and board members is up to date. This change will allow for the new board members and the new Finance and HR Manager Barry Kelly to be able to sign checks. President Buzzetta asked if there was any public comment on the matter. After receiving no public comment, Director Brown made a motion to authorize the item as written. This motion was seconded by Director Mauro for which President Buzzetta then took a roll call vote as follows: (DB), yes; (EM), yes; (JP) yes; (MA), yes; and (JB) yes ; the motion carried 5-0.

4. Receive Update on the Fairview Corners Development and the Gavilan College Campus Project and Provide the General Manager with Direction Regarding Sewer Service Request by Dividend Homes Inc.

General manager Lander spoke on the matter explaining the purpose of this agenda item is to seek Board direction on potentially providing the proposed Gavilan College extension and adjacent subdivision with sewer services. The properties are in the SSCWD boundaries but sewer service from the District was not the logical choice. If it pleased the Board, he is willing to further pursue looking into plans for helping with this project, otherwise General Manager Lander will not dedicate District time and resources. The Board and General Manager discussed the different options for the school and what would be best. All Board members agreed that sewer service provided by the City of Hollister would be the best route, but that Sunnyslope could possibly be a backup plan if that weren't to happen. Director Buzzetta then opened the matter up for public discussion, to which two members of the public requested to speak on the matter. The first speaker Mrs. Elia Salinas stated her opinion that this issue was a political game and pleaded that Sunnyslope help the planned campus as it was voted on by the public several years ago and it can not fall apart now. The second speaker Irma Gonzalez, a Gavilan college board trustee, discussed the tough position that Gavilan is in budget wise and thanked Sunnyslope for their desire to help the college. Directors and General Manager did not want to comment on political matters and without making a motion, concluded jointly that the Board was in agreement that Gavilan project should move forward, and the developer needs to exhaust all administrative procedure with the City to receive sewer service. The President gave the General Manager direction to bring this item back to the Board for regular updates. Attorney Michael Laredo advised that board action is not required at this time to make a motion, but that General Manager has gotten the input he needs in the matter. Sunnyslope will hope that Gavilan is able to be successful with annexation, but if this is not the case then Sunnyslope will consider all options for ensuring the success of the College extension.

5. Consider Approval and Authorize the President to Sign an Agreement for Water and Sewer Facilities and Service for the Vista del Calabria Development

General Manager Lander spoke on the matter that has been discussed in recent board meetings to provide sewer service for the new Vista Del Calabria development. He pointed out that the developer is required to construct a new sewer pumpstation to replace an existing pumpstation and to construct a potable water booster station to take water from the crosstown pipeline directly into the Ridgemark water system. The importance of these infrastructure items was discussed by the Board and General Manager. Director Buzzetta commented he was still not in favor of a single year warranty on development projects and he would not support the agreement without a longer warranty period. At this point Director Buzzetta asked if there was any public comment on the matter, to which there wasn't. Then Director Alcorn made a motion to authorize the item as written. This motion was seconded by Director Mauro for which President Buzzetta then took a roll call vote as follows: (DB), yes; (EM), yes; (JP) yes; (MA), yes; and (JB) no; the motion carried 4-1.

6. BOARD COMMITTEE and STATUS REPORTS

1. **Governance Committee:** (Next meeting January 12th, 2022, time TBD)
2. **Water/Wastewater Committee:** – (Meeting held November 2, Updates provided on exiting development progress and updates given regarding approved development agreements).
3. **Finance Committee:** No meeting held.
4. **Policy and Procedure Committee:** No meeting held.
5. **Personnel Committee:** No meeting held.
6. **Water Resources Association of San Benito County (WRA):** (No meeting, Next meeting – December 2nd, 2021 @ 4:00 PM

3. BOARD and STAFF REPORTS

- a. **Directors:** No Report.
 - b. **District Counsel:** Michael Laredo had no oral report to be presented.
 - c. **General Manager:** General Manager/Secretary Lander gave an update on the COVID-19 activities, reporting that the office remains closed as the variants still circulate in the community. Lander informed the Board that the glass partition is taking longer than anticipated, may be possible to get the glass by late December but there is no guarantee. Late fees are being charged and defaults are lessening, leans are being utilized as well. Director Alcorn inquired about the district hosting a holiday event for the staff last meeting, it was addressed this meeting that we will have a lunch set for December 17th welcome to all board members as well.
4. **FUTURE AGENDA ITEMS:** Reserve policy update to be addressed in special December 7th meeting, Investment Policy Adoption meeting to also be addressed in Special December 7th meeting. General Manager review coming up December 21st 2021. Additional items brought up include the desire for a rate study on connection fees from the Board.
 5. **ADJOURNMENT:** President Buzzetta adjourned the meeting at 6:44 p.m.

APPROVED BY THE BOARD:

Jerry T. Buzzetta, President

RESPECTFULLY SUBMITTED:

Drew A. Lander, Secretary

MINUTES
Special Meeting of the Board of Directors
of the
SUNNYSLOPE COUNTY WATER DISTRICT
December 7, 2021

A. CALL TO ORDER: The meeting was called to order at 4:30 p.m. by President Buzzetta, as authorized by the State of California Executive Order N-08-21 via teleconference, at the Sunnyslope County Water District office, 3570 Airline Highway, Hollister, California.

ROLL CALL: Present in Person: President Jerry Buzzetta (JB), Vice President James Parker (JP), Director Dee Brown (DB), and Director Alcorn (MA))

Present via Zoom Meeting: Director Edward Mauro (EM).

B. PUBLIC COMMENTS ON CLOSED SESSION MATTERS: The Board welcomed members of the public and opened the meeting to public comments regarding matters identified on the Closed Session agenda. No members of the public were identified in attendance present or virtually.

C. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTIONS:

1. Conference with Legal Counsel – Pending Litigation (§ 54956.9):

County of San Benito vs. SSCWD, San Benito County Superior Court Case No. CU-20-00068

2. Public Employee Performance Review (§ 54957) – Title: General Manager

President Buzzetta retired to closed session at 4:31 p.m. and upon returning to the regular session, moved to take a brief recess at 5:27. The meeting was reconvened to open session at 5:30 p.m.

D. PLEDGE OF ALLEGIANCE: Associate Engineer, Rob Hillebrecht led those in attendance in the Pledge of Allegiance.

E. APPROVAL OF AGENDA: District Counsel Michael Laredo requested that the agenda be amended to include a report out of items discussed in Closed Session. Director Parker proposed the amendment to the agenda to add the Closed Session Report prior to Item F in the agenda, and made a motion to approve the agenda, seconded by Director Brown, for which President Buzzetta then took a roll call vote as follows: (DB), yes; (EM), yes; (JP), yes, (MA), yes, and (JB), yes; the motion carried 5-0.

REPORT IN OPEN SESSION ACTION TAKEN IN CLOSED SESSION:

1. Conference with Legal Counsel – Pending Litigation (§ 54956.9):

Attorney Michael Laredo reported, Board was given status update, general direction was provided by the Board to Staff and Counsel and no reportable action taken.

2. Public Employee Performance Review (§ 54957) – Title: General Manager

Attorney Michael Laredo reported, the Board gave the GM direction and no reportable action was taken.

F. PUBLIC COMMENTS AND AUDIENCE INTRODUCTIONS: The Board welcomed members of the public and opened the meeting to public comments regarding matters not itemized on the agenda. No comments were received.

Staff Present for Open Session: In Person: General Manager/Secretary Drew Lander, Associate Engineer/Rob Hillebrecht.

Via Teleconference: Attorney Dave Laredo and Attorney Michael Laredo.

G. CONSENT AGENDA – No items of consent presented.

H. NEW BUSINESS:

1. Consider the Following Amendments to District Policies and Procedures:

- a. Reserve Policy (#8600) b. Investment Policy (#8650)

General Manager Lander provided copies of the amended Reserve policy #8600 and read through the changes and updated the board on discussion which occurred in the Finance Committee and the Policy and Procedures Committee. Director Alcorn asked what fund would cover legal costs? General Manager Lander explained that emergency funds would be acceptable for unplanned items that were not budgeted. He then asked the Board to review thoroughly the policy and provide comments prior to the December 21st meeting so that all questions may be addressed and hoped that this policy can be adopted at the next meeting.

General Manager Lander then provided copies of the amended Investment policy and explained that this policy was originally adopted by resolution but it was never identified by a policy number so it will be referred to as #8650 when adopted. He then read through the changes and updated the board on discussion which occurred in the Finance Committee and the Policy and Procedures Committee. Mr. Lander also explained that this will return to the Policy and Procedures Committee again prior to the next meeting to address several questions identified by the Committee. General Manager Lander then asked the Board to review thoroughly the policy and provide comments prior to the December 21st meeting so that all questions may be addressed and hoped that this policy can be adopted at the next meeting.

President Buzzetta asked for clarification on the action needed to be taken at this time and Mr. Lander clarified that no action will be taken until the next meeting. The Board may discuss further if desired and move to the next item. President Buzzetta asked if there was any public comment on the matter. After receiving no public comment, the item was tabled with expectation that it will be considered for adoption at the following meeting.

2. Authorize the General Manager to Proceed with Well #11 Rehabilitation for a Total Cost Not to Exceed \$75,000 (CEQA Categorically Exempt 15301 (d)).

General Manager Lander explained the emergency nature of this well pump failure and how inspection and evaluation will be conducted prior to putting it back into service. He is confident that cost will not exceed the proposed costs presented however he did urge the Board to understand the importance of acting swiftly to repair and restore this pump to service as it is essential to district operations. Mr. Lander asked for the funds to be allocated from the Capital Improvement Reserves. Director Alcorn made a motion to authorize General Manager Lander to complete the well repair, not to exceed \$75,000. This motion was seconded by Director Mauro for which President Buzzetta then asked for public comment on this item. Upon receiving no public comment, President Buzzetta took a roll call vote as follows: (DB), yes; (EM), yes; (JP) yes; (MA), yes; and (JB) yes; the motion carried 5-0.

3. Authorize the General Manager to Execute a Professional Engineering Services Agreement with MNS Engineers Inc. for construction documents pertaining to the rehabilitation of the 6" Force main crossing and installation of a new 8" gravity sewer line servicing the Promontory Subdivision. (CEQA Categorically Exempt 15301 (d)).

General Manager Lander explained that this project is the superior solution identified in the Promontory Development agreement approved by the Board in September of this year. The agreement left room for the gravity sewer solution to be further developed and leveraging resources of the District this project will provide the District with the gravity sewer it desires while still satisfying the time constraints of the development. President Buzzetta asked for clarification on why the below ground sewer needed an above ground sewer line. Mr. Lander asked if Associate Engineer Rob Hillebrecht could provide clarification. Using the boardroom white board Mr. Hillebrecht provided some sketch details better explaining the need to cross a ravine and how the sewer line will be above ground for a short distance. The Board thanked Rob for the clarity. Director Buzzetta asked for any public comment. Upon receiving no public comment, Director Parker made a motion to authorize General Manager Lander to contract for engineering services with MNS Engineers Inc. for a cost not to exceed \$100,000. This motion was seconded by Director Brown for which President Buzzetta then took a roll call vote as follows: (DB), yes; (EM), yes; (JP) yes; (MA), yes; and (JB) yes; the motion carried 5-0.

I. BOARD COMMITTEE and STATUS REPORTS – No items from Committees to be presented

J. BOARD and STAFF REPORTS

1. **Finance Committee** met November 18th to discuss the policies presented in item #1 of this meeting's business.
2. **Water Resources Association of San Benito County (WRA)** met December 2nd and Director Parker Attended.
3. **Policy and Procedure Committee** met December 3rd to review the policies presented in item #1 of this meeting's business.
4. **General Manager:** General Manager/Secretary Lander updated the Board regarding the holiday BBQ to be held December 17th at the District office for staff and will included a volunteer gift donation for the Hollister Salvation Army. All staff and Board members are invited to attend.

K. FUTURE AGENDA ITEMS: FY2020-21 Audit and Financial Presentation is scheduled December 21st. The Board election of a new President and committee assignments will be scheduled for December 21st as well.

L. ADJOURNMENT: President Buzzetta adjourned the meeting at 6:39 p.m.

APPROVED BY THE BOARD:

Jerry T. Buzzetta, President

RESPECTFULLY SUBMITTED:

Drew A. Lander, Secretary

Sunnyslope County Water District

Disbursement Summary

November 1, 2021 through November 30, 2021

Date	Num	Name	Amount
11/05/2021	11-01	ADP Payroll	-70,838.37
11/05/2021	11-01	ADP Payroll	-19,273.50
11/19/2021	RET 1121-1	RETURNED ACH	-541.55
11/19/2021	11-02	ADP Payroll	-2,972.89
11/19/2021	11-02	ADP Payroll	-66,904.88
11/19/2021	11-02	ADP Payroll	-19,476.19
11/20/2021	RET 1121-02	RETURNED ACH	-2,835.10
11/25/2021	RET 1121-03	RETURNED ACH	-112.00
11/02/2021	ACH 2103	BASIC Benefits LLC	-2.70
11/03/2021	ACH 2104	BASIC Benefits LLC	-29.32
11/04/2021	ACH 2105	BASIC Benefits LLC	-4.37
11/05/2021	ACH 2106	CalPERS - Retirement	-8,420.72
11/05/2021	AH 2107	CalPERS - Retirement	-6,896.07
11/05/2021	ACH 2108	CalPERS - Retirement	-208.25
11/05/2021	ACH 2109	CalPERS - Retirement	-2,002.83
11/05/2021	ACH 2110	Principal	-3,526.87
11/05/2021	ACH 2111	BASIC Benefits LLC	-46.00
11/08/2021	ACH 2112	iCloud	-10,732.10
11/08/2021	ACH 2113	BASIC Benefits LLC	-180.77
11/09/2021	ACH 2114	BASIC Benefits LLC	-73.04
11/12/2021	ACH 2115	ADP	-2,094.18
11/17/2021	ACH 2116	P G & E	-44,498.10
11/19/2021	ACH 2117	CalPERS - Health Insurance	-20,139.44
11/19/2021	ACH 2118	CalPERS - Retirement	-8,476.39
11/19/2021	ACH 2119	CalPERS - Retirement	-6,537.64
11/22/2021	ACH 2120	BASIC Benefits LLC	-104.00
11/23/2021	ACH 2121	BASIC Benefits LLC	-25.00
11/22/2021	ACH 2122	CalPERS - Retirement	-23.08
11/22/2021	ACH 2123	CalPERS - Retirement	-23.08
11/30/2021	ACH 2124	BASIC Benefits LLC	-240.00
11/30/2021	ACH 2125	BASIC Benefits LLC	-108.00
11/01/2021	ACH 2126	BASIC Benefits LLC	-100.00
11/01/2021	ACH 2127	BASIC Benefits LLC	-100.00
11/22/2021	ACH 2128	BASIC Benefits LLC	-105.00
11/05/2021	29712	Cervantes, Jr., Adan S.	-76.15
11/05/2021	29713	Ace Hardware (Johnson Lumber Co.)	-405.77
11/05/2021	29714	AT&T	-380.92
11/05/2021	29715	Auto Tech Service Center, Inc.	-280.00
11/05/2021	29716	Badger Meter, Inc.	-691.73
11/05/2021	29717	Brenntag Pacific, Inc.	-24,347.05
11/05/2021	29718	Brigantino Irrigation	-61.51
11/05/2021	29719	C & N Tractors	0.00
11/05/2021	29720	Central Ag Supply LLC	-1,648.80

Sunnyslope County Water District

Disbursement Summary

11/05/2021	29721	CM Analytical, Inc.	-15,093.75
11/05/2021	29722	CWEA Membership- TCP	-91.00
11/05/2021	29723	Don Chapin Co. Inc., The	-210.00
11/05/2021	29724	Fastenal Company	-87.26
11/05/2021	29725	Government Finance Officers Association	-160.00
11/05/2021	29726	Greenwood Chevrolet	-681.38
11/05/2021	29727	Hach Company	-451.99
11/05/2021	29728	Hollister Safe & Lock Inc.	-85.00
11/05/2021	29729	Iconix Waterworks (US) Inc.	-364.35
11/05/2021	29730	J M Electric	-450.00
11/05/2021	29731	Melissa Data Corp.	-895.00
11/05/2021	29732	Mission Uniform Service	-324.56
11/05/2021	29733	Nationwide Retirements Solutions	-8,635.55
11/05/2021	29734	Palace Business Solutions	-161.80
11/05/2021	29735	Petty Cash	-90.00
11/05/2021	29736	Quinn Company	-77.95
11/05/2021	29737	Razzolink.com	-76.95
11/05/2021	29738	San Benito County Water District	-337.75
11/05/2021	29739	San Benito Tire Pros & Automotive	-833.62
11/05/2021	29740	Star Concrete	-522.22
11/05/2021	29741	Toro Petroleum Corp.	-2,012.58
11/05/2021	29742	True Value Hardware	-51.86
11/05/2021	29743	U.S. Bank Corporate Payment Systems	-4,886.85
11/05/2021	29744	USA Blue Book	-2,260.11
11/05/2021	29745	Government Finance Officers Association	-460.00
11/05/2021	29746	San Benito County Water District	-309,021.53
11/05/2021	29747	Frisch Engineering	-18,309.50
11/05/2021	29748	City of Hollister-Finance Dept	-391,196.05
11/05/2021	29749	City of Hollister-Finance Dept	-35.87
11/15/2021	29750	A-1 Services	-882.00
11/15/2021	29751	Auto Tech Service Center, Inc.	-90.00
11/15/2021	29752	Brenntag Pacific, Inc.	-16,353.27
11/15/2021	29753	Central Ag Supply LLC	-99.57
11/15/2021	29754	Hollister Auto Parts, Inc.	-11.57
11/15/2021	29755	Mission Uniform Service	-360.12
11/15/2021	29756	O'Reilly Auto Parts	-35.27
11/15/2021	29757	Recology San Benito County	-313.19
11/15/2021	29758	Schaaf & Wheeler	-23,075.00
11/15/2021	29759	Simplot Grower Solutions	-952.00
11/15/2021	29760	Star Concrete	-892.58
11/15/2021	29761	Trans Union LLC	-159.04
11/15/2021	29762	True Value Hardware	-21.27
11/15/2021	29763	Instrument Technology Corp	-14,292.25
11/15/2021	29764	NATALIE A CARBONI	-290.26
11/15/2021	29765	ALEJANDRO & CORINA CASTANEDA	-93.67
11/15/2021	29766	MANZO CONSTRUCTION INC,	-150.08

Sunnyslope County Water District

Disbursement Summary

SUMMARY:

Accounts Payable Paid to:		
Vendors	\$	318,258.94
Payroll - Employee		260,219.87
San Benito County		622,587.22
City of Hollister for City Billing Collected, Net of Fees		786,611.45
Customer Refunds & Returned Checks/ACH		860.06
Debt & Finance		-
Total Disbursements	\$	<u><u>1,988,537.54</u></u>

Staff Report

Agenda Item: **H – 4**

DATE: December 14, 2021 (December 21, 2021 Meeting)

TO: Board of Directors

FROM: Associate Engineer, Rob Hillebrecht

SUBJECT: Associate Engineer Monthly Status Report

Promontory Sewer Pipe Bridge

Sunnyslope contracted with Denise Duffy and Associates (DDA) to assess and analyze the environmental limitations and impacts of constructing a sewer pipe bridge across the gully north of the Promontory development. DDA reported that the environmentally sensitive and state agency jurisdictional boundaries are limited to the bottom of the creek bed. With this information, Sunnyslope has assisted the Promontory Developer to ensure sewer service would be provided through a pipe bridge rather than a new lift station. Sunnyslope will be responsible for the design and environmental compliance of the pipe bridge with most of the cost being paid for by the developer. A portion of the existing 6" force main owned by Sunnyslope would be relocated onto the bridge and the District will pay the fair share cost of including the sewer line on this new structure. As approved by the Board at the December 7th special meeting, Sunnyslope has contracted with MNS Engineering to design the structure. An amendment to the Promontory Service Agreement will codify these negotiated changes.

Marks Dr. Sewer Upsizing

The Promontory Development is required to upsize a portion of the existing sewer main in Marks Dr from where their development will tie in all the way to the Main Lift Station. In early November Able Septic conducted CCTV inspection of that sewer main as part of their contract with the District. This video footage revealed that there are significant bellies in the existing sewer pipe. After discussions with the developer, Sunnyslope has determined that the sewer must be replaced by open cut trench rather than pipe bursting to ensure a constant grade on the pipe. This will increase the cost of the project, for which Sunnyslope will provide a Capacity Fee Credit to the developer of 88.6%. Moreover, approximately 650 feet of the sewer will be oversized to 12" rather than 10" and Sunnyslope will issue 100% of that incremental cost in Capacity Fee Credit.

Industrial Wastewater Treatment Plant Aerator Efficiency Analysis

Sunnyslope is assisting San Benito Foods with an analysis of the power efficiency of the Industrial Wastewater Treatment Plant. Using a PG&E program, an engineering firm will investigate the entire IWTP operation to determine how to reduce power usage and improve efficiency. A similar analysis will be conducted for Sunnyslope's Ridgemark Wastewater Treatment Plant. Several options and ideas have been proposed and discussed which could substantially reduce power demand and cost.

Santana Ranch Development at Hillcrest & Fairview

Santana Ranch has continued construction of the extension of Hillcrest Road to the east side of Fairview Road. One of Sunnyslope's requirements for this construction is that a 12" pipeline be installed along Fairview Rd to the northern boundary of Santana Ranch's development. This pipeline will ultimately become part of Sunnyslope's landscape irrigation system which will use water from Well 5 (and eventually Well 8) to irrigate public landscape areas such as parks, schools, and roadsides.

Regional Water Quality Control Board Permit Application for WWTP

The Regional Water Quality Control Board is requiring that Sunnyslope submit an application for an updated Wastewater Treatment Facility Permit. Staff have assembled lots of data, reports, and information that must be submitted with the new permit application.

Landscape Irrigation System Project

Schaaf & Wheeler is finalizing the plans and specifications for the capital improvements at the Well 5 site to implement the Landscape Irrigation System for Sunnyslope. Finalized plans are expected to be completed and ready for approval early in 2022. Sunnyslope hopes to begin construction on this project this spring.

Southside Landslide Mediation

Staff participated in a mediation meeting between San Benito County, Sunnyslope Water, and Lynn Hilden concerning the landslide which occurred near Southside Road and Blossom Lane in May 2018.

Lessalt Chlorine Line Repair

The original PVC pipe from the chlorine pump to the chlorine injector at Lessalt was damaged several years ago and the pipe was imbedded in the concrete foundation of the building making it difficult to repair. A temporary chemical tubing was installed running above-ground which has been used since the damage. Now that Lessalt is shut down for the drought, Sunnyslope has contracted with Sharp Engineering & Construction to cut the concrete foundation and install a

new pipeline in it for the chlorine line. The new pipe installed will act as a sleeve for the chemical tubing to allow it to be replaced without cutting into the foundation again. Other long-term maintenance and repairs are also being conducted at Lessalt during this period.

Staff Report

Agenda Item: **H – 5**

DATE: November 10, 2021 (November 16, 2021 Meeting)

TO: Board of Directors

FROM: Finance & Human Resource Manager, Barry Kelly

SUBJECT: Statements of: a. Operations, b. Income, c. Investment, and d. Board Designated Reserves.

OPERATION SUMMARY

(Nov 2021)

Added capacity has stalled through mid-December but over 300 new connections are still anticipated before the end of the fiscal year. The District expects to collect more than 4 million in connection fees by year end.

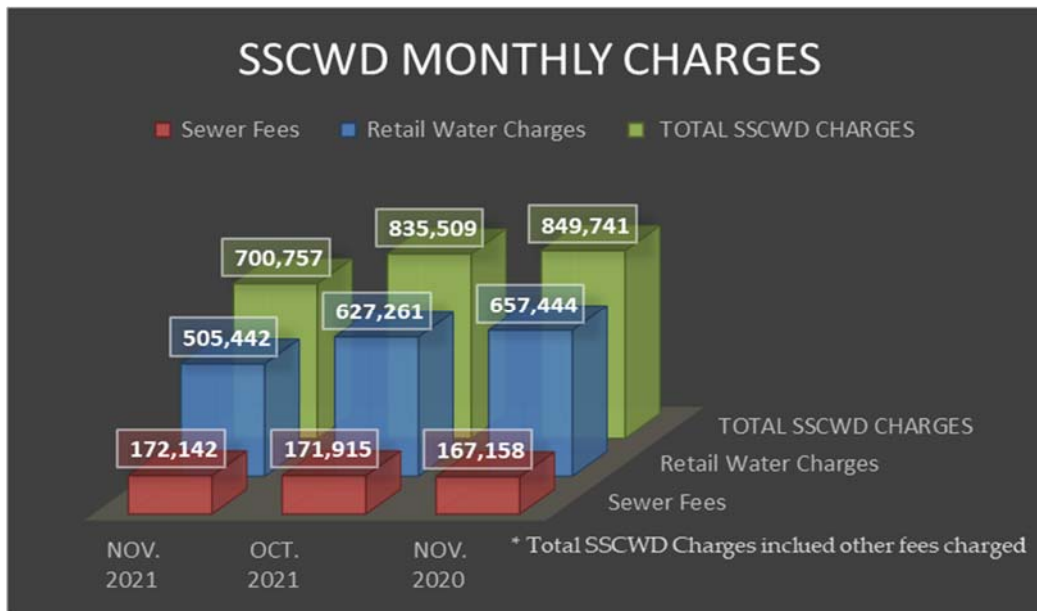
Comparison of Capacity Fees Received for the Current Month & Year to Date							
Item	NOV. 2021	OCT. 2021	NOV. 2020	Increase / (Decrease) from Prior Year (PY)	YTD TOTALS Current Fiscal Year	YTD TOTALS Prior Fiscal Year	Increase / (Decrease) from Prior Year (PY)
NO. WATER CAPACITY FEE RECD	-	31	24	(24)	73	91	(18)
NO. WW CAPACITY FEE RECD	-	-	-	-	-	-	-

Online services and electronic payments are now used by a significant majority of the District's customers. Paperless E-Bill has now been adopted by 20% of our customers.

Summary of Changes in Customer Accounts

Account Types	NOV. 2021	OCT. 2021	NOV. 2020	Δ from PM ++	Δ from PY *
NO. WATER ACCOUNTS	6,905	6,882	6,539	23	366
NO. SSCWD SEWER ACCTS	1,243	1,239	1,240	4	3
NO. COHSEWER ACCTS	4,450	4,434	4,156	16	294
WATERSMART/INVOICE CLOUD	5,264	5,220	-	44	5,264
NO. E-BILL Invoice Cloud (Paperless)	1,379	1,363	-	16	1,379
Percent of Customers Gone Green	20.0%	19.8%	0.0%		

The YOY revenue decline has continued due to drought savings measures, a mild summer and significant rainfall in October. Total metered water is down from 564 to 526 MM gallons in FY22. The percentage of past due accounts receivable through November 2021 stabilized at 13.2%



SSCWD Charges Comparison										
MONTHLY CHARGES	NOV. 2021	OCT. 2021	NOV. 2020	YTD 2021	YTD 2020	Δ from PM	Δ from PY	% increase PM	% increase PY	% increase YOY
Retail Water Charges	505,442	627,261	657,444	3,372,374	3,668,789	(121,819)	(152,002)	-19.4%	-30.1%	-8.1%
Sewer Fees	172,142	171,915	167,158	860,504	829,758	228	4,985	0.1%	2.9%	3.7%
Installation Fees	-	12,555	11,365	30,040	38,500	(12,555)	(11,365)	-100.0%		-22.0%
Late Fees	9,249	9,894	-	46,969	-	(645)	9,249	-6.5%	100.0%	
Admin. Collection Fees, net	-	-	50	0	750	-	(50)			-100.0%
COH Billing Fees	13,473	13,374	12,585	66,546	62,232	99	888	0.7%	6.6%	6.9%
Other Misc. Fees	450	510	1,140	2,796	5,377	(60)	(690)	-11.8%	-153.3%	-48.0%
TOTAL SSCWD CHARGES	700,757	835,509	849,741	4,379,229	4,605,406	(134,752)	(148,985)	-16.1%	-21.3%	-4.9%

STATEMENT OF INCOME

(Oct 31, 2021)

For Oct 2021 YTD, we show an overall Net Operating gain of \$483k vs a budgeted loss of \$682k. The favorable YTD results are largely attributed to higher than budgeted water sales. Capacity Fees total \$ 902k YTD.

INVESTMENT SUMMARY

(Oct 31, 2021)

Total cash and invested funds total \$15.4 MM. The Oct decrease of 2.7MM is attributed to paying off the City National loan. The District's near term investment objectives involve contributing \$1,000,000 to the Calpers retirement CEPPT trust and buying FDIC insured short term CD's. We anticipate the yield on invested funds increasing from less than .4% to over 1.5%

RESERVES

(Oct 31, 2021)

The "Board Designated Reserves" report has been reformatted to include "Legally Restricted Reserve Funds". Also included this month is a narrative summary of what each fund's purpose is, how it's determined and how the income is derived. The "Capital Improvement Reserve Summary" section has been replaced with the "Board Approved Expenditure Analysis" which will chronical all authorized uses of the reserve funds comparing budget to actual.

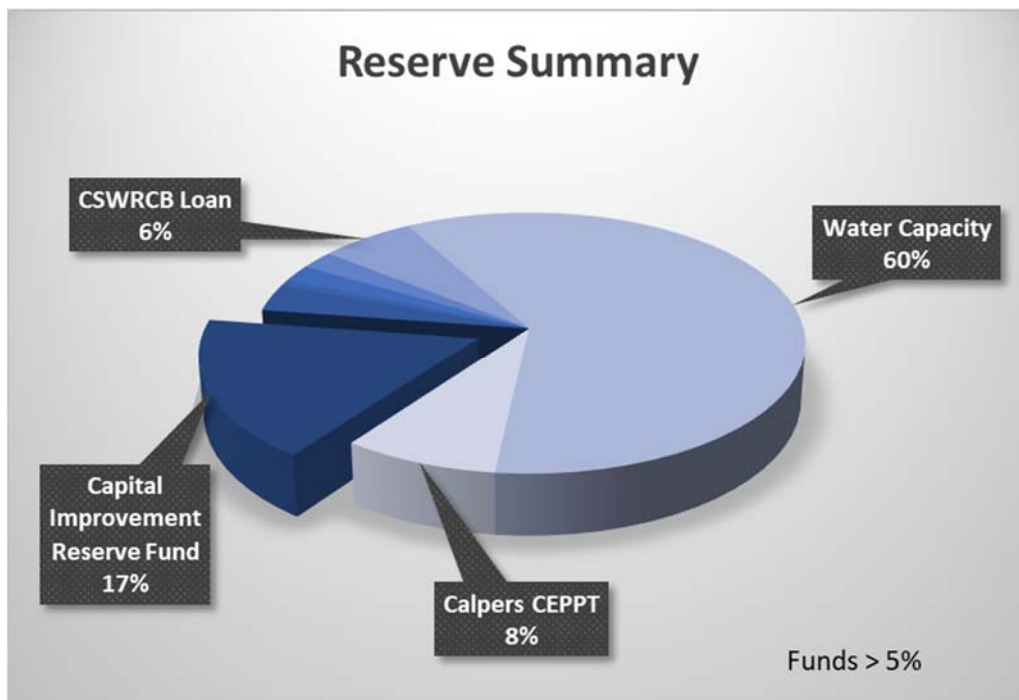


Chart Includes: Water Charges (Retail Wholesale), Sewer Fees, Installation Fees,
Late Fees, Administration Collection Fees, COH Billing Fees, Other Misc Fees

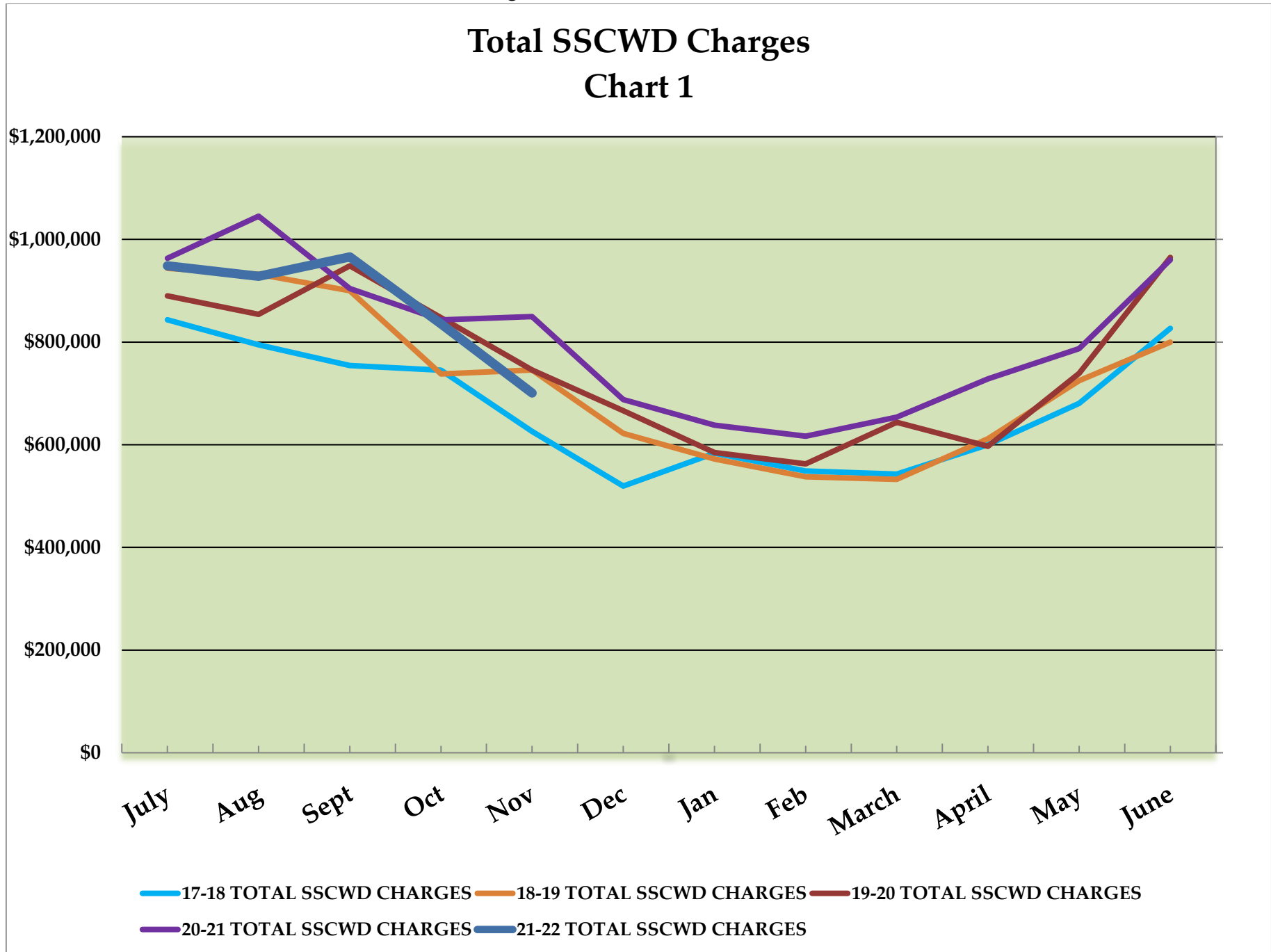


Chart Includes: Only Water Metered to SSCWD Customers,
Chart Does Not Include: COH Interties Wholesale Water Flow

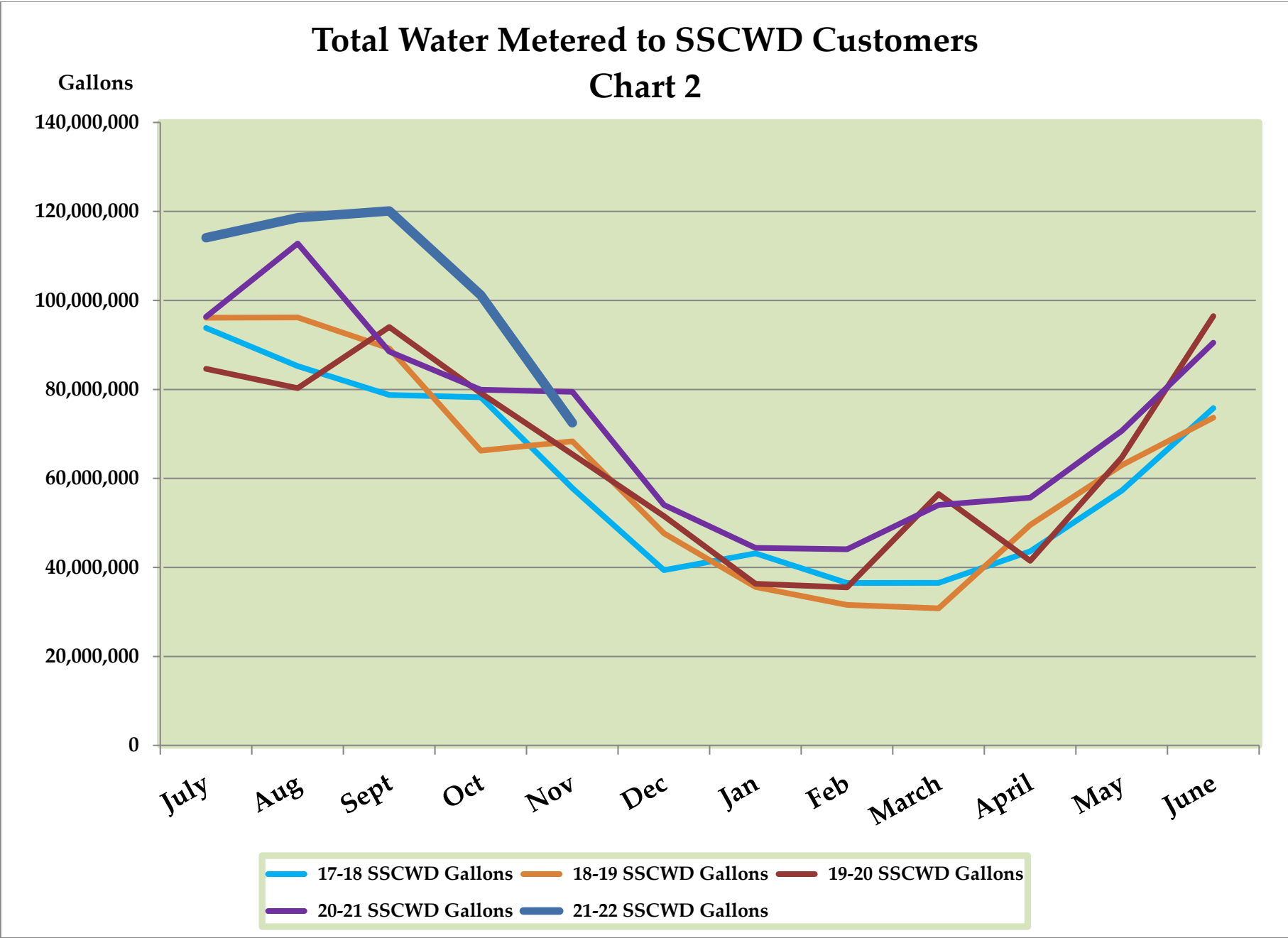
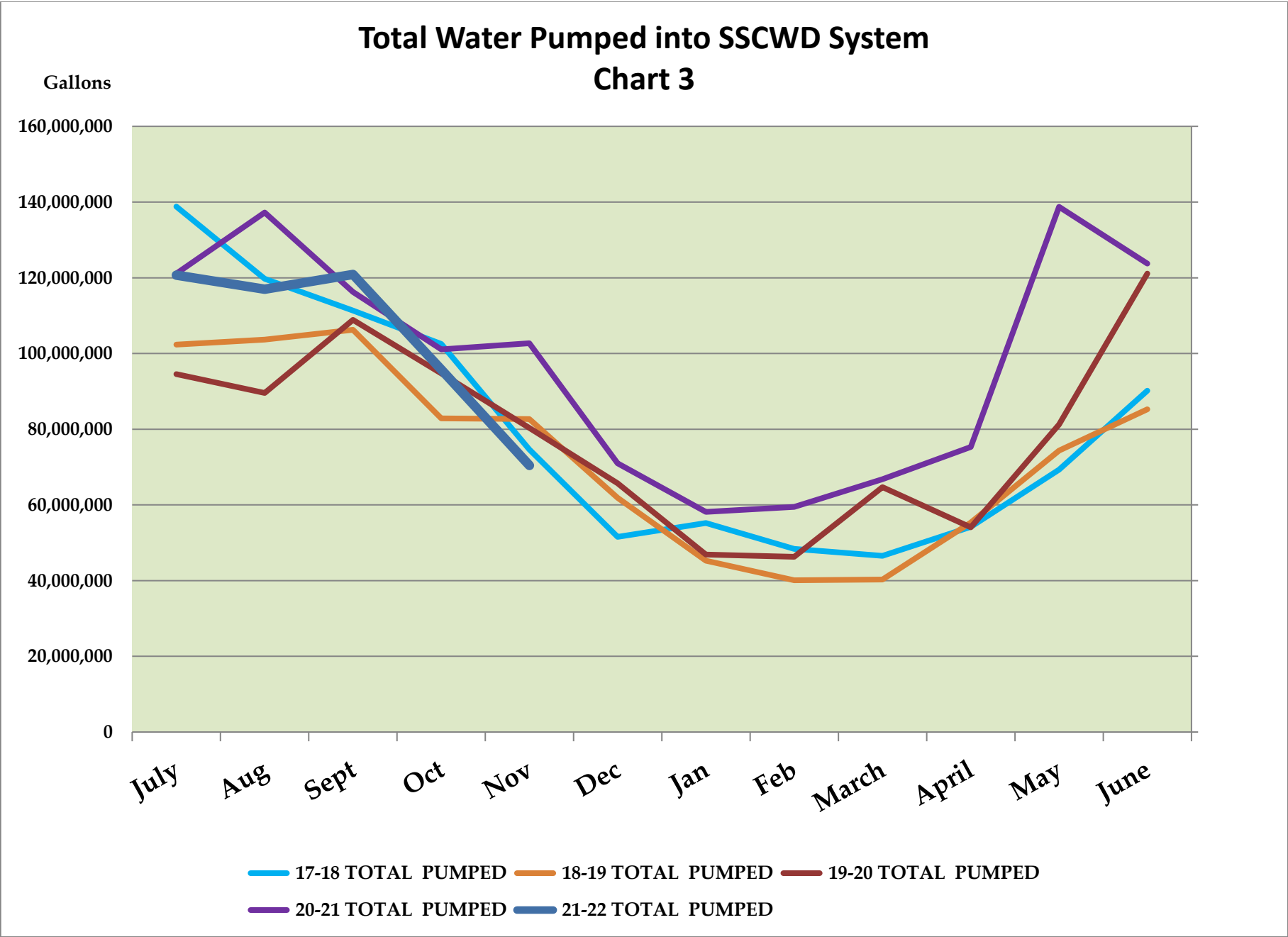


Chart Includes: SSCWD Wells, LESSALT WTP, COH Interties Flow to SSCWD



Sunnyslope County Water District

2021 / 2022
 OPERATION SUMMARY (This Year)

ITEMS	JULY 2021	AUG. 2021	SEPT. 2021	OCT. 2021	NOV. 2021	DEC. 2021	JAN. 2022	FEB. 2022	MARCH 2022	APRIL 2022	MAY 2022	JUNE 2022	TOTALS
NO. WATER CAPACITY FEE RECD	18	10	14	31	-								73
NO. WW CAPACITY FEE RECD	-	-											-
NO. WATER ACCOUNTS	6,852	6,843	6,867	6,882	6,905								
NO. SSCWD SEWER ACCTS	1,238	1,234	1,240	1,239	1,243								
NO. COH SEWER ACCTS	4,354	4,370	4,403	4,434	4,450								
WaterSmart / Invoice Cloud													
Auto Pay	3,014	3,013	3,014	3,086	3,014								
Biller Portal	14	6	14	9	14								
Cloud Store	57	57	57	57	57								
Customer Portal	388	361	388	350	388								
Express Payments	317	274	317	299	317								
IVR	123	110	123	106	123								
Mobile Express Payments	366	323	366	347	366								
Online Bank Direct	647	631	647	624	647								
Pay By Text	58	44	58	55	58								
Scheduled Payment	25	22	25	20	25								
Shopping Cart	255	272	255	267	255								
Total	5,264	5,113	5,264	5,220	5,264	-	-	-	-	-	-	-	
NO. E-BILL Invoice Cloud (Paperless)	1,172	1,231	1,285	1,363	1,379								
MONTHLY CHARGES													
Retail Water Charges	\$ 746,145.00	\$ 729,111.70	\$ 764,414.16	627,261.43	505,441.99								\$ 3,372,374.28
Sewer Fees	172,054.44	171,880.99	172,511.96	171,914.53	172,142.42								860,504.34
Installation Fees	7,765.00	4,050.00	5,670.00	12,555.00	-								30,040.00
Late Fees	9,160.00	8,811.00	9,854.14	9,894.03	9,249.38								46,968.55
Admin. Collection Fees, net													-
COH Billing Fees	13,194.00	13,194.00	13,311.00	13,374.00	13,473.00								66,546.00
Other Misc. Fees	366.95	1,289.36	180.00	510.00	450.00								2,796.31
TOTAL SSCWD CHARGES	\$ 948,685.39	\$ 928,337.05	\$ 965,941.26	\$ 835,508.99	\$ 700,756.79	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,379,229.48
CITY OF HOLLISTER CHARGES													
COH Sewer Fees	393,626.99	394,897.00	396,713.79	399,026.56	401,531.54								\$ 1,985,795.88
COH Street Sweeping	10,153.36	10,582.48	10,200.48	10,243.92	10,291.36								51,471.60
COH Senior Discount	(1,326.60)	(1,326.60)	(1,319.23)	(1,273.67)	(1,266.30)								(6,512.40)
Total COH Charges	402,453.75	404,152.88	405,595.04	407,996.81	410,556.60	-	-	-	-	-	-	-	2,030,755.08
Late Fees **	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL COH CHARGES	\$ 402,453.75	\$ 404,152.88	\$ 405,595.04	\$ 407,996.81	\$ 410,556.60	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,030,755.08
ACCOUNTS RECEIVABLE - Aged													
A/R for Sunnyslope Water **	\$ 969,933.44	\$ 961,519.77	\$ 1,013,793.65	\$ 885,815.80	\$ 765,380.29								
A/R for City of Hollister **	436,867.16	435,540.63	436,628.62	435,871.90	447,288.98								
Outstanding Bills Owed	\$ 1,406,800.60	\$ 1,397,060.40	\$ 1,450,422.27	\$ 1,321,687.70	\$ 1,212,669.27	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Past Due	\$ 151,515.86	\$ 150,947.42	\$ 159,388.89	\$ 174,426.70	\$ 160,335.48								
% Past Due	10.77%	10.80%	10.99%	13.20%	13.22%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	

Sunnyslope County Water District

2021 / 2022
 OPERATION SUMMARY (This Year)

ITEMS	JULY 2021	AUG. 2021	SEPT. 2021	OCT. 2021	NOV. 2021	DEC. 2021	JAN. 2022	FEB. 2022	MARCH 2022	APRIL 2022	MAY 2022	JUNE 2022	TOTALS
WATER METERED													
Cubic Feet	11,875,200	11,828,700	12,492,400	10,251,200	7,183,600								53,631,100
SSCWD Gallons	88,826,496	88,478,676	93,443,152	76,678,976	53,733,328	-	-	-	-	-	-	-	401,160,628
Well Flow to COH Gallons	17,817,100	22,242,500	22,239,700	21,114,500	15,859,700								99,273,500
Surface Flow to COH Gallons	7,458,200	7,869,976	4,431,661	3,390,593	2,908,977								26,059,407
TOTAL METERED	114,101,796	118,591,152	120,114,513	101,184,069	72,502,005	-	-	-	-	-	-	-	526,493,535
WATER SOURCE													
Well #2 (Southside Road)	9,282,000	8,489,000	14,176,000	9,751,000	4,706,000	-	-	-	-	-	-	-	46,404,000
Well #5 (Ray Cir/Enterprise)	4,461,642	5,877,229	5,753,409	4,836,823	4,355,159	-	-	-	-	-	-	-	25,284,262
Well #7 (Enterprise Rd)	7,427,108	13,727,233	21,183,110	10,234,556	4,035,264	-	-	-	-	-	-	-	56,607,271
Well #8 (Ridgemark)	15,266,000	16,844,000	16,278,000	12,118,000	11,403,000	-	-	-	-	-	-	-	71,909,000
Well #11 (Southside Road)	30,074,000	32,038,000	43,438,000	30,951,000	18,852,000	-	-	-	-	-	-	-	155,353,000
TOTAL from Wells	66,510,750	76,975,462	100,828,519	67,891,379	43,351,423	-	-	-	-	-	-	-	355,557,533
Lessalt W.T.P. I (High Zone)	11,498,000	3,226,000	838,000	-	-	-	-	-	-	-	-	-	15,562,000
Lessalt W.T.P. I (Middle Zone)	6,744,000	2,168,000	670,000	-	-	-	-	-	-	-	-	-	9,582,000
West Hills W.T.P (@ Well #2)	14,521,000	14,294,000	13,887,000	4,107,000	1,000	-	-	-	-	-	-	-	46,810,000
West Hills W.T.P (@ Well #11)	20,308,000	18,071,000	1,860,000	20,884,000	24,866,000	-	-	-	-	-	-	-	85,989,000
TOTAL from Surface Water	53,071,000	37,759,000	17,255,000	24,991,000	24,867,000	-	-	-	-	-	-	-	157,943,000
City Well Flow to SSCWD Gallons	806,200	1,653,500	2,376,200	2,403,700	1,850,900								9,090,500
City Surface Flow to SSCWD Gallons	324,000	597,000	513,900	442,700	346,500								2,224,100
TOTAL from City Interties	1,130,200	2,250,500	2,890,100	2,846,400	2,197,400	-	-	-	-	-	-	-	11,314,600
TOTAL PUMPED	120,711,950	116,984,962	120,973,619	95,728,779	70,415,823	-	-	-	-	-	-	-	524,815,133
Estimated Water Loss	6,610,154	-	859,106	-	-	-	-	-	-	-	-	-	7,469,260
Water Loss %	5.476%	0.000%	0.710%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	1.423%
Estimated Water Gain	-	1,606,190	-	5,455,290	2,086,182	-	-	-	-	-	-	-	9,147,662
Water Gain %	0.000%	1.354%	0.000%	5.391%	2.877%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	1.737%
Total Net Water Loss													(1,678,402)

Sunnyslope County Water District

STATEMENT OF INCOME
FOR THE FISCAL YEAR ENDING JUNE 30, 2021 (This Year)
UN-AUDITED 12/3/2021

*** WATER ***	Sep-21	Oct-21	Variance Over / (Under) Prior Month	Sep-20	Oct-20	Variance Over / (Under) Prior Year	YEAR- TO-DATE	PROJECTED ACTUAL	FY 21/22 BUDGET
OPERATING REVENUES									
Water Sales	764,642	627,628	(137,014)	715,966	661,371	(33,744)	2,867,527	8,602,580	6,700,000
Contracted Services	228,311	228,311	-	220,953	220,953	7,358	913,246	2,739,737	2,792,736
Installation Fees	5,670	12,555	6,885	8,910	2,835	9,720	30,040	90,120	
Late Fees	7,883	7,915	32	-	-	7,915	30,175	90,526	
Other Revenue	11,168	13,252	2,084	10,519	10,886	2,367	46,877	119,490	4,000
TOTAL OPERATING REVENUES	1,017,674	889,661	(128,013)	956,347	896,045	(6,384)	3,887,865	11,642,453	9,496,736
OPERATING EXPENSES									
Salaries and Benefits	(187,487)	(211,200)	(23,713)	(158,636)	(171,617)	(39,582)	(735,849)	(2,207,546)	(2,213,997)
Operating Expenses	(685,945)	(772,547)	(86,602)	(835,659)	(763,302)	(9,244)	(3,003,420)	(9,010,259)	(9,386,804)
TOTAL OPERATING EXPENSES	(873,432)	(983,746)	(110,315)	(994,295)	(934,920)	(48,827)	(3,739,268)	(11,217,805)	(11,600,801)
NET OPERATING INCOME	144,243	(94,085)	(238,328)	(37,948)	(38,875)	(55,210)	148,597	424,648	(2,104,065)
NON OPERATING INCOME & (EXPENSES)									
Capacity Fees	168,000	372,000	204,000	257,400	81,900	290,100	902,475	902,475	-
Donated Asset			-			-	-	-	-
Miscellaneous Income (Farm Labor Camp)			-			-	-	-	-
Adjust LAIF Investment to Fair Value			-	-	-	-	-	-	-
Interest Income	2,610	389	(2,221)	-	6,972	(6,583)	6,579	19,737	-
Allocated from G & A (Interest & Sale of Assets)	(233)	(1,484)	(1,251)	558	6,115	(7,599)	(2,035)	(6,106)	-
Debt Service (Loan Expense) & Disposal of Assets			-	-	(7,128)	7,128	-	-	(61,753)
TOTAL NON OPERATING INCOME & (EXPENSES)	170,377	370,905	200,528	257,958	87,859	283,046	907,019	916,106	(61,753)
NET WATER INCOME (LOSS)	\$ 314,619	\$ 276,820	\$ (37,799)	\$ 220,009	\$ 48,984	\$ 227,836	\$ 1,055,616	\$ 1,340,754	\$ (2,165,818)
NET WATER INCOME (LOSS) Adjusted for Non Budgeted Items									
	\$ 144,243	\$ (94,085)	\$ (238,328)	\$ (37,948)	\$ (46,002)	\$ (48,083)	\$ 148,597	\$ 424,648	\$ (2,165,818)

Sunnyslope County Water District
 STATEMENT OF INCOME
 FOR THE FISCAL YEAR ENDING JUNE 30, 2021 (This Year)
 UN-AUDITED 12/3/2021

*** WASTEWATER ***	Sep-21	Oct-21	Variance Over / (Under) Prior Month	Sep-20	Oct-20	Variance Over / (Under) Prior Year	YEAR- TO-DATE	PROJECTED ACTUAL	FY 21/22 BUDGET
OPERATING REVENUES									
Sewer Sales	172,512	171,915	(597)	165,218	165,314	6,600	688,362	2,065,086	2,016,000
Contracted Services	24,245	132,981	108,736			132,981	338,911	393,852	393,852
Installation Fees			-	-	-	-	-	-	-
Late Fees	1,971	1,979	8	-	-	1,979	7,544	22,632	
Other Revenue	2,818	2,776	(42)	2,623	2,717	59	11,181	33,544	158,000
TOTAL OPERATING REVENUES	201,546	309,650	108,104	167,841	168,032	141,618	1,045,998	2,515,114	2,567,852
OPERATING EXPENSES									
Salaries and Benefits	(35,454)	(41,404)	(5,950)	(41,324)	(46,642)	5,239	(145,661)	(436,983)	(582,805)
Operating Expenses	(94,609)	(91,168)	3,441	(61,953)	(59,669)	(31,499)	(515,232)	(1,545,697)	(1,126,013)
TOTAL OPERATING EXPENSES	(130,063)	(132,572)	(2,509)	(103,276)	(106,311)	(26,260)	(660,893)	(1,982,680)	(1,708,818)
NET OPERATING INCOME	71,483	177,079	105,596	64,565	61,720	115,358	385,105	532,434	859,034
NON OPERATING INCOME & (EXPENSES)									
Capacity Fees	-	-	-	-	-	-	-	-	-
Miscellaneous Income	-	-	-	-	-	-	-	-	-
Adjust LAIF Investment to Fair Value	-	-	-	-	-	-	-	-	-
Interest Income	1,228	183	(1,045)	-	-	183	3,096	9,288	
Allocated from G & A (Interest & Sale of Assets)	(58)	(371)	(313)	139	1,529	(1,900)	(509)	(1,527)	-
Debt Service (Loan Expense) & Southside Rd. Slide	(50,259)	-	50,259	(20,856)	(21,442)	21,442	(50,259)	(150,776)	(210,073)
TOTAL NON OPERATING INCOME & (EXPENSES)	(49,088)	(188)	48,900	(20,716)	(19,913)	19,725	(47,671)	(143,015)	(210,073)
NET WASTEWATER INCOME (LOSS)	22,395	176,891	154,496	43,849	41,807	135,083	337,433	389,419	648,961
NET WASTEWATER INCOME (LOSS) Adjusted for Non Budgeted Items	\$ 21,224	\$ 177,079	\$ 154,496	\$ 43,709	\$ 40,279	\$ 136,800	\$ 334,846	\$ 381,658	\$ 648,961

*** WATER & WASTEWATER ***	Sep-21	Oct-21	Variance Over / (Under) Prior Year	Sep-20	Oct-20	Variance Over / (Under) Prior Year	YEAR- TO-DATE	PROJECTED ACTUAL	FY 20/21 BUDGET
*** COMBINED INCOME (LOSS) WATER & WASTEWATER ***	337,014	453,711	116,696	263,858	90,792	362,919	1,393,049	1,730,173	(1,516,857)
*** COMBINED INCOME (LOSS) WATER & WASTEWATER Adjusted for Non - Budgeted Items	\$ 165,467	\$ 82,994	\$ (83,832)	\$ 5,761	\$ (5,724)	\$ 88,717	\$ 483,443	\$ 806,306	\$ (1,516,857)

Sunnyslope County Water District

Investment Summary 2020 / 2021 (This Year)

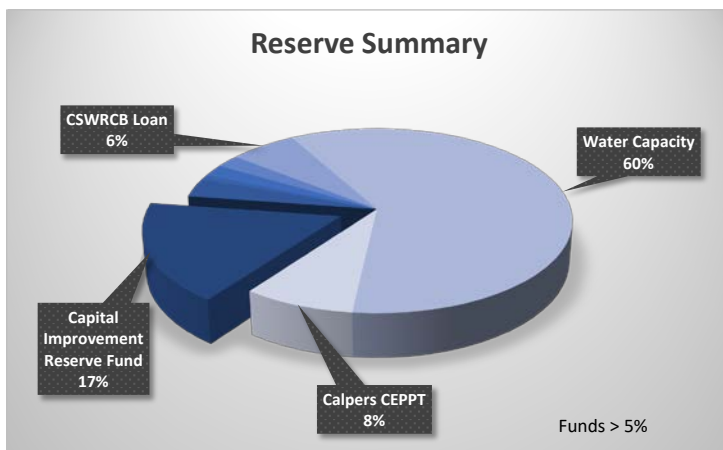
BANK ACCOUNT	INTEREST RATE	JULY 2021	AUGUST 2021	SEPTEMBER 2021	OCTOBER 2021	JUNE 2021
<u>Heritage Bank of Commerce</u>						
CHECKING ACCOUNT Operating - General Fund	0.000%	\$ 7,514,057.96	\$ 7,863,305.12	\$ 6,959,359.82	\$ 4,258,491.95	\$ 7,229,161.84
CHECKING SUBTOTAL		\$ 7,514,057.96	\$ 7,863,305.12	\$ 6,959,359.82	\$ 4,258,491.95	\$ 7,229,161.84
MONEY MARKET ACCT (MMA) Invested - General Fund	0.400%	4,067,597.25	4,070,361.91	4,071,700.32	4,072,994.54	4,065,942.70
MMA SUBTOTAL		\$ 4,067,597.25	\$ 4,070,361.91	\$ 4,071,700.32	\$ 4,072,994.54	\$ 4,065,942.70
<u>L. A. I. F.</u>						
<u>(Local Agency Investment Fund)</u>	As of: July, 2021					
General Fund	0.221%	(3,422,817.51)	(3,363,043.52)	(3,450,324.53)	(3,748,490.44)	(3,160,470.75)
Water Connect. Fee	0.221%	6,981,661.04	6,911,253.38	6,987,900.72	7,273,242.32	6,733,577.31
Sewer Connect. Fee	0.221%	21,125.00	21,925.00	22,725.00	22,494.07	21,125.00
SRF Loan Reserve	0.221%	760,000.00	760,000.00	760,000.00	760,000.00	760,000.00
Board Designated Reserves	0.221%	2,686,055.67	2,698,389.34	2,710,723.01	2,723,056.58	2,673,722.00
L.A.I.F. SUBTOTAL		\$ 7,026,024.20	\$ 7,028,524.20	\$ 7,031,024.20	\$ 7,030,302.53	\$ 7,027,953.56
GRAND TOTAL		\$ 18,607,679.41	\$ 18,962,191.23	\$ 18,062,084.34	\$ 15,361,789.02	\$ 18,323,058.10
GENERAL FUND		\$ 8,158,837.70	\$ 8,570,623.51	\$ 7,580,735.61	\$ 4,582,996.05	\$ 8,134,633.79
BOARD DESIGNATED RESERVES		\$ 2,686,055.67	\$ 2,698,389.34	\$ 2,710,723.01	\$ 2,723,056.58	\$ 2,673,722.00
WATER CONN. FEE FUNDS		\$ 6,981,661.04	\$ 6,911,253.38	\$ 6,987,900.72	\$ 7,273,242.32	\$ 6,733,577.31
S. C. FEE FUNDS		\$ 21,125.00	\$ 21,925.00	\$ 22,725.00	\$ 22,494.07	\$ 21,125.00
SRF Loan Reserves		\$ 760,000.00	\$ 760,000.00	\$ 760,000.00	\$ 760,000.00	\$ 760,000.00
* TOTAL INTEREST RECORDED	\$ 9,675.62	\$ -	\$ 5,264.66	\$ 3,838.41	\$ 572.55	\$ 48,639.25

Sunnyslope County Water District
Reserve Summary
As of October 31, 2021
 (Policy #8600)

	<u>10/31/2021</u>	<u>Increase</u>	<u>Decrease</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>Change</u>
1 Capital Improvement Reserve Fund	\$ 2,103,864	\$ 441,215	\$ 46,770	\$ 1,709,419	\$ 1,775,906	\$ (66,487)
2 Rate Stabilization Fund	-	-	-	-	-	-
3 Drought Contingency Reserve	400,000			400,000	400,000	-
4 Emergency Equipment Replacement Fund	100,000			100,000	100,000	-
5 Vehicle Replacement Fund	246,484	48,935		197,549	148,634	48,916
6 Office and Misc. Equipment Replacement Fund	267,271	517		266,754	292,735	(25,981)
7 CSWRCB Loan	760,000			760,000	760,000	-
8 Water Capacity	7,273,242	935,424	394,891	6,732,709	2,867,486	3,865,223
9 Wastewater Capacity	21,694	569		21,125	39,849	(18,724)
10 Calpers CEPPT	1,000,000	1,000,000		-	-	-
TOTAL	\$ 12,172,555	\$ 2,426,660	\$ 441,661	\$ 10,187,556	\$ 6,384,610	\$ 3,802,946

Detailed Transactions:

Depr. Expense	\$ 490,667		\$ 64,241
Debt Amortization		394,891	(1,264,484)
Capacity Fees	932,715		5,016,350
Interest & Other	4,278		28,145
Server Room Improvement - (Approved 8/18/20)			(26,002)
Tyler System Upgrade - (Approved 8/18/20)			(15,305)
CEPPT Funding	1,000,000		
2100 Southside Roof Remodel	-	46,770	
Misc Other Additions			
	\$ 2,427,660	\$ 441,661	\$ 3,802,946



Board Approved Expenditure Analysis

Description:	Budget	Actual
2100 Southside Road Roof	50,000	46,770

Sunnyslope County Water District

Fiscal Year 2022

Board Restricted Reserves

Name	Purpose	Determination	Interest
Capital Improvement Reserve Funds	To provide funds for Projects, improvements and major infrastructure repairs specifically identified as necessary in either a two year horizon or long term. Funds will also be designated as either water or waste water related.	The minimum amount is the 2 year estimate of planned capital expenditures. This fund may be replenished from either an existing capacity fund or current operations. If the source is from a capacity fund, 100% of the amount will be transferred if available. If sourced from operations, a portion of the total need is allocated based upon when the project is scheduled. The goal is to make monthly additions to approximately equal depreciation on capital improvements. Funds will be drawn down as the improvements are paid for.	Allocated based upon the percentage of the total water or wastewater funds invested in a portfolio of laddered securities for each type.
Rate Stabilization Fund	To mitigate the effects of occasional shortfalls in budgeted revenue due to economic conditions, unpredicted government mandates or changes in regulatory oversight.	Funds in reserve may be allocated to cover unpredicted events negatively effecting operating cashflow until the fiscal budgetary process and rate structure can be adjusted to mitigate the effect. No minimum or maximum is currently set. Additons maybe allocated at the discretion of the Board subject to unrestricted funds available.	Allocated based upon the percentage of the total water funds invested in a portfolio of laddered securities.
Drought Contingency Reserve	May be used in the event of water revenue shortfall from the impact of drought related restricted sales.	To be funded initially at 10% of budgeted water revenue. Additions and use of the funds to be authorized by the Board based on the continuance and severity of the drought.	Allocated based upon the percentage of the total water funds invested in a portfolio of laddered securities.
Emergency Fund	May be used for unbudgeted capital replacement or repairs for unexpected needs. Events of this type could stem from earthquake, vandalism, theft or some other circumstance that can not readily be predicted within the normal operating cycle.	To be funded initially with \$250,000. At the beginning of each fiscal year, the fund will be replenished if drawn down below the minimum. There is no maximum.	Allocated based upon the percentage of the total water & wastewater funds invested in a portfolio of laddered securities.
Vehicle Replacement Fund	This is a sinking fund created to capture the depreciated value of capitalized vehicles. The balance is used to fund the replacement of capitalized assets at the end of their useful lives.	Fund to be replenished monthly in an amount equal to depreciation plus Board authorized additions in the approved capital budget plan. Funds will be drawn down as purchases are made.	Allocated based upon the percentage of the total water & wastewater funds invested in a portfolio of laddered securities.
Office and Misc. Equipment Replacement Fund	This is a sinking fund created to capture the depreciated value of capitalized general and administrative related assets. The balance is used to fund the replacement of capitalized assets at the end of their useful lives	Fund to be replenished monthly in an amount equal to depreciation plus Board authorized additions in the approved capital budget plan. Funds will be drawn down as purchases are made.	Allocated based upon the percentage of the total water & wastewater funds invested in a portfolio of laddered securities.

Sunnyslope County Water District

Fiscal Year 2022

Legally Restricted Reserves

Name	Purpose	Determination	Interest
CSWRCB SRF Loan	Governed by Ca State Water Resources Loan Agreement for the construction of the Ridgemark Wastewater treatment facility.	The SRF agreement must be equal to one year of debt service which equals approximately \$760,000 in 2022.	Allocated based upon the percentage of the total wastewater funds invested in a portfolio of laddered securities.
Connections-Water Capacity	Water Capacity fees are collected from developers of new projects. The reserve is to fund future maintenance and replacement of the acquired assets used to service the new development.	Fees are collected based on meter size to ensure that new customers pay their fair share of the capital costs. The funds are allocated to the Capital Improvement reserve as the need to replace and repair as determined.	Allocated based upon the percentage of the total water funds invested in a portfolio of laddered securities.
Connections-Wastewater Capacity	Wastewater Capacity fees are collected from developers of new projects served by the Ridgemark SBR plant. The reserve is to fund future maintenance and replacement of acquired assets used to service the new development and pay for ongoing repair and maintenance of the plant.	Fees are collected based upon equivalent dwelling units to ensure that customers pay their fair share of capital costs. The funds are allocated to the Capital improvement reserve as the need to replace and repair as determined	Allocated based upon the percentage of the total wastewater funds invested in a portfolio of laddered securities.
Calpers Retirement Prefunding - CEPPT	CEPPT is a Calpers trust dedicated towards the payment of future pension obligations. Funds are invested with a strategy to earn a rate of return comparable to the estimated return of the overall pension trust which is approximately 7%.	Initial funding is \$1,000,000. Future amounts will be determined by the Board based upon actuarial assumptions regarding potential shortfalls. Trust funds can be used to pay current pension obligations.	Actual Gains and losses earned and reported by Calpers

Staff Report

Agenda Item: H – 6

DATE: December 14, 2021 (December 21, 2021, Meeting)

TO: Board of Directors

FROM: Water/Wastewater Superintendent, Jose J. Rodriguez

SUBJECT: Superintendent Monthly Status Report: a. Maintenance, b. City Meter Reading, and c. Groundwater Level Measurement.

Narrative

1. All three water reports were completed and submitted on time by November 10, 2021.
2. Three additional service lines were repaired in November. Each service line repair can take 6 to 8 hours to complete. The Vactor-truck has proven to expedite excavation activities, allowing staff to quickly detect the problem and develop a strategic plan for repair. Staff has made several repairs in extreme conditions such as rain events as well as repair in high traffic areas in record time.
3. Due to the current Voluntary Water Conservation measures, the district has minimized our fire hydrant flushing program. Although we only have a total of nine hydrants flushed to date, staff will flush “blow offs” on a weekly basis. Blow offs are often placed in cul-de-sacs or dead ends and are used to flush water from areas where water is not circulated regularly. These blows are considered line flushes and are not reported in the monthly staff report but are documented and reported to the Department of Drinking Water (DDW). As of this staff report we have flushed a total of 185 blow-offs.
4. Lessalt Water Treatment Facility was not in operation for the month of November due to water restrictions. All water production is being treated at the West Hills Water Treatment Facility.
5. Although the Lessalt Water Treatment Facility is offline preventative maintenance tasks continue to be part of daily operations. Standard Operational Procedures are being created to maintain vessels which contain water to keep that water from getting stagnant. Chemical tanks have been emptied cleaned and moth balled for future use.
6. The West Hills Facility is producing 2.25 million gallons per day (MGD) and distributes water equally between the City of Hollister and Sunnyslope County Water District. Staff continuously monitors water quality, analyzer results and adjust to sustain permit limitations.
7. The Oak Creek Lift Station has been in operation without mechanical failure for over 6 years. The pumps in this lift station transfer wastewater, or sewage, from Oak Creek, Quail Hollow and sections of Ridgemark up to the Main Lift Station and eventually up to the Ridgemark Wastewater Treatment Plant. During the month of November, one of the two pumps in the lift

pumps encountered mechanical issues. The pump was inspected and evaluated for current condition and was diagnosed to have mechanical failure which required a specialist to repair. Staff replaced pump with a shelf item pump that the district keeps in inventory. The pump was sent out to Shape Inc. for repair with a lead time of 1 – 2 months.

8. The Industrial Wastewater Treatment Facility did not operate in the month of November.

In addition to the daily, weekly & monthly work schedule, our maintenance personnel also performed these additional special work projects.

Water (6)

1. Repaired fire hydrant on Matador Drive.
2. Installed repair clamp on leaking service line at 135 Donnas Lane.
3. Replaced leaking service lines at 1510A and 1510B Valleyview Road.
4. Continued flushing blow-offs.
5. RCAC training on the Safe Water Drinking Act.
6. Training on new utility line locator and inspection camera

West Hills Water Treatment Plant (5)

1. Loaded sludge from drying beds to have RJR haul to John Smith Landfill.
2. Peroxide cleaned TOC (Total Organic Carbon) analyzer.
3. Replaced O-rings on chlorine feed valves to stop leaks on the transition from tubing to connectors.
4. Replaced tubing on both peristaltic pumps for Clearwell Influent sampling panel. These pumps perform thousands of revolutions per month and accurately inject the proper amount of chemical into the treatment plant. Wear and tear of this tubing is unavoidable and routine maintenance is required to produce the proper level of chemicals ion the water.
5. Installed Y-strainer on Chlorine pump #1.

LESSALT Water Treatment Plant (3)

1. Started touch up paint around plant, such as downspouts, doors, bollards and painting parking lot stripes and decals.
2. Wrote up S.O.P (Standard Operating Procedures) for back-washing Green Sand Filters when plant is offline.
3. Transferred treatment chemicals to other parts of the district for use.



Project Location	: Sunnyslope County Water District - Lessalt Water Treatment Facility
Project	: Paint outdoor equipment
Department	: Water Department
Description	: Facility age and sun damaged over time. Staff touched up fixtures and safety posts to increase visibility.

Wastewater (3)

1. Pulled pump #1 at Oak Canyon Lift station, pump failed, replaced with spare.
2. Pulled, inspected, and cleaned pumps at Paullus Lift station and RM2 Lift station.
3. Continued cleaning and hydro jetting sewer system.

Industrial Plant (2)

1. Secured Wastewater Monitoring Wells at Industrial Plant. The district is responsible for routinely collecting upstream and downstream samples for analysis. The well casing on some of the wells were found to be damaged that could lead to contamination. Staff rebuilt, formed a cement base, and installed a secure latch to four of the eight wells.
2. Worked with Sharp Engineering to analyze sludge content and water dehydration.
3. Continued grounds maintenance at the headworks station, perimeter of pond 1 and percolation ponds. Undesirable debris was also removed from around the pond



Project Location	: Sunnyslope County Water District Industrial Wastewater Treatment Plant
Project	: Monitoring Well Rehabilitation
Department	: Sunnyslope Utilities Department
Description	: Rehabilitate damaged monitoring wells to prevent outside contamination.

Completed This Month	Job Descriptions	Completed YTD 2021 – 2022 July 1 to June 30	Completed 2020 – 2021 July 1 to June 30	Completed 2019 – 2020 July 1 to June 30	Completed 2018 – 2019 July 1 to June 30
187	Work Orders	1006	2469	2715	2642
0	Temporary Manual Read Water Meters Installed in New Construction Accounts	72	368	256	146
0	Radio Read Meters & ERTs Installed in New Construction Accounts	0	21	0	1
0	Total: Manual Read Meters Replaced with Radio Read Meters & ERT's, including Radio Meters Installed in New Construction Accounts	119 (Total = 6744)	282	191	246
28	Existing Radio Read Meters & ERTs Replaced with New Radio Read Meters & ERTs	115	322	304	350
58	Valves Exercised (Approx. 2674 in SSCWD System 3/2021)	125	721	319	410
7	Fire Hydrants Flushed (Approx. 938 in SSCWD System 3/2021)	9	749	281	757
28	Meters on Repair List	116	326	449	1147
23	Emergency Calls	91	174	156	204
178	Locates on our Water/Sewer Lines	860	1732	1037	454
0	Sewer Inspections	1	0	0	2
0	Shutoff Notices	0	0	112	182
2	Water Services Replaced	17 (Total = 912)	12	15	18

(3/2021 Update Valve and Fire Hydrant Count, Includes Santana Ranch pH 1, Villages, Tyler Knoll, Walnut Park, Creekside)



Hollister/Sunnyslope Intertie Water Balance

Report Date: December 1, 2021		to November 12, 2021			
Current Consumption Period: October 13, 2021		to			
Intertie Location	Groundwater Flow to COH	Surface Flow to COH	Groundwater Flow to SSCWD	Surface Flow to SSCWD	to
	i n G a l l o n s				
Southside Road Intertie Water Total Flow	0	644,077			
Sunset & Memorial Water Total Flow	6,229,900	607,200	0		0
Sunnyslope & Memorial Water Total Flow	8,298,300	1,155,800	0		0
Hillcrest and Memorial Water Total Flow	97,400	19,300	1,850,900		346,500
Santa Ana & La Baig Water Total Flow	1,234,100	482,600			
Intertie Sub-Total Water Flow	15,859,700	2,908,977	1,850,900		346,500
<i>Total Combined Surface and Ground Water Intertie Flow</i>	18,768,677		2,197,400		
City of Hollister Well 2 Surface Water Total Flow (West Hills)		5,083,000			
City of Hollister Well 4 Surface Water Total Flow (West Hills)		6,925,000			
City of Hollister Well 5 Surface Water Total Flow (West Hills)		14,968,000			
Sunnyslope Well 2 Surface Water Total Flow (West Hills)					1,000
Sunnyslope Well 11 Surface Water Total Flow (West Hills)					24,866,000
Sunnyslope Surface Water Total Flow (LESSALT)					1,000
Surface Water Flow Sub-Totals		26,976,000			24,868,000
Ground Water and Surface Water Flow Totals	15,859,700	29,884,977	1,850,900		25,214,500
Current Period:	COH half of Surface Water Flow to Distribution (LESSALT & WH)		25,922,000		
	Net Ground/Surface Water Balance Owed to SSCWD (to COH)	14,008,800	3,616,477		
	Beginning Water Balance Owed to SSCWD (to COH)	675,467,975	-379,945,099		
	Gallons Billed to COH thru Report Date November 1, 2021	0		Informational Last Month Net Total	295,522,876
	Sub-total Ending Water Balance Owed to SSCWD (to COH)	689,476,775	-376,328,622	Net Sub Total	313,148,153
	Half of Total Gallons LESSALT Discharge to City of Hollister Wastewater Treatment Plant during the current consumption period			-	
	Exchange Factor; Half of the total gallons discharged to COH WWTP from LESSALT multiplied by a factor of 4			-	
	Ending Water Balance Owed to SSCWD (to COH)	689,476,775	-376,328,622	Net Total	313,148,153

Current:	West Hills WTP Total Flow to Distribution	51,843,000			
	Percent of Surface Water Received	COH	52.0%	SSCWD	48.0%
Current:	COH half of West Hills WTP Total Flow to Distribution	25,921,500			
	West Hills WTP Surface Water Total Flow to COH	26,976,000			

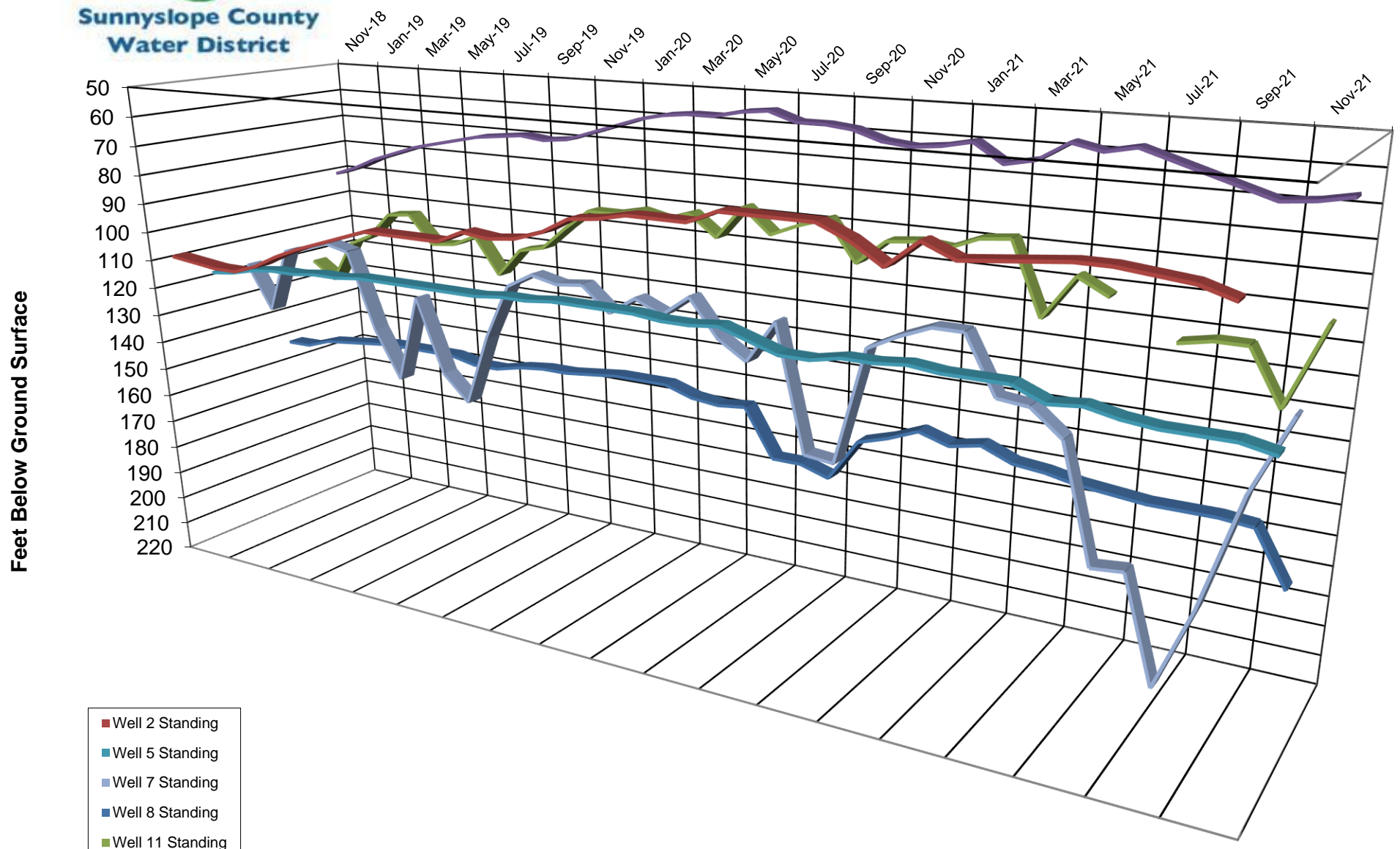
From April 1, 2021 to Present					
YTD	LESSALT WTP Total Flow to Distribution	129,597,000			
	West Hills WTP Total Flow to Distribution	563,901,000			
	Surface WTPs Total Flow to Distribution	693,498,000			
	Total YTD Surface Flow to COH/SSCWD	COH	353,475,730	SSCWD	340,022,270
	Percent of Surface Water Received	COH	51.0%	SSCWD	49.0%



**Sunnyslope County
 Water District**

Depth to Standing Water Level Below Ground Surface

Month/Year



- Well 2 Standing
- Well 5 Standing
- Well 7 Standing
- Well 8 Standing
- Well 11 Standing
- Test Well # 12

Ground Elevation in Feet Above Sea Level
 Well 2 = 325 Well 5 = 438
 Well 7 = 361 Well 8 = 481

Well 11 = 330
 Test Well 12 = 308

Staff Report

Agenda Item: H-7

DATE: December 14, 2021 (December 21, 2021 Meeting)

TO: Board of Directors

FROM: General Manager, Drew Lander P.E.

SUBJECT: General Manager Monthly Status Report

ACTIVE TASKS:

1. **Reserve Policy Update and Investment Policy Creation** – Both the Reserve and Investment policies have been reviewed by the appropriate committees and are before the board this month for approval.
2. **General Manager (GM) Annual Review** – The annual review for the GM was sent to the Personnel Committee after the December 7th special meeting. Committee has reviewed the board member input and discussed.
3. **Office Technology and Public Access** – The District website is being maintained by the District Billing/Public Relations technician and it is improving daily. The Winter newsletter is nearly complete and will be mailed out to customers in January 2022. The new meter reading software agreement has been signed and the changeover will be scheduled to happen in the first quarter of 2022. Antenna installation will require additional agreements with the City to allow some antennas inside the City of Hollister so that automatic meter reading can be implemented. Locating antennas is still in process.
4. **SCADA Upgrade** – Frisch Engineering continues to work on the SCADA system. The holiday schedule has made progress slow through November and December, however in January this project will be ramped up.
5. **IWTP Update** – Planning and preparation for operation of the ponds this coming season is underway. Excavation of sludge from the perimeter of the pond is being planned prior to start up of the ponds for water treatment next season.

6. **Drought Update** – The State of California has released projections for Municipal and Industrial water (M&I) availability next year and numbers look very poor. It is anticipated that no water allocation from the State water project will be provided next year. The recent rainfall is welcome however it is not enough to escape the looming drought. In January the Water Resources Agency members will discuss when a stage two drought level may be warranted.

7. **Permit Compliance** – Monthly water reports have been completed on time and no violations were reported.

Staff Report

Agenda Item: H – 8

DATE: December 10, 2021 (December 21, 2021)

TO: Board of Directors

FROM: Drew A. Lander, General Manager

SUBJECT: Approval of Resolution #564 of the Board of Directors of the Sunnyslope County Water District – Hollister California Proclaiming a Local Emergency, Ratifying the State of Emergency Proclaimed on March 4, 2020, and Authorizing Remote Teleconference Meetings of all District Legislative Bodies for the Following 30 Days in Accord with the Ralph M. Brown Act (Not a project under CEQA per Article 20, Section 15378).

RECOMMENDATION:

Approve by consent that the findings required by AB 361 are still current and relevant and authorize the President to sign a Resolution of the Board authorizing remote teleconference meetings of all district legislative bodies for the following 30 days as provided by law.

BACKGROUND:

At the October 5th special meeting the Board discussed and approved Resolution #562 to allow the use of remote meeting access for the following 30 days. This item appeared as a consent agenda item in November and was extended through Resolution #563 having concluded the findings remain current. Resolution #564 extends the used of remote meeting access throughout December for another 30 days.

In September 2021 Governor Newsom signed into effect AB 361, allowing public agencies to hold public meetings through teleconferencing as long as there is a state-proclaimed state of emergency.

AB 361 amends the Brown Act to allow SSCWD to continue using teleconferencing and virtual meeting technology as long as:

- There is a “Proclaimed State of Emergency;”
- State or local officials impose or recommend measures that promote social distancing; or
- SSCWD’s Board finds that, by a majority vote, meeting in person would present an imminent safety risk to attendees.

The March 4, 2020 Proclamation of State of Emergency is still in effect. An Emergency Proclamation is not terminated until the Governor, or Legislature, proclaims it to be terminated. (GC 8629.) Accordingly, the current State of Emergency will remain until it is terminated with a Proclamation Terminating the State of Emergency.

AB 361 Remote Meeting Findings Required:

SSCWD must make the following findings by majority vote:

- SSCWD has reconsidered the circumstances of the state of emergency; and
- Any of the following circumstances exist:
 - The state of emergency continues to directly impact the ability of the members to meet safely in person; or
 - State or local officials continue to impose or recommend measures to promote social distancing.

These findings must be made no later than 30 days after meeting remotely for the first time and every 30 days thereafter.

AB 361 will sunset on January 1, 2024.

FISCAL IMPACT:

No change in the fiscal impact is anticipated with the continuation of remote access for District public meetings. The cost of online access software is paid up through June 2022.

ENVIRONMENTAL IMPACT:

The proposed action is not a project as defined by the California Environmental Quality Act per Article 20, Section 15378.

Attached: Resolution #564

RESOLUTION No. 564

A Resolution of the Board of Directors of the Sunnyslope County Water District – Hollister California Proclaiming a Local Emergency, Ratifying the State of Emergency Proclaimed on March 4, 2020, and Authorizing Remote Teleconference Meetings of all District Legislative Bodies for the Following 30 Days In Accord with the Ralph M. Brown Act

FACTS

1. The Board of Directors is committed to preserving and nurturing public access and participation in meetings of the Boards; and
2. All meetings of District's legislative bodies are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963), so that any member of the public may attend, participate, and observe District legislative bodies conduct business; and
3. The Brown Act, Government Code section 54953(e), enables remote teleconferencing participation in meetings by members of a legislative body, without strict compliance with requirements of Government Code section 54953(b)(3), subject to the existence of certain conditions; and
4. One required condition is that a state of emergency has been declared by the Governor of the State of California pursuant to Government Code section 8625, proclaiming existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code section 8558; and
5. A proclamation is made that there is an actual incident, threat of disaster, or extreme peril to the safety of persons and property within the District's jurisdiction, caused by natural, technological, or human-caused disasters; and
6. State or local officials have imposed or recommended measures to promote social distancing, or, that having the legislative body meet in person would present imminent risks to the health and safety of attendees; and
7. The Board of Director's affirms these conditions now exist in its jurisdiction. Specifically, on March 4, 2020, the Governor proclaimed a State of Emergency to exist as a result of the threat of COVID-19. That Proclamation has not been terminated by either the Governor or the Legislature pursuant to Government Code section 8629; and
8. Despite sustained efforts to remedy this circumstance, the District determines that meeting in person poses an imminent risk to health and safety of attendees due to the COVID-19 virus and its variants; and
9. The Board of Directors finds the emergency created by the COVID-19 virus and its variants has caused, and will continue to cause, conditions of peril to the safety of persons within the District that are likely to be beyond the control of services, personnel, equipment, and facilities of the District, and desires to proclaim a local emergency and ratify the proclamation of state of emergency by the Governor and similar local health orders that require social distancing; and
10. As a consequence of the local emergency, the Board of Directors determines that all legislative bodies of the District are required to conduct their meetings without full

compliance with paragraph (3) of subdivision (b) of Government Code section 54953, as authorized by subdivision (e) of section 54953, and that those District legislative bodies shall comply with the requirements to provide public access to the meetings as prescribed in paragraph (2) of subdivision (e) of section 54953; and

11. Each District legislative body shall continue to conduct meetings with public access available via call-in or internet-based service options and the public shall be allowed to address the legislative body directly in real time; and
12. This Resolution shall authorize the General Manager to establish and maintain platforms necessary for each District legislative body to hold teleconference meetings and provide an avenue for real-time public comments for such meetings; and
13. The Board of Directors finds the introduction and adoption of this resolution is not subject to the California Environmental Quality Act (CEQA) as the activity is not a project as defined in Section 15378) of the CEQA Guidelines.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SUNNYSLOPE COUNTY WATER DISTRICT:

SECTION 1. RECITALS. The foregoing Findings are true and correct and are adopted by the Board of Directors as though set forth in full.

SECTION 2. PROCLAMATION OF LOCAL EMERGENCY. The Board of Directors hereby proclaims that a local emergency now exists throughout the District, and meeting in person would present imminent risk as a result of the COVID-19 virus and its variants.

SECTION 3. RATIFICATION OF PROCLAMATION OF A STATE OF EMERGENCY. The Board of Directors hereby ratifies the Governor of the State of California's Proclamation of State of Emergency, effective as of its issuance date of March 4, 2020.

SECTION 4. REMOTE TELECONFERENCE MEETINGS. The General Manager and legislative bodies of Sunnyslope County Water District are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution including, conducting open and public meetings in accordance with Government Code section 54953(e) and other applicable provisions of the Brown Act.

SECTION 5. EFFECTIVE DATE OF RESOLUTION. This Resolution shall take effect immediately upon its adoption and shall be remain in effect for a period of 30 days, or until such time the Board of Directors adopts a subsequent resolution in accordance with Government Code section 54953(e)(3) to extend the time during which District legislative bodies may continue to teleconference without compliance with paragraph (3) of subdivision (b) of section 54953.

**PASSED AND ADOPTED BY THE BOARD OF DIRECTORS OF THE SUNNYSLOPE
COUNTY WATER DISTRICT this 21 day of December 2021, by the following
vote:**

AYES:
NAYS:
ABSENT:

SUNNYSLOPE COUNTY WATER DISTRICT:

Signed: _____

Jerry Buzzetta, President

(seal)

ATTEST:

By: _____

Drew A. Lander, Secretary of the Board of Directors

Staff Report

Agenda Item: I-1

DATE: December 10, 2021 (December 21, 2021 Meeting)

TO: Board of Directors

FROM: Drew Lander, General Manager

SUBJECT: Take Appropriate Action to Elect a President and Vice-President of the Board of Directors, and President to Assign Director Duties to Standing District Committees for 2022.

BACKGROUND:

The Board of Directors annually elects one of the five Board of Directors to serve as the President of the Board and a second Director to serve as the Vice President of the Board. The President of the Board then assigns Directors to serve on the four standing committees, the Water Resources Agency/Governance Committee, the Association of California Water Agency Joint Powers Insurance Authority, and to perform check signing responsibilities on behalf of the District on a quarterly basis. Director Jerry Buzzetta served as President and Director Jim Parker has served as Vice President for 2021. The current 2021 committee assignments were updated in October 2021 following the unexpected vacancies created with Ann Ross and Judi Johnson needing to step down for personal reasons. The current committee assignments are as follows:

Finance Committee:

Directors: Mike Alcorn & Jerry Buzzetta (Alternate – Dee Brown)

Staff: General Manager and Finance/HR Manager

The committee reviews all District Finance activities, investment, purchase, policies including Investment Recommendations, Budget, and Audit Review, & the West hills/Lessalt Budget Review.

Water & Wastewater Committee:

Directors: Mike Alcorn & Jim Parker (Alternate – Dee Brown)

Staff: Associate Engineer and General Manager

The committee reviews and provides direction for new and existing water and wastewater projects and programs including planning and construction phases. Meets with other government representatives and private groups regarding joint project considerations.

Employee & Personnel Committee:

Directors: Jerry Buzzetta & Jim Parker (Alternate – Dee Brown)

Staff: General Manager and Finance/HR Manager

The committee reviews and advises on employee personnel policies. Actively participates in Employee Negotiations process and assessment of personnel issues as needed.

Policy and Procedures Committee:

Directors: Dee Brown & Jerry Buzzetta (Alternate – Jim Parker)

Staff: General Manager and Finance/HR Manager

This Committee reviews and recommends certain Policy and Procedures not related to other Committee Assignments and responsibilities.

Water Resources Agency:

Director: Jim Parker (Alternate – Mike Alcorn)

Staff: General Manager and Associate Engineer

The District's representative appointed to Water Resources Agency of San Benito County (WRA) Board of Directors. The participant WRA agencies are San Benito County Water District, City of Hollister, City of San Juan Bautista, and Sunnyslope County Water District. The WRA is a corroborative group that provides recommendations to respective member boards but cannot make direct decisions. This committee does oversee water conservation programs, salinity issues, and groundwater management practices.

ACWA/JPIA – Board Representative:

Directors: Mike Alcorn (Alternate – Jerry Buzzetta)

The District's representative attends the semi-annual JPIA board meetings and vote on behalf of the District.

District Check Signing Responsibility:

Directors: 1st Quarter – Jerry Buzzetta, 2nd Quarter – Judi Johnson (retired),
3rd Quarter – Mike Alcorn, and 4th Quarter – Jim Parker

The Director assigned will come into the District Office and sign checks weekly and on special occasions as needed.

FISCAL IMPACT:

There is no financial impact of appointing Board Members as President, Vice President, and Directors to standing District committees for 2021.

ENVIRONMENTAL IMPACT:

The proposed action is not a project as defined by the California Environmental Quality Act per Article 20, Section 15378.

RECOMMENDATION:

Staff recommends the Board take appropriate action to elect a President and Vice-President of the Board of Directors, and the newly elected President will then assign Directors to standing District committees for 2022, including quarterly check signing duties.

Staff Report

Agenda Item: I-2

DATE: December 13, 2021 (December 21, 2020 meeting)

TO: Board of Directors

FROM: Barry Kelly, Finance and Human Resource Manager

SUBJECT: Receive Audit Report/Presentation by Patricia Kaufman, CPA/Partner, with McGilloway, Ray, Brown & Kaufman on June 30, 2021 Audit.

BACKGROUND:

The Audit Requirements for Special Districts is found in the California Code of Regulations Title 2, Section 1131.2. A financial Audit is due within 6 months of the concluding fiscal year. In 2020 the Board authorized a three-year contract for McGilloway, Ray, Brown & Kaufman (MRBK) to perform Audit services for the District. Patricia Kaufman, CPA/Partner with McGilloway, Ray, Brown & Kaufman, will give the Board a report/presentation regarding the District's June 30, 2020 audit and the resulting audited financial statements (attached) and Governance Letter (attached).

FISCAL IMPACT:

While there is no dollar fiscal impact, the District needs to provide audited financial statements to an array of governmental, banking, and financial entities to remain in compliance with various agreements and to be compliant with governmental transparency oversight regulations.

ENVIRONMENTAL IMPACT:

The proposed action is not a project as defined by Article 20, Section 15378 of the State CEQA Guidelines and therefore CEQA is not applicable.

RECOMMENDED ACTION:

Accept the June 30, 2021 financial statements of Sunnyslope County Water District that were audited by the accounting firm McGilloway, Ray, Brown & Kaufman.

To the Board of Directors of
Sunnyslope County Water District
Hollister, California

We have audited the basic financial statements of Sunnyslope County Water District for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 21, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Sunnyslope County Water District are described in Note 1, Significant Accounting Policies, to the financial statements. As described in Note 1 to the financial statements, the District adopted GASB Statement No. 84 "Fiduciary Activities, GASB Statement No. 90 "Majority Equity Interests —An Amendment of GASB Statements No. 14 and No. 61" and GASB Statement No. 93 "Replacement of Interbank Offered Rates." Adoption of new accounting pronouncements have no impact on the beginning net position. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

Management's estimate of the allowance for uncollectible accounts is calculated as a percentage of the outstanding balance using historical and economic data. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the useful lives of a capital asset is based on historical experience with similar capital assets. We evaluated the key factors and assumptions used to develop depreciation and determined that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension liability and related deferral are based on an amount actuarially determined in accordance with the parameters of GASB Statement 68. We evaluated the key factors and assumptions used to develop the net pension liability and related deferral and determined that it is reasonable in relation to the financial statements.

Management's estimate of the net OPEB asset and related deferrals are based on an amount actuarially determined in accordance with the parameters of GASB Statement 75. We evaluated the key factors and assumptions used to develop the net OPEB liability (asset) and related deferrals and determined that it is reasonable in relation to the financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of Pension Plan in Note 8 to the financial statements - GASB Statement 68, *Accounting Valuation Report*, with the measurement date of June 30, 2020.

The disclosure of Other Post-Employment Benefits (OPEB) Plan in Note 10 to the financial statements - GASB Statement 75, *Accounting Valuation Report*, with the measurement date of June 30, 2020.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule of "Passed Adjusting Journal Entries Report" summarizes uncorrected misstatement of the financial statements. Management has determined that their effects are immaterial, both individually and in aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 13, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the

consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

Report on Required Supplementary Information

We applied certain limited procedures to Management's Discussion and Analysis, the schedule of the District's proportionate share of the net pension liability and related ratios as of measurement date – cost sharing defined benefit pension plan, the schedule of statutorily required employer contributions pension plan, the schedule of changes in the District's net OPEB liability (asset) and related ratios as of measurement date, and the schedule of employer OPEB contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of the board of directors and management of Sunnyslope County Water District and is not intended to be, and should not be, used by anyone other than these specified parties.



McGilloway, Ray, Brown & Kaufman
Salinas, California
December 13, 2021

Sunnyslope County Water District
June 30, 2021

Passed Adjusting Journal Entries									
Description (Nature) of Audit Difference (AD)	Factual, Judgmental, or Projected	Cause	Financial Statement Effect—Amount of Over- (Under-) statement of:						
			Total Assets and Deferred Outflows of Resources	Total Liabilities and Deferred Inflows of Resources	Net Position	Revenues	Expn.	Change in Fund Balance/ Net Position	
CY Unbilled services provided (FYE 2021 revenue recorded in July 2021)	Projected	Unrecorded	(245,180)				(245,180)		(245,180)
PY unbilled services provided (FYE 2020 revenue recorded in July 2020)	Projected	Unrecorded			(257,866)		257,866		257,866
May billing not paid as of FYE 2021 not recorded as accounts payable	Factual	Unrecorded		38,883				38,883	38,883
Connection & Meter Installion Fee	Factual	Unrecorded			(36,315)		(36,315)		(36,315)
June 2021 true-up billing for West Hills WTP O&M	Factual	Unrecorded	(12,315)	(6,158)			(12,315)	(6,158)	(6,157)
June 2021 true-up billing for Lessalt WTP O&M	Factual	Unrecorded	(46,885)	(93,783)			93,783	46,885	46,898
Total			(304,380)	(61,059)	(294,181)		57,839	79,610	55,994
Less audit adjustments subsequently booked									
Net unadjusted AD—current year (iron curtain method)			(304,380)	(61,059)	(294,181)		57,839	79,610	55,994
Effect of unadjusted AD—prior years									
Combined current year and prior year AD (rollover method)			(304,380)	(61,059)	(294,181)		57,839	79,610	55,994
Financial statement caption totals			64,264,750	28,178,470	36,086,280		18,160,949	12,701,481	5,459,468
Current year AD as % of F/S captions (iron curtain method)			-0.47%	-0.22%	-0.82%		0.32%	0.63%	1.03%
Current and prior year AD as % of F/S captions (rollover method)			-0.47%	-0.22%	-0.82%		0.32%	0.63%	1.03%

Sunnyslope County Water District

AUDITOR PRESENTATION

PRESENTED BY PATRICIA KAUFMAN, PARTNER

MCGILLOWAY, RAY, BROWN & KAUFMAN ACCOUNTANTS & CONSULTANTS



Reports Issued

- Independent Auditor's Report on Financial Statements (unmodified)
- Communication with those Charged with Governance

Audited Financial Statements

Audit Opinion

- Unmodified opinion – Financial statements are fairly stated in all material respects (Page 2)

Basic Financial Statements

- Statement of Net Position (Pages 15-16)
- Statement of Revenues, Expenses and Changes in Net Position (Page 17)
- Statement of Cash Flows – (Pages 18-19)
- Notes to Financial Statements (Pages 20-53)

Communication with those Charged with Governance

Significant Audit Findings

- Management is responsible for the selection and use of appropriate accounting policies – we noted no transaction entered into the District books during the FY 2020-21 for which there is lack of authoritative guidance or consensus
- Accounting estimates - evaluated the underlying assumptions for allowance for uncollectible accounts, useful lives/depreciation, deferred inflows and outflows, pension liability, and postemployment benefit liability and found them to be appropriate

All significant transactions have been recognized in the financial statements in the proper period

Sensitive Financial Statement Disclosures

- The disclosure of Pension Plan in Note 8 - CalPERS GASB Statement No. 68, *Accounting Valuation Report*, with the measurement date of June 30, 2020
- The disclosure of Other Post-Employment Benefit (OPEB) Plan in Note 10 - GASB Statement 75, *Accounting Valuation Report*, with the measurement date of June 30, 2020

Communication with those Charged with Governance (cont.)

Difficulties Encountered in Performing the Audit - **None**

Corrected and Uncorrected Misstatements – **Not considered material**

Disagreements with Management - **None**

Management Consultations with Other Independent Accountants – **None**

Timing of the audit – **Timing went according to schedule and we found no delays, and we had no disagreements with management. Audit was performed partial on site and partially remote in accordance with Covid-19 protocols.**

Other Matters – **Required Supplementary Information, Other Information accompanying the financial statements that are not RSI – limited assurance**

Management Letter – Material Deficiency

None noted!

Statement of Net Position
June 30, 2021 and 2020

	2021	2020	Change
Current assets	\$ 20,654,883	\$ 14,538,067	\$ 6,116,816
Capital assets, net	42,113,665	43,275,026	(1,161,361)
Other non-current assets	515,637	508,745	6,892
Deferred outflows of resources	980,565	1,378,334	(397,769)
Total assets and deferred outflows	<u>\$ 64,264,750</u>	<u>\$ 59,700,172</u>	<u>\$ 4,564,578</u>

Current Assets: Increased due to an increase in cash from operating activities and capacity and connection fees.

Capital Assets, Net: Decreased due to depreciation and amortization expenses, in excess of additions.

Deferred Outflows of Resources: Decrease as a result of changes in actuarial assumptions.

Statement of Net Position
June 30, 2021 and 2020

	2021	2020	Change
Current liabilities	\$ 5,851,497	\$ 3,205,910	\$ 2,645,587
Long-term liabilities	20,698,583	24,297,505	(3,598,922)
Deposits received	548,594	523,521	25,073
Net pension liability	368,675	21,460	347,215
Deferred inflows of resources	711,121	1,024,964	(313,843)
Total liabilities and deferred inflows	28,178,470	29,073,360	(894,890)
Net Position			
Net investment in capital assets	17,874,376	17,645,243	229,133
Restricted for capacity and connection fees	6,753,853	2,907,335	3,846,518
Restricted for debt services	760,000	760,000	-
Unrestricted	10,698,051	9,314,234	1,383,817
Total net position	36,086,280	30,626,812	5,459,468
Total liabilities and net position	\$ 64,264,750	\$ 59,700,172	\$ 4,564,578

Current Liabilities: Increased due to City National Bank debt classified as current as subsequently paid off.

Long-Term Liabilities: Decreased related to City National Bank classified as current as subsequently paid off

Net Pension Liability and Related Deferred Inflows: Changes due to actuarial valuation.

Restricted for Capacity and Connection Fees: Increased due to current year charges in new connection and capacity fees.

Statement of Revenues, Expenses, and Changes in Net Position
June 30, 2021 and 2020

	2021	2020	Change
Operating revenues	\$12,396,429	\$ 11,431,368	\$ 965,061
Operating expenses	12,348,766	11,765,346	583,420
Income (loss) from operations	47,663	(333,978)	381,641
Non-operating revenues (expenses), net	(304,076)	(336,540)	32,464
Income (loss) before capital contribution	(256,413)	(670,518)	414,105
Capital contribution			
Capacity and connection fees	5,002,375	3,261,100	1,741,275
Developer capital assets contributions	713,506	1,854,235	(1,140,729)
Change in net position	5,459,468	4,444,817	1,014,651
Net position - beginning of year	30,626,812	26,181,995	4,444,817
Net position - end of year	\$36,086,280	\$ 30,626,812	\$ 5,459,468

Operating Revenues: Due to new water customers and increase in contracted services for Lessalt & West Hill WTP.

Operating Expenses: Increase in operations and maintenance costs.

Capacity and Connection Fees: Capacity and connection fees increased because the District received 385 new water capacity fees in current year as compared to 282 in prior year.

Developer Capital Assets Contributions: District accepted two water system developer capital contributions in the amount of \$714K.

Thank You!

Staff Report

Agenda Item: **I-3**

DATE: December 15, 2021 (December 21, 2021 Meeting)

TO: Board of Directors

FROM: Drew Lander, General Manager

SUBJECT: Consider and Authorize the President of the Board to sign Resolutions #565 and #566 Approving Reserve Policy (#8600) and Investment Policy (#8650)

BACKGROUND:

The Board reviewed and considered the changes proposed to Reserve Policy #8600 and Investment Policy #8650 at the December 7th special meeting. The Finance Committee met in a follow up meeting on December 13th to discuss funding of reserves and how the investment policy will be initially implemented.

The two policies reflect the Board direction to better define the reserves and to manage those funds in a way that retains value for customers of the district until they are needed.

The proposed policy #8600 and #8650 have been included in their final draft form.

The policies were reviewed in both the Finance Committee and the Policy & Procedures Committee. Comments have been incorporated. The Policy and Procedures Committee recommends the full Board review the policies and provide comments as desired.

FISCAL IMPACT:

There is no direct fiscal impact of adopting the revised Policies #8600, #8650. Investment Policy #8650 is proposed as a mechanism to increase the current interest returns on those funds currently held in reserve. The risks associated with investment returns vary between instruments chosen however it is the intent of the policy to significantly reduce risks of loss through the instruments authorized by the policy.

ENVIRONMENTAL IMPACT:

The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

RECOMMEDATION:

The Policy & Procedures Committee and staff recommend the Board review the policies and approve and authorize the Board President to sign Resolution #565, Reserve Policy #8600 and Resolution #566, Investment Policy #6850.

Attachments:

Draft Policy #8600

Draft Policy #8650

Resolution #565 – Reserve Policy #8600

Resolution #566 – Investment Policy #8650

Draft for Adoption - December 21, 2021

POLICY TITLE: Reserve Policy
POLICY NUMBER: 8600

8600.1 Purpose

The purpose of the Sunnyslope County Water District's (SSCWD) Reserve Policy is to ensure that the District will, at all times, have sufficient funding available to meet its operating, capital, and debt service cost obligations. Reserves will be managed in a manner that allows the District to fund costs consistent with its annual budget and Capital Improvement Program, while avoiding significant rate fluctuations due to changes in cash flow requirements.

The total of all the available reserves, which includes Board designated and undesignated reserves, but excludes legally restricted reserves, shall not fall below 50% of budgeted annual operating costs of the current fiscal year, consistent with the adopted water and wastewater rates. Adequate reserves and sound financial policies promote SSCWD's bond ratings in the capital markets; provide financing flexibility; avoid potential restrictive debt covenants; and ensure stable rates for the District's customers.

8600.2 Scope

The Reserve Policy covers all reserve funds of the District. At the end of each fiscal year, compliance with the Reserve Policy will be reported to the District's Board of Directors by looking at the reserve balances for the year then ended, compared to the total operating budget for the same fiscal year. As part of each fiscal year's budget adoption process, the new operating budget will be compared to the projected reserve balance.

8600.3 Reserve Fund Types Defined

There are three major types of reserve funds: Legally Restricted Reserves, Board Designated Restricted Reserves, and Unrestricted Reserves. Legally Restricted Reserves have restrictions imposed by an outside source, such as bond covenants, contractual obligations, or other restrictions. Board Designated Restricted Reserves are set aside for a specific purpose as determined by action of the Board of Directors and funding levels shall be identified through the budgetary process. The Board of Directors has the authority to redirect the use of these reserves as the needs of the District change. Unrestricted Reserves are required for adequate cash flow to meet operating needs and are planned for a source of funding the Capital Improvement Program and to assist in providing for orderly rate increases.

8600.4 SSCWD Specific Reserve Fund Purposes

A. Legally Restricted Reserves

- 1. CSWRCB SRF Loan:** This fund is governed by the California State Water Resources Control Board State Revolving Fund Agreement (SRF Loan). The SRF Loan Agreement requires the District to establish a Reserve fund equivalent to one year's debt service, which is approximately \$740,000. The SRF Loan matures in 2033.
- 2. Water Capacity Reserves (Connection Fees):** Water capacity fees are collected from new development based on meter size to ensure that new customers pay their fair share of capital costs necessary to provide water service. Water capacity fee reserves may be used for capital improvements to the water system that expand capacity to serve the connections and to refurbish existing District facilities to maintain the capacity of the water system. Water capacity fee reserves will be drawn down and used prior to other District funds for qualifying projects.

3. Wastewater Capacity Reserves (Connection Fees): Wastewater capacity fees are collected from new development based on equivalent dwelling units to ensure that new customers pay their fair share of capital costs necessary to provide wastewater service. Wastewater capacity fee reserves may be used for capital improvements to the wastewater system that expand capacity to serve the connections and to refurbish existing District facilities to maintain the capacity of the wastewater system. Wastewater connection fee reserves will be drawn down and used prior to other District funds for qualifying projects.
4. California Employers' Pension Prefunding Trust (CEPPT): The CEPPT is a restricted reserve where only CalPERS retirement liabilities may be satisfied through allocated funds. No funds may be withdrawn for any purpose other than retirement liabilities. The main function of this fund is to provide rate stabilization for unfunded pension liabilities. The fund maximum is regulated by CalPERS. Initial funding included \$1,000,000 and funding strategies may be designated by the board at any time.

B. Board Designated Restricted Reserves

1. Capital Improvement Reserve Fund: This reserve shall maintain a minimum balance of two years of capital projects as planned in the Capital Improvement Program (CIP) and the five-year capital budget. The rationale for funding two fiscal years is that the typical construction season for many capital projects span the spring and summer months, which fall into two fiscal years. This reserve fund will reflect the financial plan and annual rate model along with other reserve funds to smooth future rate increases.

This fund may be replenished from either an existing capacity fund or current operations. If the source is from a capacity fund, 100% of the amount will be transferred if available. If sourced from operations, a portion of the total need is allocated based upon when the project is scheduled. Funds will be drawn down as the improvements are paid for. At the end of each fiscal year, the fund balance will be evaluated and replenished based on the Capital program predicted capital demand requirements. Annual replenishment shall be reported to the Board of Directors as part of each Fiscal Year-End Financial Report.

2. Rate Stabilization Reserve Fund: Rate stabilization reserves are cash reserves that can mitigate the effects of occasional shortfalls in revenue. Revenue shortfalls result from a number of events such as poor regional economic conditions, unpredicted government mandates or changes in regulatory oversight.

Funds in this reserve may be allocated to cover unpredicted short-term expenses effecting the cashflow of the District until the fiscal budgetary planning processes can effectively address possible long term funding needs and adjust rates appropriately.

3. Drought Contingency Reserve: Water sales revenue may be impacted under drought conditions due to reductions in consumption and due to regulatory or State and Federal mandated reductions in supply. Costs for water supply may also increase due to the need to purchase additional surface water. This fund is established to supplement water sales revenue at the direction of the Board of Directors. It will be initially funded in the amount of 10% of the projected water rate revenue for each fiscal year. The balance in this reserve may be increased or decreased as authorized by action of the Board based on the continuance and severity of a drought
4. Vehicle Replacement Fund: As vehicles are replaced a sinking fund will be created to capture the depreciated value of vehicles each year, which will be used to fund planned replacement of vehicles at the end of their useful lives. This reserve fund is utilized to cover equipment

replacement while smoothing cash flows in the financial plan and rate model to minimize annual pressure on rates.

This reserve fund will be drawn down annually as replacement vehicles are purchased consistent with the adopted budget and as approved by the Board. At the beginning of each fiscal year, funds will be deposited in this sinking fund as provided for in the adopted fiscal year budget. Reserve deposits will be based on annualized depreciation of the vehicle as determined by the General Manager. Annual deposits shall be reported to the Board of Directors as part of each fiscal year-end financial report. In addition, interest earnings on fund balances will be deposited into the fund as will the net proceeds of the sale of retired/replaced vehicles and equipment. These additional deposits are to provide for inflationary increases to replacement vehicle and equipment costs. This fund shall be maintained at a minimum balance of the funds required for the following year's budgeted fleet replacements.

5. Emergency Fund: Occasionally, equipment at the District's wells, wastewater treatment plants, pump stations, and other facilities will fail unexpectedly requiring immediate replacement prior to a planned replacement through the capital improvement project. This fund is established to provide for those replacements. A minimum of \$200,000 will be maintained in the fund for any emergency repairs or replacements. The reserve fund balance shall be reported to the Board of Directors as part of each fiscal year-end financial report and the fund will be replenished at the beginning of each fiscal year, if drawn below minimum.
6. Office and Miscellaneous Equipment Replacement Fund: As office equipment and other miscellaneous equipment with a value of greater than \$1,000 is replaced, a sinking fund will be created to capture the depreciated value of the equipment each year to fund its planned replacement at the end of its useful life. This reserve fund is utilized to cover equipment replacement while smoothing cash flows in the financial plan and rate model to minimize annual pressure on rates.

This reserve fund will be drawn down annually as equipment is purchased consistent with the adopted budget and as approved by the Board. At the beginning of each fiscal year, funds will be deposited in this sinking fund as provided for in the adopted fiscal year budget. The fund balance shall be reported to the Board of Directors as part of each fiscal year-end financial report and the fund replenished at the beginning of each fiscal year.

C. Unrestricted Reserves

The remaining funds will be classified as unrestricted reserves and will be drawn down over time to smooth rate increases and will be maintained at a minimum balance of two (2) months of annual operating budget requirements, consistent with the Board's Rate Setting Policy.

Policy Approved:	<u>May 14, 2014</u>
Policy Amended:	<u>March 17, 2020</u>
Policy Amended:	<u>December 21, 2021</u>
	Date

Draft for Adoption - December 21, 2021

POLICY TITLE: Investment of District Funds
POLICY NUMBER: 8650

8650.1 PREMISE

The Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern (California Government Code (CGC) §53600.6 and §53630.1); and,

Government Code Sections 5900 et seq. and 53601 et seq., allow the legislative body of a local agency to invest surplus monies not required for the immediate necessities of the local agency; and,

The District's Financial Officer is required to prepare and submit monthly reports to be considered at the Board meeting of the month following the report month and including the annual "Statement of Investment Policy" to be considered by Board of Directors at the SSCWD January Board meeting (CGC §53646(a)), and a twice annual report to the Budget and Finance Committee including at least the type of investments and amounts that are designated for Operational and Longer-Term investment horizon, and the current market value and source of the valuation

For these reasons, and to ensure prudent and responsible management of the public's funds, it is the policy of the SSCWD to invest funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and conforming to all statutes governing the investment of SSCWD funds.

8650.2 SCOPE

This investment policy applies to all financial assets of SSCWD. These funds are accounted for in the Independent Annual Financial Report and include:

Demand Account:	Investments:
Unrestricted Fund	Authorized and Suitable
Investments	
Emergency Fund	
Office and Miscellaneous Equipment Replacement Fund	
Rate Stabilization Reserve Fund	
Drought Contingency Reserve Fund	
Capital Improvement Reserve Fund	
Vehicle Replacement Fund	
Water Capacity Reserve Fund	
Wastewater Capacity Reserve Fund	

The Investment Program conceptualized by the SSCWD goal is designed to protect and maximize both cash and funds for investment, through meeting daily cash flow needs, ensuring compliance with all laws of the State of California regarding investment of public funds, and achieving reasonable rate of return for SSCWD while minimizing potential for capital losses from market changes or issuer default.

8650.3 PRUDENCE

Investments shall be made: with the judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs; not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be the "prudent investor" standard (CGC §53600.3) and shall be applied in the context of managing an overall portfolio.

Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations for expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

8650.4 OBJECTIVES

In order to facilitate the management of the investment program, the SSCWD's portfolio is divided into two sub-portfolios consisting of the Liquidity Portfolio, which is comprised of funds needed for current operating expenses and capital requirements, and the Reserve Portfolio, comprised of funds reserved for longer-term needs. Investment goals of the liquidity portfolio shall be (1) to provide liquidity for operating expenses and capital requirements (2) to preserve capital, and (3) to earn a total rate of return commensurate with the first two goals. The Reserve Portfolio shall be comprised of funds not immediately needed and otherwise available for investment. Goals of the Reserve Portfolio shall be (1) to preserve real capital and (2) to provide growth over the long term by earning the rate of return that is available from the longer-term investments permitted under the California Government Code.

The investment performance objectives for the Liquidity Portfolio shall be to earn a return over a market cycle, which equals or exceeds the return on 90-day Treasury Bills or other comparable index determined by the Board. The investment performance objective for the Reserve Portfolio shall be to earn a rate of return over a market cycle, which exceeds the return on the Merrill Lynch One-to-Ten Year Government Index, or an equivalent index determined by the Board.

Criteria for selecting investments and the order of priority are:

- 8650.4.1** Safety: The safety and risk associated with an investment refers to the potential loss of principal, interest, or combination thereof. The SSCWD only operates in those investments that are considered safe. Investments shall be undertaken in a manner that seeks to ensure that capital losses resulting from institution default, broker/dealer default, or the erosion of market value are avoided. The SSCWD shall seek to preserve principal by mitigating the two types of risk: credit risk and market risk.
 - 8650.4.1.1** Credit risk, defined as the risk of loss due to failure of the issuer of a security, shall be mitigated by investing in only high-quality securities and by diversifying the investment portfolio so that the failure of any one issuer would not unduly harm SSCWD cash flow.
 - 8650.4.1.2** Market risk, defined as the risk of market value fluctuations due to overall changes in the general level of interest rates, shall be mitigated by structuring the portfolio. It is explicitly recognized, however, that in a diversified portfolio, occasional measured losses may occur, and must be considered within the context of overall investment return.
- 8650.4.2** Liquidity: This refers to the ability to sell these securities and terminate the agreement in order to receive cash at any moment in time with minimal chance of losing some portion of principal or interest. Liquidity is an important investment quality especially when the need for unexpected funds occasionally occurs. The SSCWD's investment portfolio will remain sufficiently liquid to enable the SSCWD to meet operating requirements that might be reasonably anticipated. Invested bond proceeds will be structured so as to meet anticipated drawdown requirements.
- 8650.4.3** Yield: The SSCWD's investment portfolio shall be designed with the objective of attaining a reasonable market rate of return throughout economic cycles, as long as it does not diminish the objectives of Safety and Liquidity.

8650.5 DELEGATION OF AUTHORITY

Authority to manage the SSCWD investment program is derived from Public Resources Code Section 9521 and California Government Code Sections 53600, et seq. Management responsibility for the investment program is hereby extended for a one-year period by the Board of Directors to the General Manager and District Financial Officer or other designee who shall assume full responsibility until the delegation of authority is revoked or expired pursuant to California Government Code Section 53607, and who shall cooperate with the Budget and Finance Committee and the General Manager on facilitation of the following elements in this section of the investment policy.

- 8650.5.1** The District Financial Officer shall make a monthly report of the SSCWD investment program transactions to the Board of Directors.
- 8650.5.2** The District Financial Officer shall establish written procedures for the operation of the investment program consistent with this investment policy. Procedures should include references to: safekeeping, wire transfer agreements, and banking services contracts, as appropriate. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the General Manager.
- 8650.5.3** The General Manager shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

Under the provisions of California Government Code §53600.3, the District shall identify an Investment Broker who is a trustee and a fiduciary subject to the prudent investor standard. Notwithstanding this paragraph, nothing in this Policy shall be interpreted to preclude the Sunnyslope County Water District from availing itself of statutes including, but not limited to, Government Code section 65966(m) permitting a third-party to hold, manage and invest endowment funds.

8650.6 ETHICS AND CONFLICTS OF INTEREST

Officers, Directors, and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair or create the appearance of an impairment of their ability to make impartial investment decisions. Employees and investment officials shall disclose to the Investment Broker any financial interests they have in financial institutions that conduct business with the SSCWD and they shall subordinate their personal investment transactions to those of the SSCWD. In addition, the Investment Broker shall file a Statement of Economic Interests each year pursuant to California Government Code Section 87203.

8650.7 AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

The Investment Broker will maintain a list of financial institutions, selected on the basis of credit worthiness, financial strength, experience and minimal capitalization authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness that are authorized to provide investment and financial advisory services in the State of California. No public deposit shall be made except in a qualified public depository as established by state laws.

For brokers/dealers of government securities and other investments, the Investment Broker shall select only broker/dealers who are licensed and in good standing with the California Department of Securities, the Securities and Exchange Commission, the National Association of Securities Dealers or other applicable self-regulatory organizations.

Before engaging in investment transactions with a broker/dealer, the Investment Broker shall have received from said firm a signed Certification Form. This form shall attest that the individual responsible for SSCWD's account and the firm has reviewed SSCWD's Investment Policy and that the firm understands the policy and intends to present investment recommendations and transactions to SSCWD that are appropriate under the terms and conditions of the Investment Policy.

8650.8 AUTHORIZED AND SUITABLE INVESTMENTS

The SSCWD is authorized by California Government Code Section 53600, et. seq. to invest in specific types of securities. The SSCWD has further limited the types of securities in which it may invest. Any security not listed is not a valid investment for the SSCWD. The authorized designee may invest only in those investments identified herein. The concise list of approved securities is as follows:

8650.8.1 Securities of the U.S. Government, or its agencies
The authorized designee may invest in bonds, debentures, notes, discount notes, and certain callable and step-up notes issued by the following United States Treasury and Government Agencies: United States Treasury Bonds, Federal Home Loan Bank (FHLB), Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), Federal Farm Credit Banks (FFCB).

The total percentage of Portfolio is unlimited; maturity maximum of five years. The SSCWD will ensure that securities purchased from broker/dealers shall be held by third party bank or other designated third party trust department acting as agent for the SSCWD under the terms of a custody agreement executed by the bank and the SSCWD. All securities will be received and delivered using standard delivery-versus-payment (DVP) procedures. No outside broker/dealer or advisor may have access to SSCWD funds, accounts or investments, and any transfer of funds to or through an outside broker/dealer must be approved by the Investment Broker.

8650.8.2 Non-negotiable Certificates of Deposit
The total percentage of Portfolio is unlimited; maturity maximum of five years. All purchases must be fully insured by the FDIC or fully collateralized.

8650.8.3 Negotiable Certificates of Deposit - As authorized in Government Code Section 53601(i), no more than 30 percent of the agency's money may be invested in negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association, or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a state-licensed branch of a foreign bank. All purchases must be fully insured by the FDIC or fully collateralized.

8650.8.4 Money Market Account
The total percentage of Portfolio is unlimited

8650.8.5 Local Agency Investment Fund (State Pool) Demand Deposits
Maximum of \$50M of portfolio; maturity terms require daily liquidity

8650.9 DIVERSIFICATION

The SSCWD will diversify its investments by security type, issuers, and maturities. The purpose of diversifying is to reduce overall portfolio risks while attaining an average market rate of return; therefore, it needs to be conceptualized in terms of maturity, instrument types and issuer.

RESOLUTION No. 565

**RESOLUTION OF SUNNYSLOPE COUNTY WATER DISTRICT
APPROVING RESERVE FUND POLICY**

WHEREAS, The Board of Directors of the Sunnyslope County Water District ("District") adopted a Fund Reserve Policy in May 2014; and

WHEREAS, the Board of Directors have reviewed the existing policy and desires to make amendments to this policy to provide clarity and transparency to the public; and

WHEREAS, The Board recognizes that from time to time amendments are required to update and clarify Board intent and that procedures may be written consistent with this policy to provide staff direction in the implementation of said policy:

WHEREAS, The Sunnyslope County Water District Board has reviewed the amended policy #8600 and finds the amendments made are consistent with the direction of the Board:

NOW, THEREFORE, The District hereby resolves the following:

Reserve Policy #8600 shall be adopted as amended and shall be included in the District policies and procedures.

Reserve Policy #8600 shall supersede all previous versions of the District reserve policies.

Reserve Policy #8600 shall become effective on the date of adoption and a copy of the amended policy shall accompany this Resolution.

PASSED AND ADOPTED on December 21, 2021, by the following vote:

AYES: Directors –
NAYS: None
ABSENT: None

SUNNYSLOPE COUNTY WATER DISTRICT

By _____
Jerry Buzzetta, President

ATTEST: _____
Drew A. Lander, Secretary

RESOLUTION No. 566

RESOLUTION OF SUNNYSLOPE COUNTY WATER DISTRICT APPROVING INVESTMENT POLICY

WHEREAS, The Board of Directors of the Sunnyslope County Water District ("District") adopted the first District Investment Policy by Resolution of the Board #396 dated May 1986 ; and

WHEREAS, the Board of Directors have reviewed the existing policy and desires to make amendments to this policy to provide clarity and transparency to the public; and

WHEREAS, The Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern (California Government Code (CGC) §53600.6 and §53630.1); and,

WHEREAS, Government Code Sections 5900 et seq. and 53601 et seq., allow the legislative body of a local agency to invest surplus monies not required for the immediate necessities of the local agency; and,

WHEREAS, The Board recognizes that from time to time amendments are required to update and clarify Board intent and that procedures may be written consistent with this policy to provide staff direction in the implementation of said policy; and

WHEREAS, For these reasons, and to ensure prudent and responsible management of the public's funds, it is the policy of the SSCWD to invest funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and conforming to all statutes governing the investment of SSCWD funds; and

WHEREAS, The Sunnyslope County Water District Board has created policy #8650 to supersede all previous Investment policies of the Board:

NOW, THEREFORE, The District hereby resolves the following:

Reserve Policy #8650 shall be adopted as written and shall be included in the District policies and procedures.

Reserve Policy #8650 shall supersede all previous versions of the District investment policies.

Reserve Policy #8650 shall become effective on the date of adoption and a copy of the amended policy shall accompany this Resolution.

PASSED AND ADOPTED on December 21, 2021, by the following vote:

AYES:

NAYS:

ABSENT:

SUNNYSLOPE COUNTY WATER DISTRICT

By _____
Jerry Buzzetta, President

ATTEST: _____
Drew A. Lander, Secretary

Staff Report

Agenda Item: I – 4

DATE: December 14, 2021 (December 21, 2021 Meeting)

TO: Board of Directors

FROM: Associate Engineer, Rob Hillebrecht

SUBJECT: Consider Approval and Authorize the General Manager to Sign the Amendment 1 to the Agreement for Water and Sewer Facilities and Service for the Promontory at Ridgemark Development.

RECOMMENATION:

Approve and authorize the General Manager to sign the Amendment 1 to the Agreement for Water and Sewer Facilities and Service for the Promontory at Ridgemark Development.

BACKGROUND:

The Board of Directors approved Agreement for Water and Sewer Facilities and Service for the Promontory at Ridgemark Development during the regular meeting held on September 21, 2021 along with a Resolution confirming that action. Since that decision was made, Sunnyslope staff and the Promontory developer have further investigated various alternatives which are believed to be more advantageous for both parties than the original Agreement dictated.

Amendment 1 removes from the Agreement language pertaining to the installation, maintenance, and payment for a sewer lift station and replaces it with requirements for the design and construction of a gravity sewer pipe bridge to provide sewer service to the development. In addition to the gravity sewer on the pipe bridge, Sunnyslope will replace the existing 6" force main located there. The force main is partially exposed in several locations and is in poor condition. However, it provides value in allowing for treated wastewater to be moved from the Ridgemark WWTP to Ridgemark II percolation ponds should additional disposal capacity be needed. The amendment also updates the Capacity Fee Credit for design and construction of the replacement/upsizing of existing sewer main in Marks Dr. This updated credit considers both the reduced sewer peak flows from Promontory using gravity flow rather than lift station and the changes to the Marks Drive sewer upsizing requirements. Finally, the Amendment 1 provides a strategy to temporarily providing sewer service without the pipe bridge should the design or construction of the pipe bridge be delayed. This gives the developer the assurance that sewer will be available. Sunnyslope will also be responsible for

the realignment of sewer easements as necessary to simplify the pipeline design and construction.

FINANCIAL IMPACT:

Amendment 1 eliminates the ongoing operational and maintenance cost to the District of a new sewer lift station. It also eliminates the proposed Assessment District that would be placed over all homes in the Promontory development to pay for the cost of the sewer lift station. Promontory will not purchase use of the 6" force main for \$50,000 as it will remain operational for District use.

Sunnyslope will be responsible for a portion of the cost of the sewer bridge design, construction, and environmental compliance based on the additional cost for replacement of the existing 6" force main on the bridge. That portion will be determined by the design engineer for the pipe bridge. Additionally, Sunnyslope's share of the Marks Dr. upsizing cost will increase from 78.4% to 88.6% (Ridgemark golf course will reimburse up to 47.6% to the District as they develop and use this sewer line) and Sunnyslope's share is 100% of the oversizing of 650 feet to 12". All of Sunnyslope's share will be paid by Sewer Capacity Fee Credits to the developer.

ENVIRONMENTAL IMPACT:

The San Benito County Planning Commission certified the Environmental Impact Report for this development by Resolution No. 2018-2 on April 2, 2018 thus satisfying all requirements of the California Environmental Quality Act (CEQA) for the Development. Additionally, an internal Addendum to the EIR is being prepared by DDA to clarify that the bridge is covered under the development EIR and a pre-construction biological survey will be conducted prior to bridge construction.

AMENDMENT 1 TO AGREEMENT FOR WATER AND SEWER FACILITIES AND SERVICE FOR THE PROMONTORY AT RIDGEMARK DEVELOPMENT

WHEREAS, Sunnyslope County Water District (District), a County Water District, and Century Communities of California, LLC (Developer) entered into the Agreement for Water and Sewer Facilities and Service for the Promontory at Ridgemark Development (Development Agreement); and

WHEREAS, Section 15 of the Development Agreement states “This Agreement shall not be modified except by an agreement in writing, signed by the Developer and the District”; and

WHEREAS, pursuant to the Development Agreement, the Developer is constructing a development sewer system which shall be dedicated to and accepted by the District; and

WHEREAS, the District has conducted further investigation into the environmental limitations and construction feasibility of a gravity sewer pipe bridge rather than a sewer lift station and has determined that it is the preferred strategy; and

WHEREAS, Developer is willing to implement the change from installing a sanitary sewer lift station to a gravity sewer pipe bridge;

NOW, THEREFORE, in consideration of the mutual promises and conditions in the Development Agreement and this Amendment to the Development Agreement, the District and Developer hereby covenant and agree as follows:

Section 23. of the Development Agreement is hereby amended as follows,

1. Strike Sections 23.d, 23.e, and 23.f

Sections 23.d, 23.e, and 23.f of the Development Agreement are struck from the record and eliminated from the document. All requirements of the Developer and District associated with those sections are removed and shall not be enforceable.

2. Revise Section 23.g as follows

Section 23.g Developer shall replace the existing 8-inch sewer line in Marks Dr. with a new 12-inch gravity sewer main from the Promontory tie-in point to the Main Lift Station. This sewer upsizing shall be designed by the Developer in coordination with District staff. All costs associated with the design and construction of this upsizing shall be accounted for separate from the rest of the development. The Developer shall pay for all improvements for Marks Drive, but the District shall provide the Developer a Capacity Fee Credit for 88.6% of the expense as reviewed by the District Engineer. Additionally, the Capacity Fee Credit shall cover 100% of the incremental cost of oversizing 650 feet of sewer to 12-inch rather than 10-inch. Prior to issuance of said credit, Developer shall provide the District with a written accounting of the cost of the sewer main upsizing, to the District’s satisfaction. Once issued, the Developer may use the Capacity Fee Credit to offset only Sunnyslope sewer capacity fees up to the

approved amount. Once the full value of the credit has been used to offset sewer capacity fees, Developer shall pay all remaining capacity fees as required in Section 2.

3. Add Section 23.j

Section 23.j District shall oversee, manage, and be responsible for the design and environmental compliance of the pipe bridge and Sewer Improvement Plans from the Development property boundary to the sewer connection point on Marks Dr. This design shall include a new gravity sewer pipeline for the Development and a separate pressurized sewer pipeline to replace the existing District force main. District shall obtain any new or relocated easements necessary for the infrastructure, including temporary construction easements. Developer shall reimburse District for the gravity pipeline portion of the cost for the bridge design and environmental compliance. This share of the cost, and the amount of such share, shall be determined by the pipe bridge design engineer prior to commencing construction. The approved design shall be delivered to Developer for construction by their contractor.

4. Add Section 23.k

Section 23.k Developer shall construct the pipe bridge and sewer improvements in accordance with the plans and specifications delivered by the District. Developer shall receive a Sewer Capacity Fee Credit for the portion of the construction cost associated with replacement of the existing District force main, as determined by the pipe bridge design engineer in Section 23.j.

5. Add Section 23.l

Section 23.l If the pipe bridge has not been constructed and connected by the time a sewer connection is needed by Developer due to delay in the design or environmental compliance by the District, Developer may install a **temporary** sewer connection to the existing 6" force main. Gravity sewer must have already been extended from Marks Dr. to the downstream side of the pipe bridge such that the existing force main could siphon into it. This temporary connection would be installed and removed at Developer's expense, but District shall assist in flushing and testing of the force main. Upon completion of the pipe bridge, the temporary connection shall be abandoned at Developer's expense.

Except as otherwise specifically set forth in this Amendment, all provisions and intentions of the Development Agreement shall remain in full force and effect. This Amendment shall not be construed to limit, restrict, or inhibit any of the terms or requirements of the Development Agreement. Additionally, all provisions and intentions of the Development Agreement shall apply to this Amendment except as explicitly noted.

IN WITNESS WHEREOF, the parties hereto have made and executed this Amendment on _____.

“District”
Sunnyslope County Water District

“Developer”
Century Communities of California LLC

Drew A. Lander P.E.
General Manager

Nicholas Arenson
Vice President