



Sunnyslope County Water District

BOARD OF DIRECTORS

REGULAR MEETING

District Office Board Room/Teleconference



3570 Airline Hwy., Hollister, CA

NOTICE & AGENDA

NOVEMBER 19, 2024

Regularly Scheduled Board Meeting - 5:15PM

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

IN PERSON PUBLIC ACCESS TO DISTRICT MEETINGS IS AVAILABLE AND REMOTE ACCESS CAN BE OBTAINED THROUGH THE FOLLOWING ACCESS POINTS:

ZOOM MEETING ACCESS LINK

<https://us06web.zoom.us/j/83216038029?pwd=l7K47iHKhB1G4cL2xHdn4caN03i3Cb.1>

Passcode: SSCWD

Or Telephone: Dial + 1 (669) 444-9171 and when prompted enter Meeting ID: 832 1603 8029

Dial in Passcode: 130723

HEALTH AND SAFETY GUIDELINES

Public access to this meeting is provided both in person and through electronic viewing. Virtual meeting access will continue to be provided as a public convenience until further notice by the District Board. Remote viewing interruptions due to internet quality, power outages or other factors may occur and will not stop the meeting while a quorum is present in the Board Room; To ensure the health, safety, and welfare of those in attendance, all attendees must comply with any procedures/instructions announced by the Board of Directors or as directed by Staff prior to commencement of the meeting. Face coverings will be provided if health concerns dictate and will be made available upon request. 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 Mauro _____, Vice-President Parker _____,

Director Brown _____, Director Alcorn _____, and Director Buzzetta _____.

- 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 @ 4:30PM

C. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTIONS:

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

REGULAR SESSION

D. PLEDGE OF ALLEGIANCE

E. REPORT IN OPEN SESSION ACTION TAKEN IN CLOSED SESSION

1. **Public Employee Performance Review (§ 54957)** – Title: General Manager
Personel Committee Meeting, Closed Session Oct. 29, 2024
2. **Public Employee Performance Review (§ 54957)** – Title: General Manager
Regular Board Meeting, Closed Session Nov. 19, 2024

- 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. To make a public comment in person please fill out a “Speaker Card” and return to the Minutes Clerk prior to speaking. When virtual meeting access is provided, please use the “hand-raise” feature and you will be called upon to speak. No action 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 Board
 - Regular Board Meeting – October 22, 2024 (page 1)
2. Receive and Accept Allowance of Claims for Disbursements from October 1, 2024, Through October 31, 2024. (page 10)
3. Receive and Accept Engineering Services Monthly Status Report (page 14)
4. Receive and Accept Finance Manager Monthly Status Reports:
 - a) Narrative Report (page 17)
 - b) Operation Summary (page 24)
 - c) Statement of Income (page 28)
 - d) Investment Summary (page 30)
 - e) Board Designated Reserves (page 31)
5. Receive and Accept Superintendent Monthly Status Reports:
 - a) Maintenance (page 32)
 - b) Groundwater Level Measurement (page 37)
 - c) City Meter Reading (page 38)
6. Receive and Accept General Manager Monthly Status Report. (page 39)

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. Receive Audit Report/Presentation By Patricia Kaufman, CPA/Partner, With Mcgilloway, Ray, Brown & Kaufman On June 30, 2024 Audit And Accept The Audited Financial Statements. (Not A Project Under CEQA Per Article 20, Section 15378) (page 40)

2. Receive Staff Report Of Proposed Rates Within New Sewer Service Area, Receive Protests, And Approve Ordinance No. 85 Imposing Rates, Fees, And Charges For Wastewater Service Within The Gavilan Sewer Service Area, Amending Title IV, Section 4.30.030 And Table 4.30.030 Of The Sunnyslope County Water District Code., Statutorily exempt from CEQA as defined by Article 18 California Code of Regulations 15273 (a). (page 100)
3. Hold Second Reading Of Ordinance No. 83 To Adopt An Administrative Remedies Procedures For Challenges To Fees, Charges, And Assessments. (CEQA Non-Project, Article 20, Section 15378) (Page 107)
4. Hold Second Reading Of Ordinance No. 84 To Amend Policy #7020 To Increase The Board Of Director's Compensation For Attendance At Meetings And For Service Rendered By Request Of The Board (CEQA Non-Project, Article 20, Section 15378) (Page 112)
5. Authorize the General Manager to Proceed with Well #7 Rehabilitation for a Total Cost Not to Exceed \$90,000 (CEQA Categorically Exempt 15301 (d)). (Page 117)
6. Authorize The District President To Sign Resolution No. 604, And Adopting The 2024-25 Salary Schedule To Comply With CALPERS Satutory And Regulatory Requirements. (Page 120)
7. General Manager's Contract Item #3.2 Performance Reviews, Incentive Pay In The Amount Of \$9,225. (Page 125)

J. STATUS REPORT

1. Governance Committee (JB, MA) – (No Meeting)
2. Water / Wastewater Committee (DB, JP) – (No Meeting)
3. Finance Committee (JB, EM) – (No Meeting)
4. Policy and Procedure Committee (JP, MA)– (No Meeting)
5. Personnel Committee (EM, DB) – (Meeting Held Oct. 29)
6. Water Resources Association of San Benito County (MA, Alt. JP) – (No Meeting)

K. BOARD and STAFF REPORTS

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

L. FUTURE AGENDA ITEMS

M. ADJOURNMENT

Upon request, Sunnyslope County Water District (SSCWD) 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. SSCWD 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 – December 17, 2024 @ 5:15 p.m., District Office

AGENDA DEADLINE: December 11, 2024 @ 12:00 p.m.

Future Scheduled Committee Meetings

Water Resources Association of San Benito County – December 5th, 2024 @ 4pm

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
October 22nd, 2024

A. **CALL TO ORDER:** The meeting was called to order at 4:34 p.m. by President Mauro, at the Sunnyslope County Water District office, 3570 Airline Highway, Hollister, California.

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

Absent for Closed Session: Director Michael Alcorn (MA).

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 comments were received.

C. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTIONS:**

1. **Management Compensation/Benefits (§ 54957.8) - Unrepresented Management Staff Classifications**

2. **Public Employee Performance Review (§ 54957) - General Manager**

President Mauro retired to closed session at 4:34 p.m. and upon returning to the regular session, moved to take a brief recess at 5:10 p.m. The meeting was reconvened to open session at 5:15 p.m.

Director Alcorn arrived prior to commencement of the regular session.

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

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

1. **October 22, 2024, Regular Meeting- Management Compensation/Benefits (§ 54957.8)**
Directors had a general discussion, no action was taken, and an agenda item is before the Board for consideration as an item of new business.

2. **October 22, 2024, Regular Meeting- Public Employee Performance Review (§ 54957)**
Directors began the process of the General Manager's yearly performance review; general direction was provided, and no action was taken.

F. **APPROVAL OF AGENDA:** General Manager Lander informed the board that although he advertised the 218-rate notice for Cielo Vista for this meeting, he did not include the item in tonight's actions and requested continuance to the November 2024 meeting due to an already lengthy agenda. President Mauro requested a motion to approve the agenda. Director Brown motioned to approve the agenda, seconded by Director Alcorn, for which President Mauro took a roll call vote as follows: (JB), yes; (MA), yes; (JP), yes; (DB), yes; and (EM), 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. Jeff Cattaneo, the interim San Benito County Water District General Manager, is in attendance to make a presentation but no comments were received at this time.

Staff Present for Open Session: In Person: General Manager/Secretary Drew Lander, Executive Assistant/Stenographer Madison Koester, Finance and HR Manager Barry Kelly, Principal Engineer Robert Hillebrecht.

H. CONSENT AGENDA:

1. Approval of Minutes for:
Regular Board Meeting of September 24th, 2024.

2. Allowance of Claims – The Board reviewed the Disbursement Summary (below) for the period of September 1, 2024 through September 30, 2024, totaling \$3,146,345.77 which includes \$1,217,871.78 for payments to vendors, \$307,296.89 for Payroll, \$1,120,889.25 paid to the City of Hollister for collection of City sewer billings (net of our fees), and \$1,043.38 for customer refunds.

<u>Date</u>	<u>Number</u>	<u>Name</u>	<u>Amount</u>
9/3/2024	51582	CENTURY COMMUNITIES OF CA LLC,	425.03
9/3/2024	ACH2942	Sterling Administration Health	140.00
9/4/2024	ACH2943	P G & E	53,467.14
9/5/2024	52939	Ace Hardware (Johnson Lumber Co.)	30.96
9/5/2024	52940	Amazon Capital Services	261.14
9/5/2024	52941	Brenntag Pacific, Inc.	5,084.73
9/5/2024	52942	Clean Brothers	150.00
9/5/2024	52943	CM Analytical, Inc.	14,313.75
9/5/2024	52944	CWSRF Accounting Office	759,974.56
9/5/2024	52945	Ferguson Enterprises, Inc.	333.91
9/5/2024	52946	J M Electric	968.00
9/5/2024	52947	Mission Uniform Service	391.73
9/5/2024	52948	Rain for Rent	3,424.11
9/5/2024	52949	Recology San Benito County	357.64
9/5/2024	52950	San Benito County Water District	442.75
9/5/2024	52951	Shape, Inc.	206.36
9/5/2024	52952	State Water Resources Control Board-DWOCP	105.00
9/5/2024	52953	USA Blue Book	5,314.75
9/5/2024	52954	Watersmart Software, Inc.	5,000.00
9/5/2024	ACH2944	Principal	3,440.25
9/5/2024	JN00643	Net Pay	80,106.75
9/5/2024	JN00643	Total Tax	20,381.02
9/9/2024	ACH2945	iCloud	14,038.85
9/9/2024	ACH2946	CalPERS - Retirement	291.50
9/9/2024	ACH2947	CalPERS - Retirement	4,953.25
9/9/2024	ACH2948	CalPERS - Retirement	8,375.43
9/9/2024	ACH2949	CalPERS - Retirement	9,336.11
9/9/2024	ACH2950	CalPERS - Retirement	23.08
9/9/2024	ACH2951	Nationwide Retirements Solutions	9,273.56
9/11/2024	ACH2952	Colonial Life	1,871.74
9/12/2024	51481	MARK NICHOLSON, INC.,	307.81
9/12/2024	ACH2953	Sterling Administration Health	25.00
9/17/2024	51544	CASSIDY BLEICH	150.00
9/17/2024	52961	A-1 Services	504.00
9/17/2024	52962	Ace Hardware (Johnson Lumber Co.)	296.42
9/17/2024	52963	Brenntag Pacific, Inc.	35,008.38

9/17/2024	52964	Brigantino Irrigation	103.72
9/17/2024	52965	Calgon Carbon Corporation	143,395.58
9/17/2024	52966	City of Hollister-Finance Dept	458,790.93
9/17/2024	52967	CWEA Membership- TCP	239.00
9/17/2024	52968	EBCO Pest Control	75.00
9/17/2024	52969	Exceedio	48.72
9/17/2024	52970	Garton Tractor, Inc.	4,669.68
9/17/2024	52971	Grainger, Inc.	151.84
9/17/2024	52972	Hach Company	46,620.07
9/17/2024	52973	Iconix Waterworks (US) Inc.	1,127.19
9/17/2024	52974	MBS Business Systems	709.92
9/17/2024	52975	Mc Master-Carr	23.65
9/17/2024	52976	Michael Vargas Garcia	250.00
9/17/2024	52977	Mission Uniform Service	439.51
9/17/2024	52978	O'Reilly Auto Parts	32.16
9/17/2024	52979	Postal Graphics	378.49
9/17/2024	52980	Quinn Company	1,309.36
9/17/2024	52981	Raftelis Financial Consultants, Inc.	585.00
9/17/2024	52982	Rain for Rent	3,424.11
9/17/2024	52983	Simplot Grower Solutions	909.00
9/17/2024	52984	State Water Resources Control Board-DWOCP	130.00
9/17/2024	52985	Toro Petroleum Corp.	2,616.32
9/17/2024	52986	Trans Union LLC	181.87
9/17/2024	52987	U.S. Bank Corporate Payment Systems	4,932.56
9/18/2024	52191	ANDERSON HOMES,	35.71
9/18/2024	ACH2954	Sterling Administration Health	50.00
9/19/2024	ACH2955	Sterling Administration Health	30.00
9/19/2024	JN00644	Net Pay	73,782.21
9/19/2024	JN00644	Total Tax	19,511.93
9/20/2024	ACH2956	ADP	2,335.02
9/20/2024	ACH2957	Sterling Administration Health	143.63
9/23/2024	52992	Ace Hardware (Johnson Lumber Co.)	62.40
9/23/2024	52993	Amazon Capital Services	178.97
9/23/2024	52994	Auto Tech Service Center, Inc.	3,150.00
9/23/2024	52995	Brenntag Pacific, Inc.	67,252.02
9/23/2024	52996	California Integrated Solutions	478.75
9/23/2024	52997	CWEA Membership- TCP	209.00
9/23/2024	52998	CWEA Membership- TCP	239.00
9/23/2024	52999	De Lay & Laredo	3,042.00
9/23/2024	53000	Foster & Foster, Inc.	3,800.00
9/23/2024	53001	Frisch Engineering Inc.	1,850.00
9/23/2024	53002	Hollister True Value	15.28
9/23/2024	53003	ICON Cloud Solutions, LLC	280.51
9/23/2024	53004	InfoSend	3,776.79
9/23/2024	53005	John Smith Road Landfill	1,066.72
9/23/2024	53006	Kruger	7,025.43
9/23/2024	53007	Mc Gilloway, Ray, Brown & Kaufman	4,050.00
9/23/2024	53008	Mc Master-Carr	70.03
9/23/2024	53009	Meter, Valve & Control	4,210.00
9/23/2024	53010	Mission Uniform Service	391.73
9/23/2024	53011	Postal Graphics	140.65
9/23/2024	53012	San Benito Tire Pros & Automotive	196.54
9/23/2024	53013	Silke Communications, Inc.	2,892.44

9/23/2024	53014	Star Concrete	172.62
9/23/2024	53015	State Water Resources Control Board-DWOCP	60.00
9/23/2024	53016	State Water Resources Control Board-DWOCP	105.00
9/23/2024	53017	Toro Petroleum Corp.	2,073.56
9/23/2024	53018	Transene Company Inc (Shape Products)	157.78
9/23/2024	53019	USA Blue Book	1,644.43
9/23/2024	53020	VEOLIA WTS Analytical Instruments, Inc.	1,058.69
9/23/2024	ACH2958	Sterling Administration Health	14.37
9/25/2024	ACH2959	CalPERS - Retirement	23.08
9/25/2024	ACH2960	CalPERS - Health Insurance	31,834.74
9/25/2024	ACH2961	CalPERS - Retirement	9,358.34
9/25/2024	ACH2962	CalPERS - Retirement	8,398.45
9/25/2024	ACH2963	Nationwide Retirements Solutions	9,273.55
9/26/2024	53031	J & D MOLINA CONSTRUCTION	585.57
9/30/2024	53021	Corbin Willits Systems, Inc. (MOM's)	162.00
9/30/2024	53022	Exceedio	3,958.95
9/30/2024	53023	InfoSend	5,047.16
9/30/2024	53024	Mission Uniform Service	444.74
9/30/2024	53025	Petty Cash	29.83
9/30/2024	53026	San Benito County Water District	498,801.72
9/30/2024	53028	State Water Resources Control Brd-WWOPCP	295.00
9/30/2024	53029	Verizon Wireless	562.72
9/30/2024	53032	City of Hollister-Finance Dept	662,098.32

-**\$3,146,345.77**

3. Receive Associate Engineer Monthly Status Report.
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.

President Mauro asked for public comment and upon receiving none, President Mauro 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 Mauro then took a roll call vote as follows: (JB), yes; (MA), yes; (JP), yes; (DB), yes; and (EM) yes; the motion carried 5-0.

I. NEW BUSINESS:

1. **Authorize The General Manager To Proceed With Well #8 Rehabilitation For A Total Cost Not To Exceed \$75,000. (CEQA Categorically Exempt 15301 (d)).**

General Manager Lander spoke on this matter, informing the board of the need to perform routine maintenance on a well that has served the district for many years. Well #8 is located adjacent to the new Promontory subdivision and is the additional water supply needed for the Ridgemark area. This well has been in operation for many decades and has required little maintenance, outliving a typical operation life. Quotes were solicited from

local well-drilling companies and Maggiora Bros. Drilling, Inc. were the responsive bid; having provided excellent service and pricing to the district in past endeavors.

President Mauro then asked for any public comment. Upon receiving no public comment, President Mauro requested a motion to approve the item. Director Buzzetta made a motion to authorize the General Manager to proceed with Well #8 rehabilitation for a total cost not to exceed \$75,000. This motion was seconded by Director Alcorn for which President Mauro then took a roll call vote as follows: (DB), yes; (JB), yes; (MA) yes; (JP), yes; and (EM), yes; the motion carried 5-0.

2. Authorize The General Manager To Approve Change Order #1 Of The Temetra Passive Data Collection Network Solution From Meter, Valve & Control For A Cost Not To Exceed \$18,731. (Categorically exempt from CEQA under Article 19, Section 15301 b) and d), and Article 19, Section 15302 c)

This change order request is within the GM's signing authority; however, it is added to a previously approved contract value of just a little over \$400,000 that was Board approved back in June 2023 for the Temetra project, pertaining to radio read meters. General Manager Lander informed the board that while installing antennas it was determined some locations were not as attractive as others, requiring additional pole installations at Paulus lift station and on a hill new a golf course pump station. The additional cost is the installation of the poles themselves and the electrical work needed for the poles. Director Alcorn questioned whether a contingency was added to the original agreement for \$400,000 to have a cushion for unexpected expenses. Mr. Lander confirmed that although there was some cushion determined in the original agreement, this item requires a change order to the contract the district holds with Meter, Valve & Control for the Temetra project.

President Mauro then asked for any public comment. Upon receiving no public comment, President Mauro requested a motion to approve the item. Director Alcorn made a motion to authorize the General Manager to approve change order #1 of the Temetra Passive Data Collection Network Solution from Meter, Valve & Control for a cost not to exceed \$18,731. This motion was seconded by Director Parker for which President Mauro then took a roll call vote as follows: (DB), yes; (JB), yes; (MA) yes; (JP), yes; and (EM), yes; the motion carried 5-0.

3. PUBLIC HEARING: Consider First Reading Of Ordinance No. 83 Adopting An Administrative Remedies Procedures For Challenges To Fees, Charges, And Assessments. (CEQA Non-Project, Article 20, Section 15378)

District Attorney, Michael Laredo presented this item, informing the board this ordinance comes about as a result of recent litigation. *Coziahr v. Otay Water District* lawsuit is where prop 218 charges were challenged, and Otay Water District lost. As a direct response the California legislative enacted AB 2257; authorizing local water districts to establish a duty to exhaust issues in agency ratemaking hearings before suit under Proposition 218 and limit litigation to the administrative record. Ordinance No. 83 being presented is the administrative process for ratepayers to challenge, it caps the evidence to the administrative record so any arguments that could be raised in court must be raised for board consideration at the time of adopting the new rates. The ordinance will set up a simple process that coincides with the 218 process itself, just ensuring that any arguments are to be first heard by the board rather than in a court proceeding. Mr. Laredo requested a motion to adopt the first reading of Ordinance No. 83, to which it will then need to be brought back for a second reading and published in a local newspaper as required by water code.

Director Alcorn questioned how this will affect our current 218 process the district just completed, which Attorney Michael Laredo informed him that because the district is already in the middle of its 218 process, it is a little muddled with the new legislation. Mr. Laredo advised against restarting the 218 process, but would like to get this ordinance in effect prior to the next 218 process. Director Buzzetta comments that he believed the ordinance would make it more difficult for customers to challenge items when they might not understand all of the rules. Attorney Michael Laredo responded

that the ordinance doesn't strip rights, it clarifies challenges to the Board's use of discretion. The wording of the proposed ordinance is supported and promoted by the California State Legislature.

President Mauro asked for any public comment. Jeff Cattaneo, interim San Benito County Water District's General Manager was in attendance and commented that although there is a concern about the ordinance, the process on how to appeal or protest is typically put on the 218 notices, therefore the public is informed of the mechanism to be able to appeal any items of concern. President Mauro requested a motion to approve the item. Director Alcorn made a motion to consider the approval of the first reading of Ordinance No. 83 adopting an administrative remedies procedure for challenges to fees, charges, and assessments. This motion was seconded by Director Parker for which President Mauro then took a roll call vote as follows: (DB), yes; (JB), no; (MA) yes; (JP), yes; and (EM), yes; the motion carried 4-1.

4. PUBLIC HEARING: Consider First Reading Of Ordinance No. 84 Adopting And Amending Policy #7020 To Increase The Board Of Directors Compensation For Attendance At Meetings And For Service Rendered By Request Of The Board. (CEQA Non-Project, Article 20, Section 15378)

President Mauro initiated this item for board discussion. Director Alcorn questioned whether Attorney Michael Laredo received his email about potential board compensation, to which Mr. Laredo responded he had and researched the topic of interest. Mr. Laredo reported that deferred compensation is not allowed past the amount that is allowed to be paid out, and clarified that compensation is capped at a maximum 5% increase per year. Director Alcorn questioned if directors started seeking healthcare, would the FLEX program be considered healthcare or compensation. Mr. Laredo cautioned that any options that put money directly in the pockets of the directors would not be advised.

Director Alcorn commented that minimal board compensation is a reason some constituents do not serve. President Mauro commented he did not feel the board was looking to add significant expense, but it is not understood how other districts have been able to provide their compensation packages, but the district is capped by state regulations at only 5% increases a year. Director Alcorn questioned whether the board could agree to provide benefits in this board meeting, to which Attorney Michael Laredo informed him an ordinance would need to have been advertised prior to the meeting.

Attorney Laredo explained that the last increase was in April 2018 and if it pleased the board they could delay the ordinance effective date to April 2025 in the second reading of Ordinance No. 84 when it is brought back to the board. Mr. Laredo clarified that the increase could include an additional 5% by pushing the acceptance to April 20th, 2025 to be able to increase for 2019, 2020, 2021, 2022, 2023 and 2024 a total of 30%.

President Mauro then asked for any public comment. Jeff Cattaneo, interim San Benito County Water District's General Manager, commented that districts with higher compensation have been created under a different State statute such as a Special Acting District; having their own water code. Sunnyslope works under the General Water District Code by the state. President Mauro requested a motion to approve the item. Director Alcorn made a motion to approve the first reading of Ordinance No. 84 with the amendments discussed and the additional 6-year adjustment to be effective April 20th, 2025. This motion was seconded by Director Brown for which President Mauro then took a roll call vote as follows: (DB), yes; (JB), no; (MA) yes; (JP), no; and (EM), yes; the motion carried 3-2.

5. Accept The San Benito Urban Areas Water Supply And Treatment Master Plan Update, Previously Referred To As The Water Supply Master Plan Update, As A Water Supply Plan Update Of The Hollister Urban Area Water & Wastewater Master Plan Prepared On Behalf Of The San Benito County Water District, City Of Hollister, Sunnyslope County Water District And San Juan Bautista

General Manager Lander introduced this item and introduced Holly Kennedy, consultant with HDR Inc. and Jeff Cattaneo, interim General Manager with SBCWD.

Holly Kennedy, an HDR Inc. Consultant, provided an updated slideshow presentation to further discuss the information presented to the board in December 2023 pertaining to the San Benito Urban Area Water Supply and Treatment Master Plan update. This presentation includes the key objectives of the Master Plan, which entails continually working towards improving drinking and recycled water quality goals.

Miss Kennedy informed the board of a major change since the last presentation, which was to return the injection wells back to the northern end of town. During further investigation into the ADRoP well locations a fatal flaw in the subsurface geology was discovered. Due to groundwater velocities being higher at the originally intended Southerly site, the data suggests that when water is injected there the water was moving too quickly to be recaptured. Data has shown that moving the project to Fallon Road will lead to less mixing with ambient groundwater, which results in better quality recovered water. General Manager Lander asked for more clarification on how this data was determined to which Jeff Cattaneo, informed the board of Todd Groundwater's process for creating a model and calibrating it to known groundwater data collected over several decades. Mr. Cattaneo presented the financial impact of the project and informed the board the 40% grant funding for the project. In addition to the \$20 million in grants, \$6.5 million in supplemental grant funding is very likely to be awarded, bringing the grant funding to 50%.

Director Alcorn asked for clarification on what is being agreed upon with the principal terms, ensuring that Sunnyslope will never be forced to purchase water from the ADRoP project in the future if other options are more cost effective. Interim SBCWD General Manager Jeff Cattaneo assured Director Alcorn that Sunnyslope will never be forced to purchase water from San Benito County Water District, there are no terms in any agreement that says Sunnyslope has to purchase any water they don't want to. Sunnyslope's Finance and Human Resources Manager, Barry Kelly, questioned how raw water costs have been calculated, to which Mr. Cattaneo said he would provide that data.

General Manager Drew Lander expressed support of the project, stating the engineering seems sound and the grants the project have obtained are beneficial in projects the district was seeking to complete otherwise. Mr. Lander informed the board that approving this item is expressing intent to move forward with this project, and in turn will assist in additional grant applications. Director Alcorn expressed support in favor of this project, stating that it'll give us more options if we run into capacity issues and in the 12 years Director Alcorn has been on the board he has seen the greatest successes in working with the County and City together. Director Parker asks for clarification on whether agreeing on this item meant agreeing to the project in its entirety, to which District Attorney Michael Laredo informed him it was an acceptance of the update, not committing to anything without additional approvals that would come to the board.

President Mauro then asked for any public comment. Robert Hillebrecht questioned Mr. Cattaneo whether any consideration was given to the City of Hollister PD property for a well site, to which Mr. Cattaneo confirmed wells were drilled in that location but testing resulted in horrible water quality.

Director Buzzetta voiced multiple concerns he had pertaining to the presented agreement, believing the board should not move forward with the item at this time. Director Buzzetta believes there is a lack of written agreements for the water treatment plants and voiced concerns with the fact that Sunnyslope sent out a "step 1" dispute resolution request in June that has only resulted in a single governance meeting. Therefore, he does not feel as though the governance committee has had the proper time to do their due diligence in regards to the step 1 process, and doesn't believe Sunnyslope's board is getting the answers they need to move forward. Director Buzzetta agrees that it's important to partner with San Benito Water but did not feel prepared to support a motion to approve at this time. Lastly, Director Buzzetta voiced his concerns with the slow process due to the

turnover in SBCWD general management and with again having a new SBCWD manager starting in November. Director Alcorn provided a counter argument, due to Mr. Cattaneo guaranteeing Sunnyslope doesn't have to take the water. Sunnyslope only assumes that risk when they buy the ADRoP water, if the project ends up too expensive Sunnyslope has no incentive to purchase that water. The district risk is if the ADRoP construction costs exceeds budget, and encouraged the ADRoP amendment to be worked out quickly to put in writing our understanding.

Director Buzzetta expressed discontent with the district spending what he determined to be an extra million dollars at the orders of San Benito County Water District to treat additional water last year. Interim SBCWD General Manager Jeff Cattaneo informed Director Buzzetta that the district purchased 4,800-acre feet of water in 2023, a typical amount and he doesn't understand where the additional cost Director Buzzetta is referring to is coming from. Director Alcorn clarified that Director Buzzetta's comment is in regards to the water quality blend ratio trying to be achieved, a higher quality blend increased production costs in the previous year. Principal Engineer Robert Hillebrecht commented that West Hills was down in the Spring due to electrical issues, therefore the rest of the year West Hills was running at a higher percentage the remainder of the year. The timing of the blends was different, but if you average that amount throughout the year then it evens out. GM Lander added that the budget for 2023 assumed half as much water purchase would happen due to the plants being off half the year but the remainder of the year SSCWD increased production at the request of the prior SBCWD manager, resulting in taking the normal annual use of water in fewer months. Barry Kelly commented that the increased unbudgeted blend percentage, along with the undefined "Reliability Charge" left the district with a larger deficit at the end of the year. Director Alcorn asked if Director Buzzetta would approve the item with a provision including an addendum to ensure everything is clearly spelled out. Jeff Cattaneo provided clarification that he is seeking approval on the principals of agreement to be able to move forward with additional grants, and he doesn't agree with Director Buzzetta's comments because his concerns are already in the written agreement. General Manager Lander provided clarification on what approving this item entails; the agreement of the master plan is recognizing the planned water needs, recognizing there are multiple solutions choose from, and to agree that the engineering decisions are sound.

President Mauro requested a motion. Director Buzzetta makes a motion to table the item for further study by the governance committee in conjunction with San Benito County Water District and the City of Hollister to develop the terms of the Water Supply Agreement. This motion was seconded by Director Parker for which President Mauro then took a roll call vote as follows: (DB), no; (JB), yes; (MA) no; (JP), no; and (EM), no; the motion failed 1-4. Director Alcorn made a second motion to accept the document and work towards and MOU for financing. This motion was seconded by Director Buzzetta for which President Mauro then took a roll call vote as follows: (DB), yes; (JB), yes; (MA) yes; (JP), yes; and (EM), yes; the motion carried 5-0.

6. Consider Approval Of Revised Job Descriptions For Management Level Employees And Authorize The General Manager To Create A New Management Position To Be Titled "Assistant Finance Manager" And Approve The Compensation Range Adjustments For All District Management Staff Including One Additional Holiday And Also Equitably Apply The Health Care Benefits Defined In The 2024 Union MOU To All Management Team Staff.

General Manager Lander presented this item. The Union negotiations which concluded in June 2024 presented a new holiday to be provided and a change to health care benefits that Mr. Lander is seeking to make effective across the board for all employees. In addition to matching parts of the Union contract, Mr. Lander requested the board accept his recommendation to create a new management position, "Assistant Finance Manager" to facilitate succession planning as the current Finance and Human Resources Manager plans for retirement. Lastly, GM Lander asked the board to authorize salary scale adjustments for all salary ranges as proposed to help maintain manager compensation competitive.

Director Alcorn questioned whether these negotiations were linked to union negotiations, to which Mr. Lander informed him that Union negotiations were approved and finished in July and this is a separate matter. Director Alcorn questioned whether retros were going to be expected in making these changes to which Mr. Lander replied no. Director Alcorn lastly questioned whether the Assistant Finance Manager would be budgeted every year, which Mr. Lander replied that it is a transitional position and would not be filled continuously.

President Mauro then asked for any public comment. Robert Hillebrecht, Sunnyslope's Principal Engineer, commented as a staff member that in discussing with fellow managers he didn't feel that managers were able to sit down and have back and forth discussion on what was being negotiated. Mr. Hillebrecht's recommendation would be to table adjusting management salary scales until managers are able to meet and have further discussion. Director Alcorn commented that managers can discuss their salaries at any time with the General Manager and wouldn't like to see the item tabled as it will delay the process, referencing the fact that the salary scale can be approved tonight and then brought back if employees have trouble with the implementation of it. General Manager Lander commented that his recommendation is brought to the board based on current financial obligations of the district and although he is willing to discuss with managers yearly, what he's brought forth is what he's willing to promote at this time.

President Mauro continued public comment and Mr. Hillebrecht stated that historically salary adjustments for management changes are brought to the board and require negotiations beforehand, which Mr. Hillebrecht doesn't feel happened in this instance. District Attorney Michael Laredo informed the board that they can approve the item as is tonight and have the item brought back in a following meeting if any adjustments need to be made, to not delay the item further.

President Mauro then requested a motion to approve the item. Director Alcorn made a motion to approve the item as written and to have it come back in the November meeting with any adjustments the General Manager needs to make. This motion was seconded by Director Brown for which President Mauro then took a roll call vote as follows: (DB), yes; (JB), yes; (MA) yes; (JP), yes; and (EM), yes; the motion carried 5-0.

7. Board Members Will Discuss And Provide The General Manager Direction For Meeting Dates To Be Held November And December 2024 And Confirm The Dates Of All Board Meetings To The End Of 2024.

General Manager Lander informed the board that the November 2024 board meeting aligns with the Thanksgiving holiday and recommends moving the regularly scheduled board meeting to either November 12th or 19th. District counsel informed the board that a decision had to be made for the meeting date to be a regular meeting, allowing for the Cielo Vista prop 218 item to be presented. Directors had discussion and decided that November 19th would be the regular board meeting for November.

President Mauro then requested any public comment. No comments were received. President Mauro then requested a motion to approve the item. Director Alcorn made a motion to change the November 2024 regularly scheduled board meeting from November 26th to November 19th. This motion was seconded by Director Parker for which President Mauro then took a roll call vote as follows: (DB), yes; (MA), yes; (JB) yes; (JP), yes; and (EM), yes; the motion carried 5-0.

J. BOARD COMMITTEE and STATUS REPORTS

1. **Governance Committee:** (Meeting Held Oct. 9th & Oct. 21st)
2. **Water/Wastewater Committee:** (No Meeting)
3. **Finance Committee:** (Meeting Held Oct. 21st)
4. **Policy and Procedure Committee:** (No Meeting.)

5. **Personnel Committee:** (Meeting Held Oct. 8th)
6. **Water Resources Association of San Benito County (WRA):** (Meeting Held Oct. 3rd)

K. BOARD and STAFF REPORTS

1. **Directors:** No Report.
2. **District Counsel:** No Report.
3. **General Manager:** General Manager Lander reported that engineering staff are moving several projects forward at this time, including paving at Ridgemark, and that there have been no additional COVID cases amongst the staff.

L. FUTURE AGENDA ITEMS: Audit, CalPERS Report, Cielo Vista 218 Process, LAFCO Meeting and Manager Evaluation.

M. ADJOURNMENT: President Mauro adjourned the meeting at 8:24 p.m.

APPROVED BY THE BOARD:

Edward J. Mauro, President

RESPECTFULLY SUBMITTED:

Drew A. Lander, Secretary



Sunnyslope Water District

Disbursement Reports FY 24-25

Oct 1, 2024 through Oct 30, 2024

Date	Num	Name	Amount
10/1/2024	ACH2964	Sterling Administration Health	5.00
10/3/2024	53033	ACC Business	1,331.84
10/3/2024	53034	Amazon Capital Services	206.16
10/3/2024	53035	Brenntag Pacific, Inc.	57,805.28
10/3/2024	53036	Central Ag Supply LLC	1,729.98
10/3/2024	53037	City of Hollister-Finance Dept	447,609.75
10/3/2024	53038	Eva Green Power	116,185.67
10/3/2024	53039	Greenwood Chevrolet	551.04
10/3/2024	53040	Hach Company	741.72
10/3/2024	53041	J M Electric	1,227.80
10/3/2024	53042	Manuel Chavez	84.40
10/3/2024	53043	Mission Uniform Service	261.17
10/3/2024	53044	MuniQuip, LLC	2,793.07
10/3/2024	53045	Rain for Rent	5,225.01
10/3/2024	53046	San Benito County Water District	468.25
10/3/2024	53047	Star Concrete	1,819.56
10/3/2024	53048	U.S. Bank Corporate Payment Systems	6,311.57
10/3/2024	53050	USA Blue Book	210.45
10/3/2024	53051	Wallace Group	70,200.24
10/3/2024	ACH2965	P G & E	57,784.53
10/3/2024	JN00664	Net Pay	74,463.66
10/3/2024	JN00664	Total Tax	19,301.54
10/4/2024		CHARLES L. WILLIAMS	91.48
10/4/2024		MARIA & JOJO DAQUIGAN	80.52
10/4/2024	53056	CENTURY COMMUNITIES OF CA LLC.,	371.14
10/7/2024	ACH2966	Principal	3,440.25
10/7/2024	ACH2967	Sterling Administration Health	40.00
10/8/2024	53052	VEOLIA WTS Analytical Instruments, Inc.	8,763.92
10/9/2024	ACH2968	iCloud	13,474.95
10/9/2024	ACH2969	Sterling Administration Health	493.88
10/15/2024	53053	ALEXANDER & IRINA KOLESOVA	3,016.22
10/15/2024	53057	A Tool Shed	1,837.11
10/15/2024	53058	Abel Alvarez	16.32
10/15/2024	53059	Ace Hardware (Johnson Lumber Co.)	418.89
10/15/2024	53060	Alvin Do	100.00
10/15/2024	53061	Brenntag Pacific, Inc.	12,966.83
10/15/2024	53062	Brigantino Irrigation	304.04

Disbursement Reports FY 24-25

10/15/2024	53063	Calgon Carbon Corporation	71,697.79
10/15/2024	53064	Clean Brothers	150.00
10/15/2024	53065	CSAA Insurance Exchange	3,813.47
10/15/2024	53066	De Lay & Laredo	2,565.00
10/15/2024	53067	EBCO Pest Control	75.00
10/15/2024	53068	Extreme Air, Inc.	165.00
10/15/2024	53069	Grainger, Inc.	869.45
10/15/2024	53070	Hollister Auto Parts, Inc.	224.86
10/15/2024	53071	Hollister True Value	52.97
10/15/2024	53072	John Smith Road Landfill	1,642.68
10/15/2024	53073	Mark Nicholson, Inc.	9,815.50
10/15/2024	53074	Mc Master-Carr	616.70
10/15/2024	53075	Metron-Farnier, LLC	9,709.00
10/15/2024	53076	Mission Uniform Service	831.24
10/15/2024	53077	Powermatic Associates, Inc.	4,758.73
10/15/2024	53078	Raftelis Financial Consultants, Inc.	195.00
10/15/2024	53079	Recology San Benito County	357.64
10/15/2024	53080	San Benito County Water District	5,976.93
10/15/2024	53081	Scott Watson	54.63
10/15/2024	53082	Sharp Engineering and Construction, Inc.	20,400.00
10/15/2024	53083	Toro Petroleum Corp.	2,496.48
10/15/2024	53084	Trans Union LLC	169.46
10/15/2024	53085	Wallace Group	820.00
10/15/2024	53086	Waste Resource Recovery, Inc.	1,625.00
10/15/2024	53087	Wright Bros. Welding & Sheet Metal, Inc.	529.16
10/15/2024	ACH2970	Colonial Life	1,871.74
10/16/2024	ACH2971	Sterling Administration Health	10.00
10/17/2024	ACH2972	CalPERS - Health Insurance	31,832.66
10/17/2024	ACH2973	CalPERS - Retirement	7,086.22
10/17/2024	ACH2974	CalPERS - Retirement	291.50
10/17/2024	ACH2975	CalPERS - Retirement	23.08
10/17/2024	ACH2976	CalPERS - Retirement	4,953.25
10/17/2024	ACH2977	CalPERS - Retirement	9,009.05
10/17/2024	ACH2978	CalPERS - Retirement	23.08
10/17/2024	ACH2979	Nationwide Retirements Solutions	9,273.56
10/17/2024	ACH2980	Sterling Administration Health	493.22
10/17/2024	JN00665	Net Pay	73,138.14
10/17/2024	JN00665	Total Tax	19,282.65
10/18/2024		NICK J TALIAFERRO	417.60
10/18/2024		WILLIAM R JOHANSON	60.74

Disbursement Reports FY 24-25

10/18/2024 53088	KENNETH G HARRIS	47.57
10/18/2024 53090	MHG BUILDER & CONSULTING INC	509.22
10/18/2024 ACH2981	ADP	2,335.02
10/18/2024 ACH2982	CalPERS - Retirement	8,393.94
10/18/2024 ACH2983	CalPERS - Retirement	9,388.78
10/18/2024 ACH2984	Nationwide Retirements Solutions	9,273.55
10/18/2024 ACH2985	Sterling Administration Health	150.00
10/21/2024 53092	A-1 Services	504.00
10/21/2024 53093	Ace Hardware (Johnson Lumber Co.)	60.07
10/21/2024 53094	Amazon Capital Services	648.72
10/21/2024 53095	Auto Tech Service Center, Inc.	880.00
10/21/2024 53096	Brenntag Pacific, Inc.	32,685.28
10/21/2024 53097	Brigantino Irrigation	160.39
10/21/2024 53098	Calcon System, Inc.	3,623.00
10/21/2024 53099	City of Hollister-Finance Dept	5,205.32
10/21/2024 53100	CM Analytical, Inc.	15,356.75
10/21/2024 53101	Extreme Air, Inc.	4,200.00
10/21/2024 53102	Hach Company	1,646.82
10/21/2024 53103	ICON Cloud Solutions, LLC	468.28
10/21/2024 53104	Iconix Waterworks (US) Inc.	1,668.64
10/21/2024 53105	InfoSend	3,726.03
10/21/2024 53106	J M Electric	2,112.00
10/21/2024 53107	Maggiora Bros. Drilling, Inc.	998.09
10/21/2024 53108	Mc Gilloway, Ray, Brown & Kaufman	4,050.00
10/21/2024 53109	O'Reilly Auto Parts	20.75
10/21/2024 53110	Tyler Technologies, Inc.	23,601.77
10/21/2024 53111	USA Blue Book	471.98
10/23/2024 53113	PEDRAZZA/MINKEL,	376.66
10/23/2024 53115	MCELVANY INC,	380.77
10/28/2024 53116	Ace Hardware (Johnson Lumber Co.)	384.97
10/28/2024 53117	ACWA/JPIA	9,830.36
10/28/2024 53118	Adan Cervantes	196.64
10/28/2024 53119	Atlas Copco Compressors LLC	72,678.33
10/28/2024 53120	Auto Tech Service Center, Inc.	2,010.00
10/28/2024 53121	Brenntag Pacific, Inc.	22,128.18
10/28/2024 53122	Brigantino Irrigation	103.30
10/28/2024 53123	Central Ag Supply LLC	564.50
10/28/2024 53124	Corbin Willits Systems, Inc. (MOM's)	162.00
10/28/2024 53125	exceedio	3,958.95
10/28/2024 53126	Green Line	21,903.00

Disbursement Reports FY 24-25

10/28/2024 53127	Mission Uniform Service	439.51
10/28/2024 53128	O'Reilly Auto Parts	30.58
10/28/2024 53129	San Benito Tire Pros & Automotive	25.00
10/28/2024 53130	State Water Resources Control Board-DWOCP	60.00
10/28/2024 53131	Toro Petroleum Corp.	1,893.87
10/28/2024 53132	Verizon Wireless	623.21
10/28/2024 53133	Wallace Group	49,816.95
10/28/2024 ACH2986	Sterling Administration Health	95.00
10/30/2024 ACH2987	Sterling Administration Health	5.00
10/31/2024 JN00672	Bank Activty Fees	68.35
		1,529,032.52

S U M M A R Y:

Accounts Payable Paid to:

Vendors	\$781,618.32
Payroll - Employee	\$282,802.03
San Benito County	\$6,445.18
City of Hollister for City Billing Collected, Net of Fees	\$452,815.07
Customer Refunds & Returned Checks/ACH	\$5,351.92
Debt & Finance	\$0.00
Total Disbursements	\$1,529,032.52

Staff Report

Agenda Item: **H-3**

DATE: November 15, 2024 (November 19, 2024 Meeting)

TO: Board of Directors

FROM: Principal Engineer, Rob Hillebrecht

SUBJECT: Engineering Services Monthly Status Report

Coordination with SBCWD on the ADRoP and B.F. Sisk Dam Projects

Sunnyslope Staff are continuing discussions with SBCWD and their new General Manager Dana Jacobson concerning the draft Memorandum of Understanding of the San Benito Urban Area Water Supply Master Plan. This includes how the capital and operational financing of ADRoP and B.F. Sisk Dam raise would be allocated amongst the participating agencies. The engineering department has continued to evaluate the benefit of these additional storage options compared to their relative costs.

Hexavalent Chromium (Cr VI)

Sunnyslope staff are developing plans and strategies for complying with the Cr VI regulation for all our wells with potential for elevated Cr VI levels. Modeling and other evaluations are being conducted on what infrastructure improvements may be needed. Staff are exploring opportunities to integrate Cr VI modifications into the Best Road Mutual and Tres Pinos, Stonegate, & Venture Estates Consolidation projects to maximize grant funding. The potential costs of such improvements will then be analyzed and ultimately budgeted. Staff also posted an article on our website explaining the Cr VI regulation and Sunnyslope's response.

Sanitary Survey by DDW

The annual state inspection referred to as the Sanitary Survey began this month. A DDW engineer toured all of Sunnyslope's Water Distribution and Treatment facilities and reviewed records and system data as part of the regular Sanitary Survey. Staff effectively answered his questions and provided valuable insight into the operation of the water system. DDW intends to issue a new and updated Water System Permit for Sunnyslope that will incorporate all previous amendments and reflect the current scale and complexity of the system.

Best Road Mutual Consolidation

The plans and specifications for the John Smith Road Pipeline Project have been completed and Sunnyslope is currently requesting bids from qualified contractors to complete the work. This project includes installing a new 8" water main in John Smith Rd. from Sunnyslope's water system in Fairview Rd. to Heatherwood Dr. where it will connect to Best Road Mutual's water system.

Once that pipeline is installed, tested, permitted, and operational, the contractor will abandon Best Road Mutual's existing wells. Some additional piping at Well 5 might also be added to the project.

Fairview 2.0 MG Tank Rehabilitation

The Engineering Department has solicited a proposal from Harper and Associates Engineering (HAE), a specialized water tank inspection and design engineering firm, for structural, seismic, corrosion, safety, and coating analysis of the currently decommissioned 2.0 MG Fairview Tank. In 2014 Sunnyslope used HAE to design the rehabilitation of the Ridgemark tanks. The 2.0 MG tank was originally constructed in 1964 by the City of Hollister, but was deeded to Sunnyslope in 2015. Once rehabilitated, this tank would provide additional water system capacity and redundancy which are needed to accommodate new growth.

Well 7 Site Improvements – Booster Station & Equipment/Material Storage Area

Staff are designing the full build-out of the Well 7 property to include a new booster pump station from the Fairview (middle) Zone to the Ridgemark (high) Zone along with a new equipment storage building and sand, base rock, dirt spoils, and asphalt/concrete storage bins. It would also include a new chlorination building, stationary backup generator, and the abandonment of Well #6. The goal is to complete the design and construction of these improvements prior to the first occupancies of the homes in the neighboring Vista del Calabria development.

Active Developments

1. West of Fairview Phase 2

Most punch-list items that Sunnyslope identified for the West of Fairview Phase 2 development have been corrected with only a few outstanding items remaining. Once those are completed and approved, Sunnyslope will issue a Notice of Acceptance and Completion.

2. Santana Ranch Phase 9 & Willow Landing

The Engineering Department is preparing a final punch-list for Santana Ranch Phase 9 and Willow Landing to identify any deficiencies that must be corrected prior to final acceptance of the water systems by Sunnyslope. Both are fully connected to Sunnyslope's system.

3. Vista del Calabria

Frisch Engineering has completed the electrical controls and SCADA material submittals for the Enterprise Sewer Lift Station that will serve the Vista del Calabria development. Staff have also met with the Developer and have slightly revised the site layout based on intersection sight line requirements. The developer intends to construct all the site improvements other than the actual electrical installations prior to the wet season. It is anticipated that the station will be fully tested and operational by April 2025.

Staff have also initiated designs for the diversion of sewer flow from the existing Oak Canyon Lift Station to the new Enterprise Lift Station once it is operational. This will allow the Oak Canyon Lift Station to be abandoned, significantly reducing the District's risk and liability associated with this 40 year old facility and piping.

Staff Report

Agenda Item: **F – 4a**

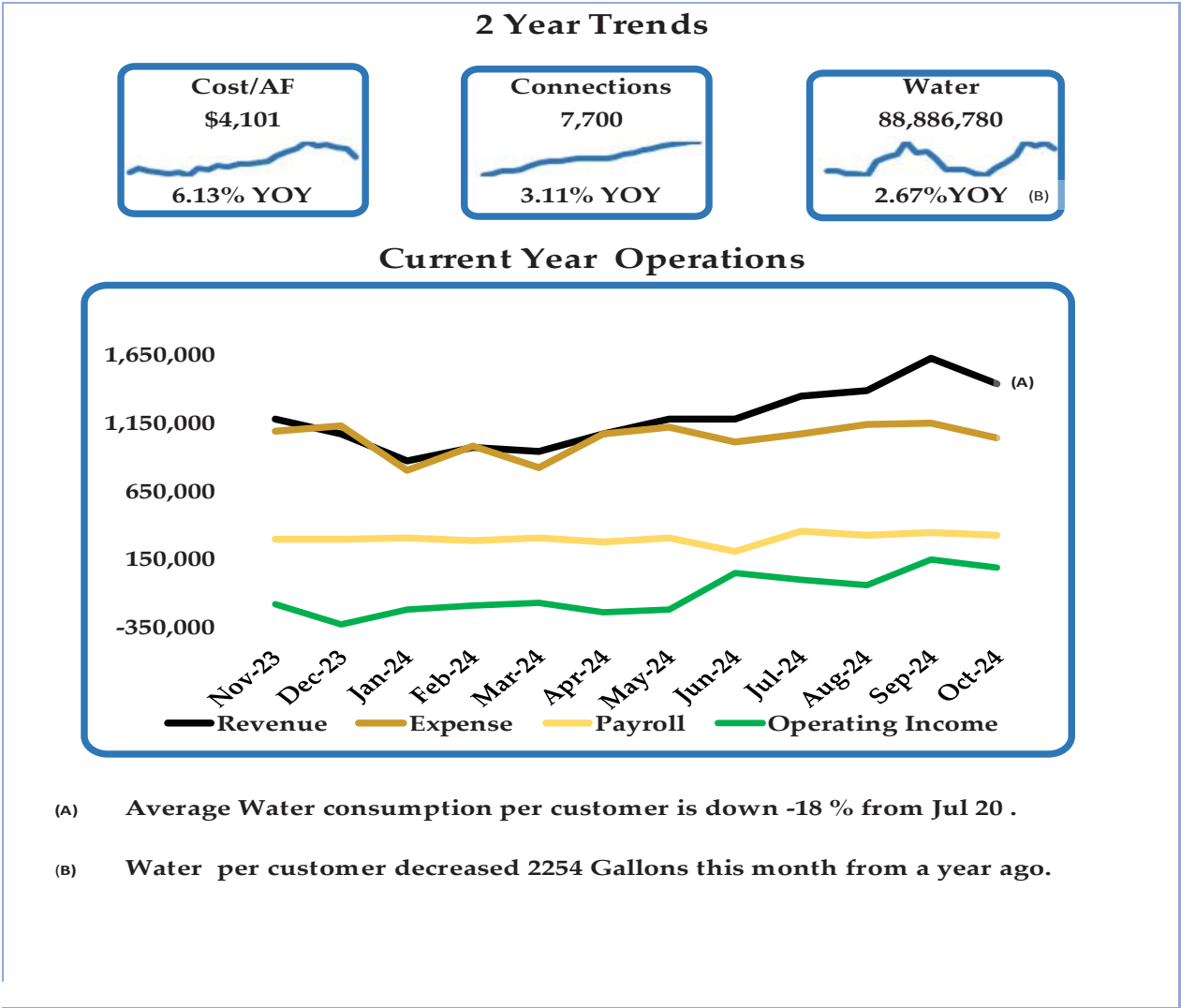
DATE: November 13, 2024 (November 19, 2024 Meeting)

TO: Board of Directors

FROM: Finance Dept. Dana Sullivan & Barry Kelly

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

OVERVIEW (October 2024)



OPERATIONS SUMMARY

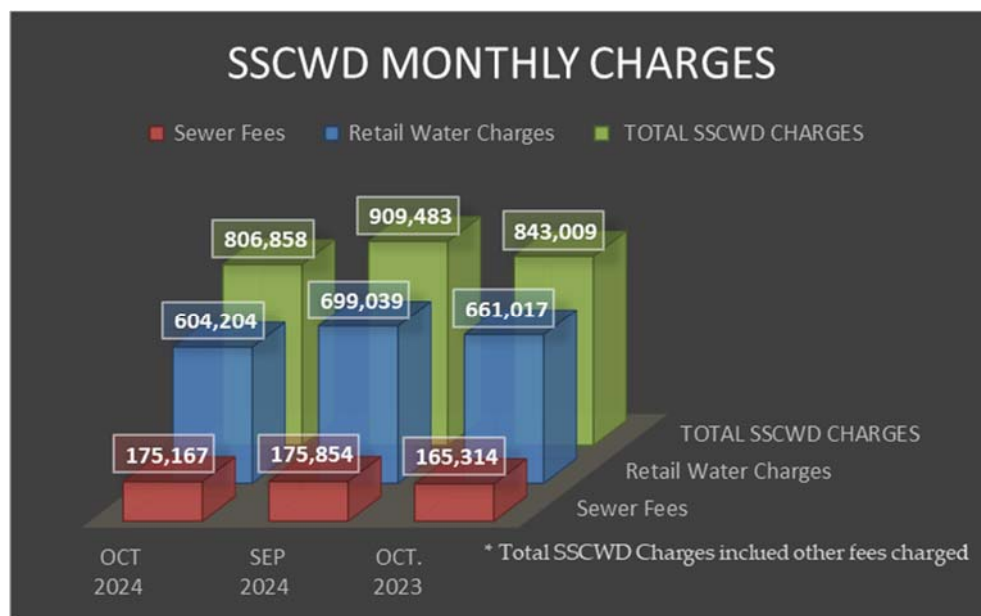
(October 2024)

Connections were unchanged this month. We now serve 7,702 customers and 6,236 accounts utilize online services and electronic payments.

YTD Revenue for FY 24 is 4.3m.

Receivables from operations total \$1.5m. The past due portion has decreased to 5.5% from 17% at the beginning of the previous fiscal year. The large decrease is attributed to collection efforts imposed over the last year involving liens and shut off notices. O&M receivables total \$421k and is current. San Benito Foods O&M totals \$60k and is pending.

Water consumption YTD is up 11% from one year ago. Billed Metered water YTD is 383 MM gallons vs 345 MM for the same periods in the prior year.



STATEMENT OF INCOME VS BUDGET

(October 2024)

YTD, we show an overall Net Operating gain of \$195 vs a loss of \$(369k) in the prior year. The decreased deficit is primarily attributed to the cost of operating the plants at a lower blend. The surface water blend averaged 85% in the prior year and has averaged 46% in the current year. Also, new water rates came into effect in September. Net operating income from water is no longer a loss.

INVESTMENT SUMMARY

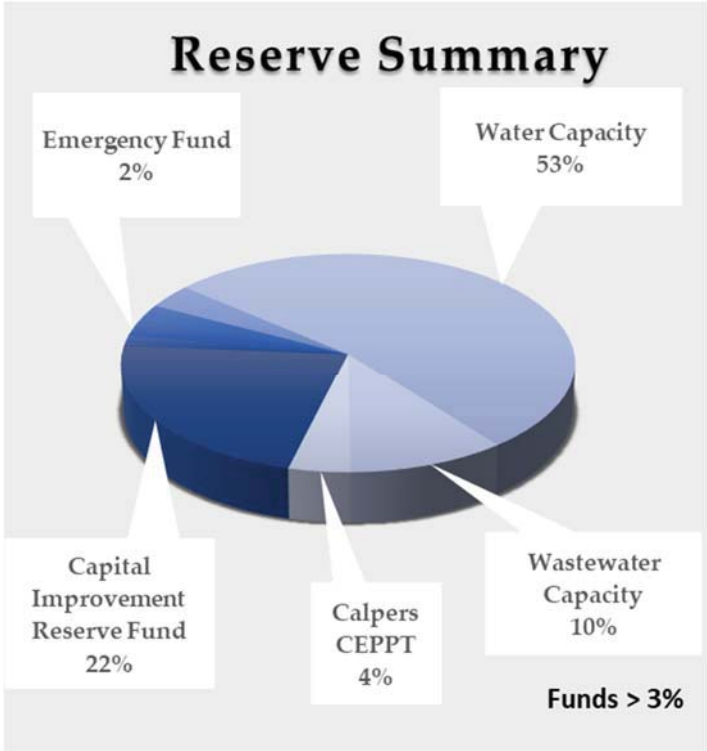
(October 2024)

Cash and invested funds total \$26.4 million. Over 23 million is earning between 2.0% and 4.9%. The FY25 income from investments is 232k YTD.

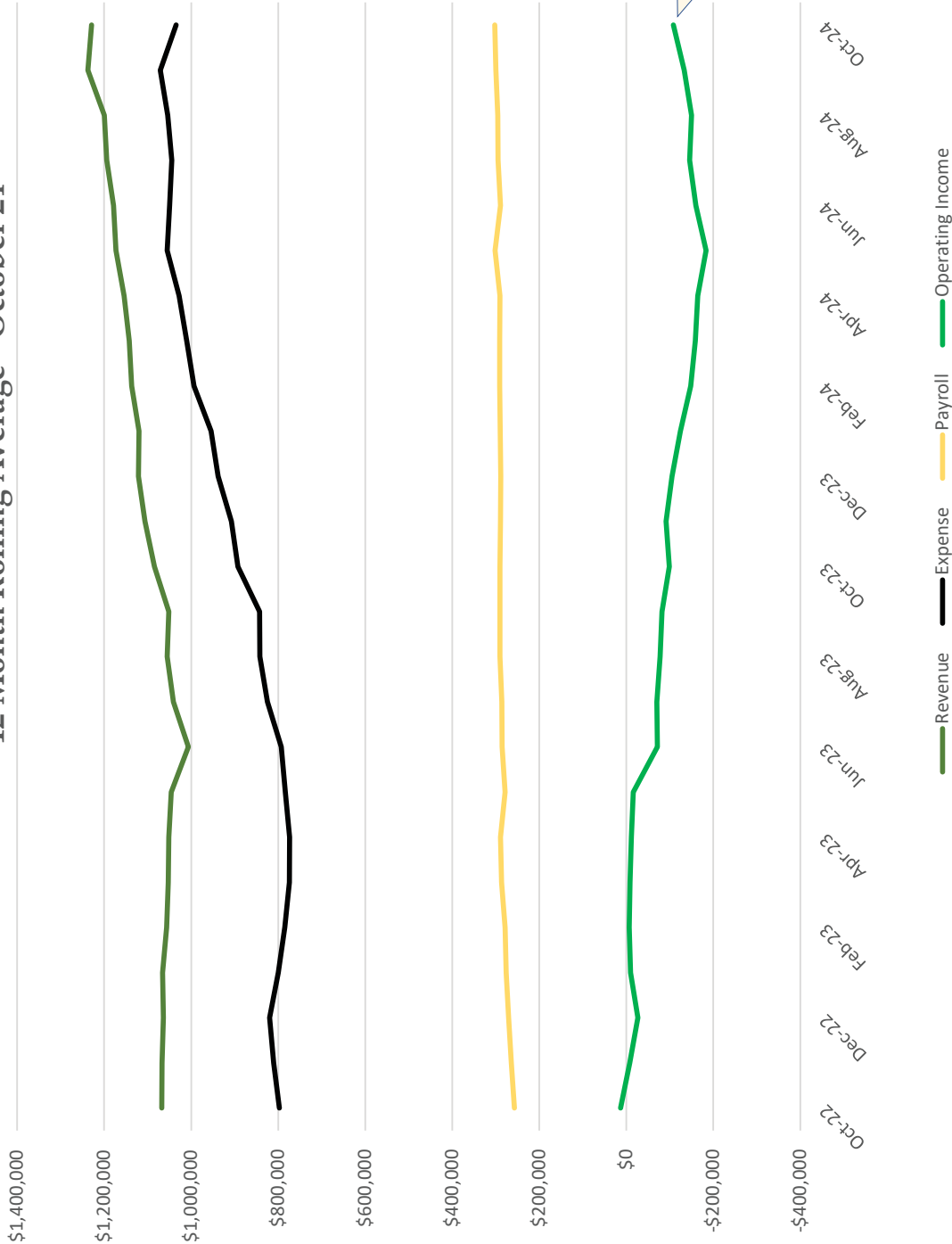
RESERVES

(October 2024)

Reserves total \$23.6 million which equals 42% of capitalized assets. See the Board Designated Reserve report for a summary of the transactions and the status of actual expenditures per Board authorized expenditures.

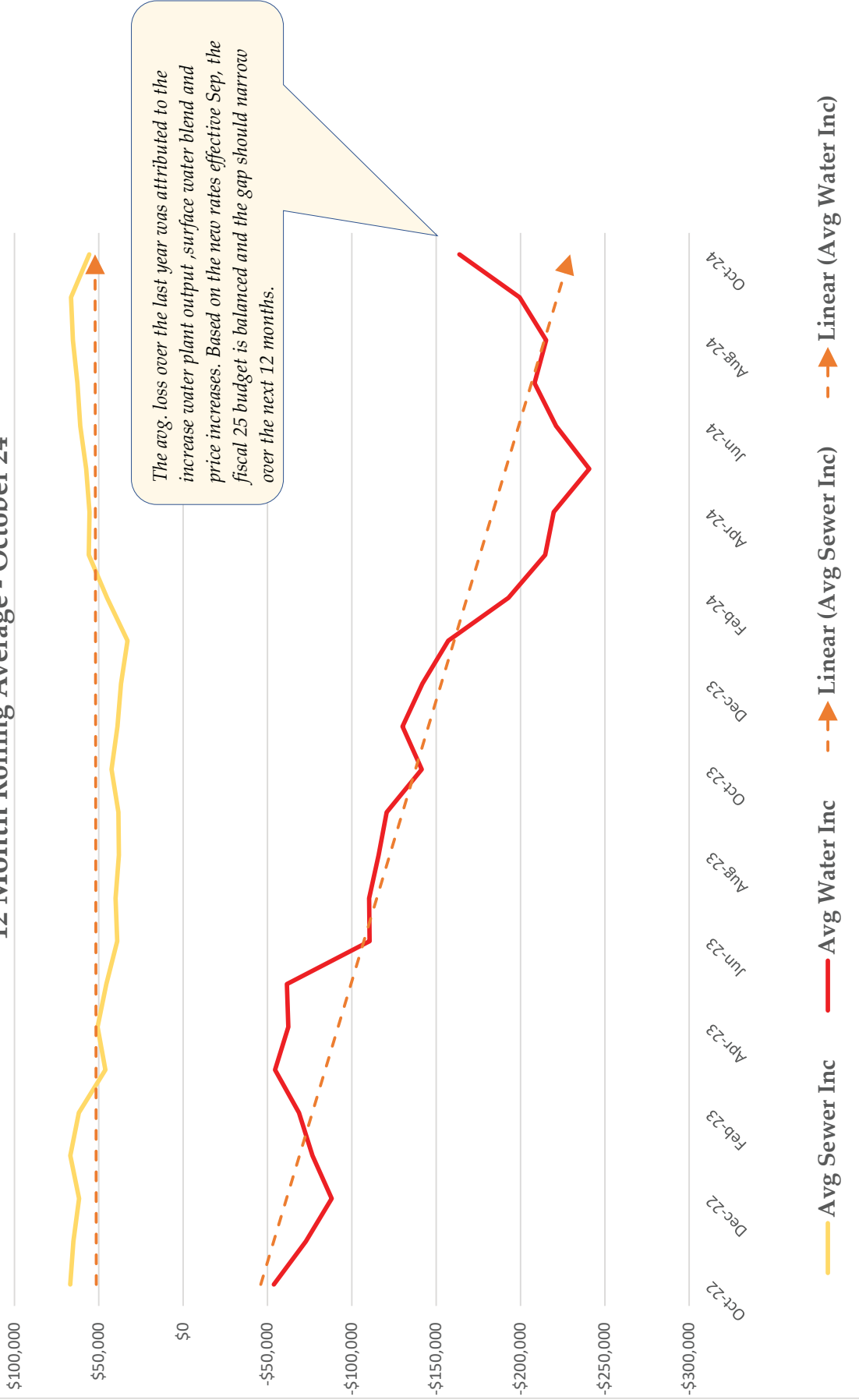


Statement of Operating Income 12 Month Rolling Average - October 24

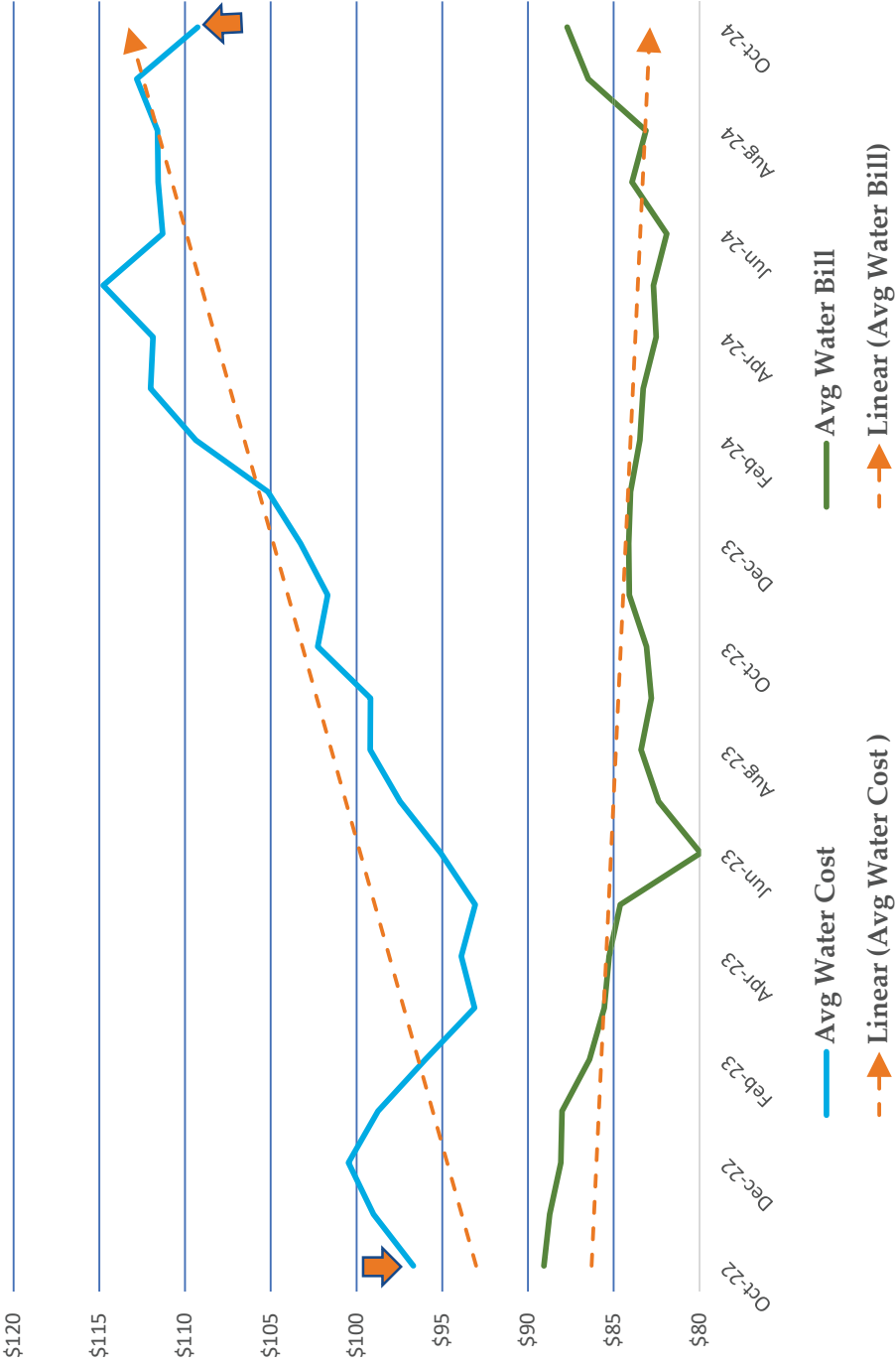


The decrease in operating income is attributed to the high cost of operating the plants near full capacity vs. pumping well water in the period from June 23 to June 24. The Sep. rate increase has returned the net to break even.

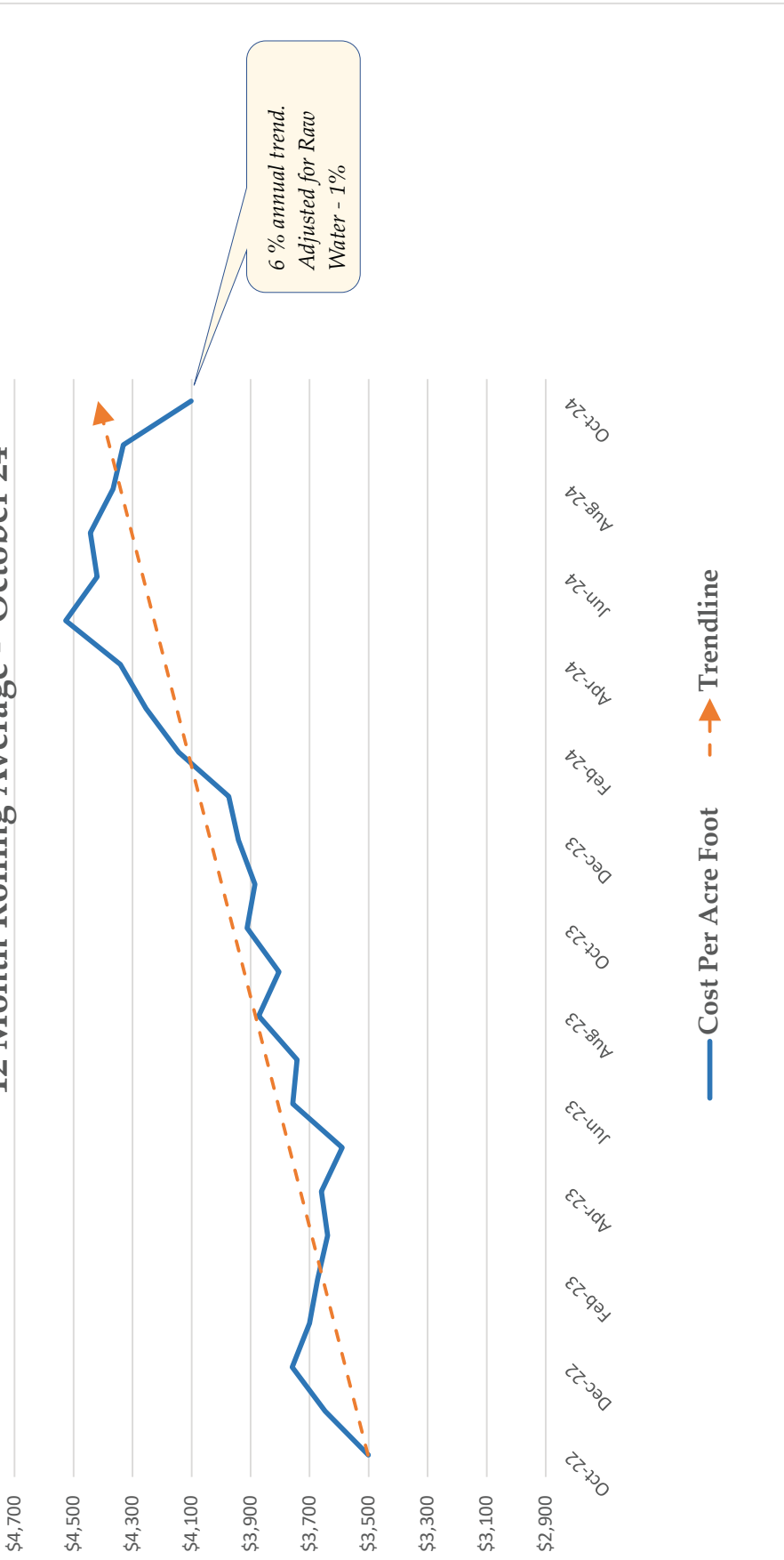
Operating Income by Segment 12 Month Rolling Average - October 24



Per Customer Water Charges 12 Month Rolling Average - October 24



Cost Per Acre Foot 12 Month Rolling Average - October 24



Sunnyslope County Water District
2024 / 2025
OPERATION SUMMARY (This Year)

ITEMS	JULY 2024	AUG 2024	SEP 2024	OCT 2024	NOV 2024	DEC 2024	JAN 2025	FEB 2025	MAR 2025	APR 2025	MAY 2025	JUNE 2025	YTD TOTAL
NO. WATER CAPACITY FEE RECD	16	2	3	52									73
NO. WW CAPACITY FEE RECD													
NO. WATER ACCOUNTS	7,661	7,685	7,702	7,700									
NO. SSCWD SEWER ACCTS	1,326	1,327	1,331	1,331									
NO. COH SEWER ACCTS	5,122	5,168	5,181	5,201									
Total WaterSmart / Invoice Cloud	6,071	6,071	5,982	6,236									
NO. E-BILL Invoice Cloud (Paperless)	2,247	2,263	2,283	2,290									
MONTHLY CHARGES													
Retail Water Charges	\$ 861,221.86	\$ 797,577.03	\$ 956,302.46	\$ 847,936.79									\$ 3,463,038.14
Sewer Fees	162,828.28	164,512.32	164,567.03	168,353.23									660,261
Installation Fees	6,480.00	810.00	405.00	15,795.00									23,490
Late Fees	6,791.22	6,959.41	6,221.97	8,562.75									28,335
Admin. Collection Fees, net	15,411.00	15,507.00	15,582.00	15,630.00									62,130
COH Billing Fees	4,307.21	3,970.50	3,782.67	4,225.26									16,285.64
TOTAL SSCWD CHARGES	\$ 1,054,212.36	\$ 988,441.56	\$ 1,194,713.46	\$ 1,070,417.77									\$ 4,307,785.17
CITY OF HOLLISTER CHARGES													
COH Sewer Fees	457,459.27	460,456.27	462,599.35	464,105.01									\$ 1,844,619.90
COH Street Sweeping	11,559.90	11,663.61	11,692.62	11,727.28									46,643.41
COH Senior Discount	(1,565.12)	(1,565.21)	(1,543.16)	(1,546.36)									(6,219.85)
Total COH Charges	467,454.05	470,554.67	472,748.81	474,285.93									1,885,043.46
Late Fees	4,307.21	3,970.50	3,782.67	4,225.26									16,285.64
TOTAL COH CHARGES	\$ 471,761.26	\$ 474,525.17	\$ 476,531.48	\$ 478,511.19									\$ 1,901,527.10
ACCOUNTS RECEIVABLE - Aged													
A/R for Sunnyslope Water **	\$ 1,074,784.70	\$ 1,024,193.67	\$ 1,180,301.59	\$ 1,059,094.50									
A/R for City of Hollister **	525,323.64	524,251.13	535,663.06	531,011.59									
Unapplied Payments	(52,660.44)	(51,663.33)	(50,663.06)	(46,652.82)									
Outstanding Bills Owed	\$ 1,547,447.90	\$ 1,496,781.47	\$ 1,665,301.59	\$ 1,533,453.27									
Past Due	\$ 90,765.72	\$ 83,890.35	\$ 99,200.32	\$ 94,471.36									
0% Past Due	5.8%	5.6%	5.96%	5.47%									
SIC (Days M. Owed)	\$46,973.53	\$66,602.00	\$42,151.90	N/A									
San Benito Roads Owed	\$ 162,311.96	\$ 114,107.57	\$ 59,714.45	N/A									

Sunnylope County Water District
2024 / 2025
OPERATION SUMMARY (This Year)

ITEMS	JULY 2024	AUG 2024	SEP 2024	OCT 2024	NOV 2024	DEC 2024	JAN 2025	FEB 2025	MAR 2025	APR 2025	MAY 2025	JUNE 2025	YTD TOTAL
WATER METERED													
Cubic Feet	13,749,400	12,733,700	13,345,600	11,348,500	-	-	-	-	-	-	-	-	51,177,200
Total SSCWD Gallons	102,845,512	95,248,076	99,825,088	84,886,780	-	-	-	-	-	-	-	-	382,805,456
WATER SOURCE													
Well #2 (Southside Road)	10,544,000	12,361,000	19,177,000	17,445,000	-	-	-	-	-	-	-	-	59,527,000
Well #5 (Ray Cir/Enterprise)	14,533,890	10,483,431	16,023,334	24,495,574	-	-	-	-	-	-	-	-	65,536,229
Well #6 (Enterprise Rd)	4,076,400	3,904,000	4,148,000	4,148,000	-	-	-	-	-	-	-	-	16,376,400
Well #8 (66 Southside Road)	3,927,000	3,904,000	3,904,000	13,701,000	-	-	-	-	-	-	-	-	29,837,000
Well #11 (Southside Road)	19,160,000	18,974,000	25,362,000	25,666,000	-	-	-	-	-	-	-	-	89,162,000
Net Well Intertie (Supplied to COH)	(14,885,900)	(13,279,900)	(13,370,600)	(17,574,000)	-	-	-	-	-	-	-	-	(63,110,400)
TOTAL from Wells	37,790,465	37,887,279	62,604,371	75,148,200	-	-	-	-	-	-	-	-	213,430,315
Lessait W.T.P. 1 (High Zone)	29,412,000	30,725,000	22,092,000	-	-	-	-	-	-	-	-	-	82,229,000
Lessait W.T.P. 1 (Middle Zone)	13,662,000	10,997,000	11,938,000	-	-	-	-	-	-	-	-	-	36,597,000
West Hills W.T.P. (@ Well #1)	1,650,000	1,770,000	1,770,000	1,289,500	-	-	-	-	-	-	-	-	6,579,500
West Hills W.T.P. (@ Well #2)	27,770,000	20,834,000	15,270,000	16,000,000	-	-	-	-	-	-	-	-	89,874,000
West Hills W.T.P. (@ COH #1)	12,400,000	8,413,000	11,260,000	9,757,000	-	-	-	-	-	-	-	-	41,830,000
West Hills W.T.P. (@ COH #2)	18,464,000	17,850,000	21,018,000	16,408,000	-	-	-	-	-	-	-	-	73,740,000
West Hills W.T.P. (@ COH #3)	18,304,000	16,256,000	17,593,000	15,103,000	-	-	-	-	-	-	-	-	67,256,000
TOTAL Surface Water (Plant Production)	136,464,000	114,691,000	104,438,000	58,957,000	-	-	-	-	-	-	-	-	414,550,000
Plant Production Used by Hollister	64,123,215	54,542,351	59,195,018	47,413,722	-	-	-	-	-	-	-	-	225,274,306
SSCWD % of Plant Production	53.01%	52.44%	43.32%	19.58%	-	-	-	-	-	-	-	-	45.66%
Estimated Water Gain(Loss)	(7,285,738)	(2,787,852)	(8,022,655)	(7,950,420)	0	0	0	0	0	0	0	0	(19,900,553)
Percent Difference	-4.18%	-1.83%	-4.86%	-5.93%	-	-	-	-	-	-	-	-	-3.17%
Water Consumption Per Customer	13425	12394	12961	11024	1390	1440	1426	1472	1429	1425	1413	1399	12451
Blend - % Surface	63.26%	60.22%	37.29%	11.47%	-	-	-	-	-	-	-	-	43.06%
Chemical, Carbon, Water PAF	1317	1323	1358	1380	1390	1440	1426	1472	1429	1425	1413	1399	1398
Blend Budget Impact	\$8,975	\$518	\$49,418	\$60,562	-	-	-	-	-	-	-	-	\$100,486
Cost of Water Produced (Per Acre Foot)	3,029	3,085	3,094	3,167	5,914	5,203	6,346	5,300	3,902	3,262	2,719	2,772	3,090
Prior YTD Cost	2,755	3,303	4,383	3,979	5,914	5,203	6,346	5,300	3,902	3,262	2,719	2,772	3,864

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

FY25 Metered Water

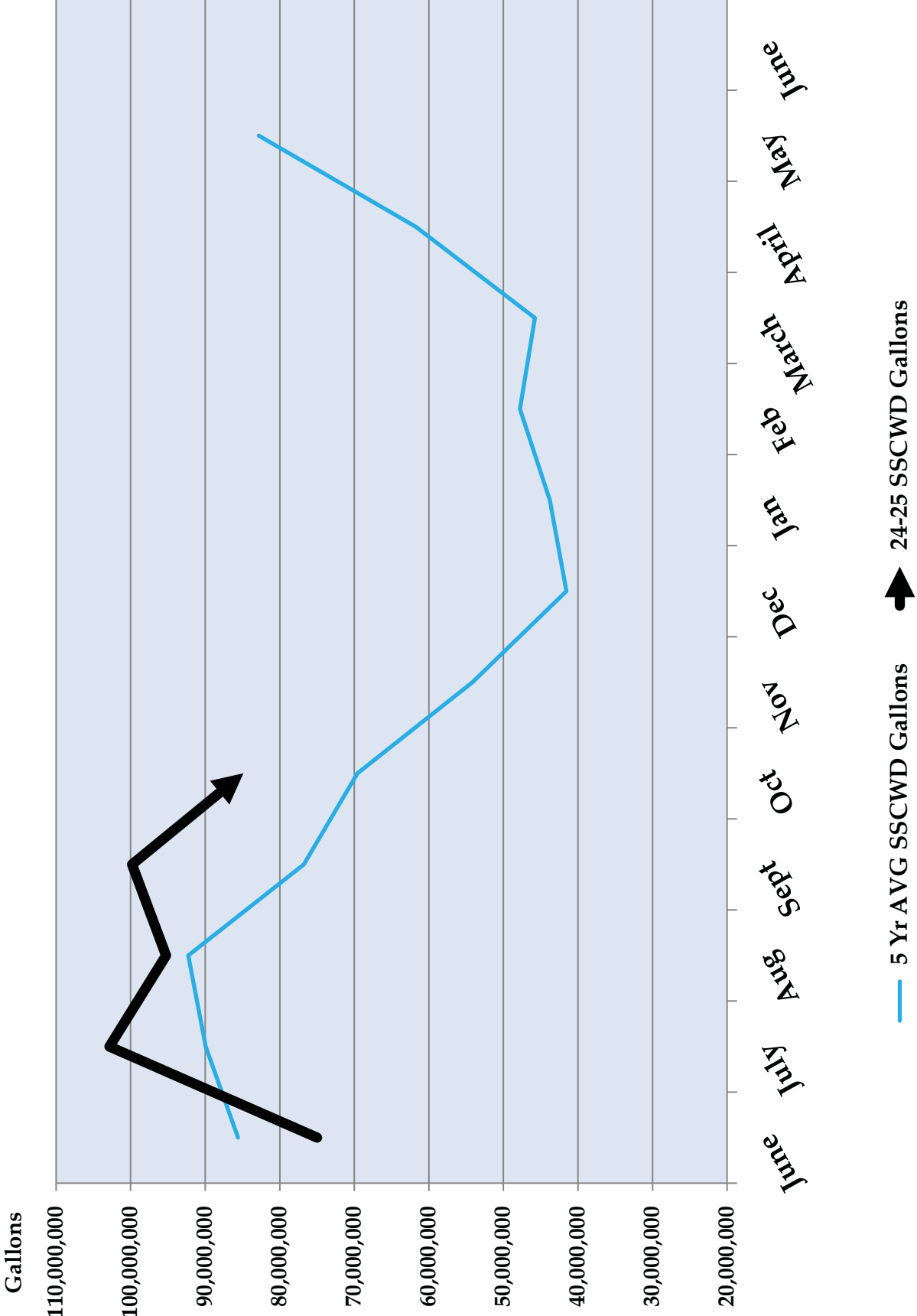
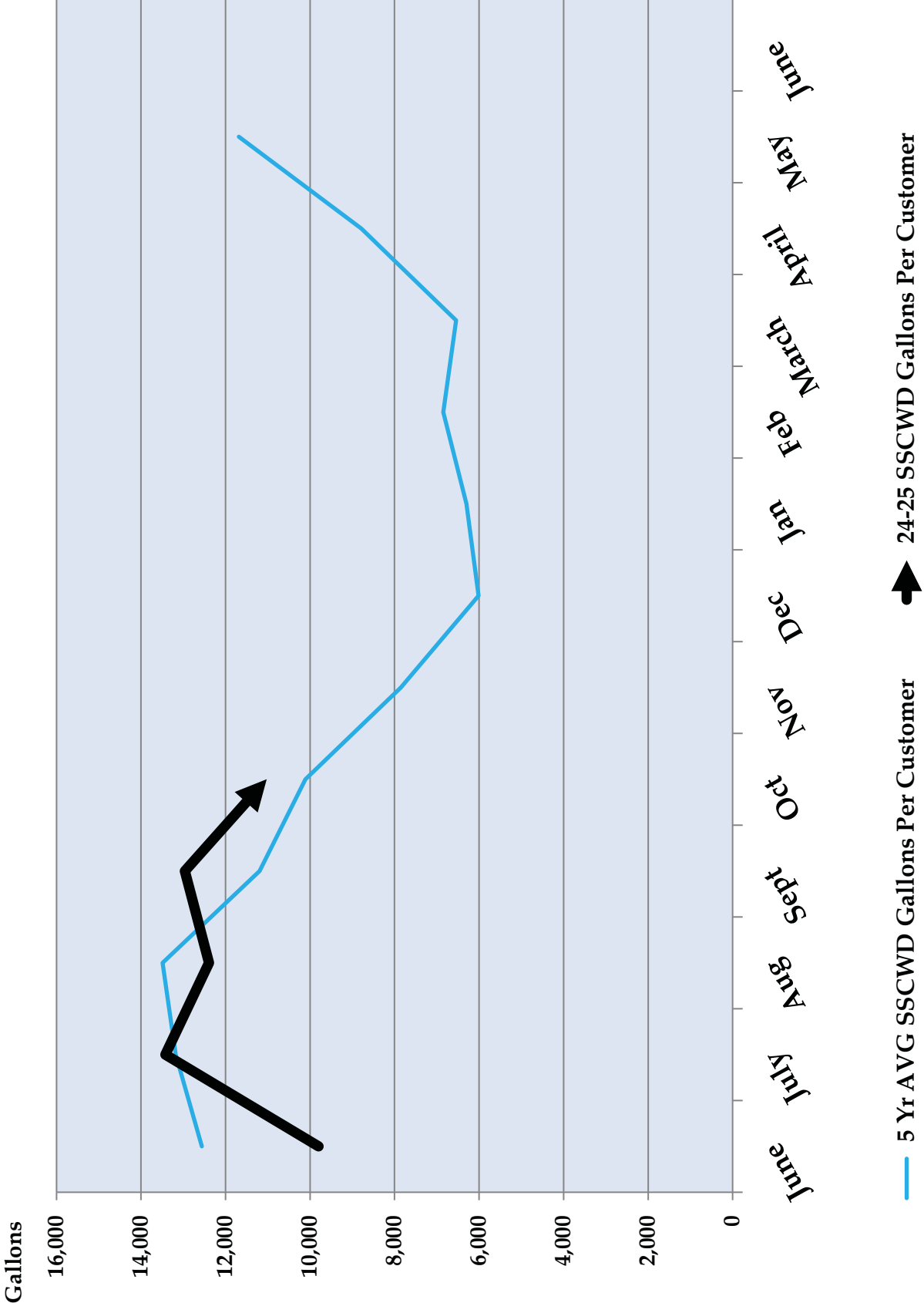


Chart Includes: Only Water Metered to SSCWD Customers,
Chart Does Not Include: COH Inerties Wholesale Water Flow

FY25 Metered Water Per Customer



Sunnyslope County Water District

STATEMENT OF INCOME
FOR THE FISCAL YEAR ENDING JUNE 30, 2025 (This Year)
UN-AUDITED 11/12/2024

*** WATER ***	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Variance Over/ (Under) Prior Month	YEAR- TO-DATE	PRIOR YEAR-TO- DATE	PROJECTED 24/25 ACTUAL	FY 24/25 BUDGET
OPERATING REVENUES																			
Water Sales	685,129	861,222	797,577	956,302	841,887										(14,416)	3,456,988	2,922,140	8,703,184	8,000,000
Contracted Services	274,271	288,403	398,000	421,018	360,000										(61,018)	1,467,420	1,320,501	3,494,300	3,494,300
Installation Fees	12,150	6,480	810	405	22,150										21,745	29,845	15,390	89,535	23,800
Late Fees	4,351	5,580	5,994	5,326	7,231										1,905	24,130	28,703	72,390	
Other Revenue	29,833	29,084	16,047	68,699	27,822										(40,876)	141,632	82,106	194,896	191,050
TOTAL OPERATING REVENUES	1,005,734	1,490,748	1,218,427	1,451,750	1,259,090										(192,660)	5,120,015	4,368,840	12,554,305	11,709,150
OPERATING EXPENSES																			
Salaries and Benefits	(174,484)	(19,146)	(276,791)	(302,924)	(263,453)										39,472	(1,162,314)	(846,550)	(3,461,978)	(3,061,005)
Operating Expenses	(827,724)	(925,173)	(1,022,846)	(1,065,836)	(921,524)										144,312	(5,935,379)	(4,013,961)	(10,907,079)	(10,225,236)
TOTAL OPERATING EXPENSES	(1,002,208)	(1,244,319)	(1,299,637)	(1,368,760)	(1,184,977)										185,784	(5,997,693)	(4,874,511)	(14,814,157)	(13,286,241)
NET OPERATING INCOME	(6,474)	(53,571)	(81,210)	(82,990)	(74,114)										(68,760)	22,322	(605,670)	(1,814,752)	(1,577,091)
NON OPERATING INCOME & EXPENSES																			
Capacity Fees	420,750	225,600	282,000	14,100	732,110										718,010	1,000,010	531,825	1,000,010	-
Donated Asset															0	-	-	-	-
Miscellaneous Income (Farm Labor Camp)															-	-	-	-	-
Adjust LAIF Investment to Fair Value	22,975	44,635	2,614	29,580	27,621										-	-	-	-	-
Interest Income	274,891	(92,817)	32,326	11,850	66,527										(1,958)	127,980	109,416	383,941	600,000
Allocated from C & A (Interest & Sale of Assets)															54,576	308,826	93,389	227,500	227,500
Other Non-Operational															0	-	-	-	-
TOTAL NON OPERATING INCOME & EXPENSES	718,616	177,418	377,610	55,530	826,258										770,228	1,836,816	734,630	1,611,451	827,500
NET WATER INCOME (LOSS)	\$ 712,142	\$ 123,847	\$ 296,400	\$ 138,520	\$ 900,372										\$ 761,852	\$ 1,489,138	\$ 128,960	\$ (203,301)	\$ (749,591)
NET WATER INCOME (LOSS) Adjusted for Non-Budgeted Items	\$ (6,474)	\$ (53,571)	\$ (81,210)	\$ 82,990	\$ 74,114										\$ (8,876)	\$ 22,322	\$ (605,670)	\$ (1,814,752)	\$ (1,577,091)

Sunnyslope County Water District

STATEMENT OF INCOME
FOR THE FISCAL YEAR ENDING JUNE 30, 2025 (This Year)
UN-AUDITED 11/12/2024

*** WASTEWATER ***	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Variance Over/ (Under) Prior Month	YEAR- TO-DATE	PRIOR YEAR-TO- DATE	PROJECTED ACTUAL	FY 24/25 BUDGET
OPERATING REVENUES																			
Sewer Sales	168,937	156,235	164,512	166,938	170,466										3,529	688,151	653,221	2,061,126	2,100,000
Contracted Services	86,490	74,297	39,810	19,904	10,000										(9,904)	144,012	351,874	710,000	710,000
Installation Fees	-	-	-	-	-										0	-	125	-	-
Late Fees	1,154	1,212	966	896	1,132										235	4,205	5,183	12,615	60,450
Other Revenue	3,578	2,514	2,536	1,676	2,584										908	9,309	12,986	27,927	60,450
TOTAL OPERATING REVENUES	260,159	234,258	207,824	189,414	184,181										(5,232)	815,677	1,023,389	2,511,663	2,870,450
OPERATING EXPENSES																			
Salaries and Benefits	(35,645)	(56,584)	(65,018)	(62,806)	(60,077)										(17,271)	(184,485)	(227,523)	(692,334)	(712,059)
Operating Expenses	(170,712)	(144,260)	(120,430)	(79,404)	(114,826)										(35,821)	(658,920)	(859,663)	(1,203,982)	(1,597,949)
TOTAL OPERATING EXPENSES	(206,357)	(180,844)	(185,448)	(122,210)	(174,903)										(52,692)	(843,405)	(787,166)	(1,896,216)	(2,310,008)
NET OPERATING INCOME	53,801	53,413	42,376	67,203	9,279										(57,925)	172,272	236,223	1,115,452	560,442
NON OPERATING INCOME & EXPENSES																			
Capacity Fees															0	-	124,625	-	-
Donated Asset															0	-	-	-	-
Miscellaneous Income															0	-	-	-	-
Adjust LAF Investment to Fair Value															0	-	-	-	-
Interest Income	21,406	8,945	5,231	6,009	15,454										9,445	35,640	18,262	106,919	125,000
Allocated from C & A (Interest & Sale of Assets)	47,647	(16,165)	56,300	1,278	3,894										2,616	45,307	97,040	97,500	97,500
Other Non-Operational															0	0	-	-	-
TOTAL NON OPERATING INCOME & EXPENSES	69,053	(7,220)	61,531	7,287	19,348										12,061	80,947	239,926	204,420	222,500
NET WASTEWATER INCOME (LOSS)	122,854	46,194	103,908	74,491	28,627										(45,864)	253,219	476,150	1,319,872	782,942
Adjusted for Non Budgeted Items																			
	\$ 53,801	\$ 53,413	\$ 42,377	\$ 67,203	\$ 9,279	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(45,864)	\$ 172,273	\$ 236,223	\$ 1,115,453	\$ 560,442
*** WATER & WASTEWATER ***																			
	834,996	170,040	400,308	213,011	928,998										715,988	1,712,357	605,109	1,116,571	33,351
*** COMBINED INCOME (LOSS) WATER & WASTEWATER ***																			
	\$ 47,328	\$ (158)	\$ 6,834	\$ 150,193	\$ 83,392	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (66,800)	\$ 194,595	\$ (369,447)	\$ (699,299)	\$ (1,016,649)
WASTEWATER Adjusted for Non - Budgeted Items																			

Sunnyslope County Water District
Investment Summary
2024 / 2025 (This Year)

BANK ACCOUNT	INTEREST RATE	JULY 2024	AUGUST 2024	SEPTEMBER 2024	OCTOBER 2024	NOVEMBER 2024	DECEMBER 2024	JANUARY 2025	FEBRUARY 2025	MARCH 2025	APRIL 2025	MAY 2025	JUNE 2025	JUNE 2024
Heritage Bank of Commerce														
CHECKING ACCOUNT	0	2,388,015	2,421,090	1,978,892	3,206,682									2,298,809
Operating - General Fund		2,388,015	2,421,090	1,978,892	3,206,682	0	0	0	0	0	0	0	0	2,298,809
CHECKING SUBTOTAL														
MONEY MARKET ACCT (MIMA)	0.55%	91,403	91,460	91,518	91,561									91,341
Invested - General Fund		91,403	91,460	91,518	91,561	0	0	0	0	0	0	0	0	91,341
MMA SUBTOTAL														
L.A.I.F.														
(Local Agency Investment Fund)	As of: Nov 2024													
General Fund	4.51%	-4,011,546	-4,011,546	-4,011,546	-4,011,546									-4,011,546
Water Connect. Fee	4.51%	0	0	0	0									
Sewer Connect. Fee	4.51%	0	0	0	0									
SRF Loan Reserve	4.51%	831,239	831,239	831,239	841,089									831,240
Board Designated Reserves	4.51%	5,460,770	5,460,770	5,460,770	5,477,941									5,460,770
L.A.I.F. SUBTOTAL		2,280,463	2,280,463	2,280,463	2,307,484	0	0	0	0	0	0	0	0	2,280,463
CEPPT														
(CA Employee Pension Plan Trust)														
Employee Pension Reserve	0	899,643	958,186	958,186	958,186									1,000,000
CEPPT SUBTOTAL		899,643	958,186	958,186	958,186	0	0	0	0	0	0	0	0	1,000,000
MBS Securities														
(CD Brokerage - Water Capacity Funds)														
Water Connect. Fee	4.00%	11,937,405	12,102,222	12,031,825	12,567,124									12,741,436
Sewer Connect. Fee	4.00%	2,658,666	2,438,357	2,444,065	2,449,670									2,424,120
Board Designated Reserves	4.00%	2,164,775	2,173,483	2,182,571	1,314,571									2,279,379
General Fund	4.00%	2,941,809	3,031,432	3,133,248	3,505,730									1,639,058
MBS SUBTOTAL		19,702,655	19,745,494	19,791,709	19,837,094	0	0	0	0	0	0	0	0	19,083,993
GRAND TOTAL		25,362,180	25,496,692	25,100,768	26,401,007	0	0	0	0	0	0	0	0	24,754,607
* TOTAL INTEREST RECORDED	YTD Total	70,721	42,895	46,216	72,507	0	0	0	0	0	0	0	0	880,445

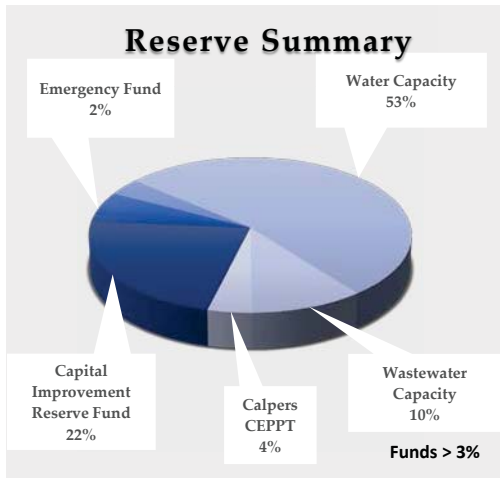
Sunnyslope County Water District

Reserve Summary As of October 31, 2024 (Policy #8600)

	<u>10/31/2024</u>	<u>Increase</u>	<u>Decrease</u>	<u>6/30/2024</u>	<u>6/30/2023</u>	<u>Change</u>
1 Capital Improvement Reserve Fund	\$ 5,270,366	\$ 37,790		\$ 5,232,576	\$ 5,772,624	\$ (540,048)
2 Rate Stabilization Fund	125,000		125,000	250,000	250,000	\$ -
3 Drought Contingency Reserve	250,000		250,000	500,000	500,000	-
4 Emergency Fund	500,000		500,000	1,000,000	1,000,000	-
5 Vehicle Replacement Fund	257,930	16,000		241,930	398,132	(156,202)
6 Office and Misc. Equipment Replacement Fund	389,217			389,217	420,864	(31,647)
Board Designated Reserves	6,792,513	53,790	875,000	7,613,723	8,341,620	(727,897)
7 CSWRCB Loan	841,088	9,849		831,239	774,889	56,350
8 Water Capacity	12,567,124	987,226	411,595	11,991,492	11,259,801	731,691
9 Wastewater Capacity	2,449,669	25,549		2,424,120	1,357,257	1,066,863
10 Calpers CEPPT	958,186	58,543		899,643	899,643	-
Legally Restricted Reserves	16,816,067	1,081,167	411,595	16,146,495	14,291,590	1,854,905
TOTAL	\$ 23,608,580	\$ 1,134,957	\$ 1,286,595	\$ 23,760,218	\$ 22,633,210	\$ 1,127,008
Unreserved Cash	\$2,792,428					
Percentage of Total Capital Assets	41.55%					

Detailed Transactions:

Depr. Expense	\$ 16,000	
Interest	\$ 200,214	
Debt Amortization		394,891
Water Capacity Fees	860,200	
Sewer Capacity Fees	-	
Fixed asset Additions	-	16,704
Reserve Changes BOD 6/23		875,000
Transfers		-
Fair Market Value & Misc Adj	58,543	-
	\$ 1,134,957	\$ 1,286,595



Board Approved Disbursement Analysis					
Date:	Description:	Vendor	Resolution	#	Actual
2/21/2023	Rate Study	Raftelis	110,502		81,256
4/23/2024	Best Road Initiative	Wallace Group	3,050,000		330,300
2/28/2023	Solar Project - SBR	Eva Green Power	1,300,000		1,306,863
2/28/2023	Solar Project - Lessalt	Eva Green Power	39,131		3,958
6/20/2023	Temetra	Meter Valve & Contro	412,000		445,682
8/15/2023	Demographics	LGDR	40,000		0
1/23/2024	Rotary Blower	Atlas Copco, Sharpe, B	130,000		109,144
2/27/2024	FY 2024 Audit	McGilloway	27,000		8,100
2/27/2024	SB County GIS	San Benito County - Ai	21,082		19,643
4/23/2024	Election	San Benito County - Ai	50,000		
7/23/2024	Itron Meters	Pace Supply	84,000		
9/24/2024	Randy Circle	QA Constructors Inc	57,200		

Staff Report

Agenda Item: F – 5a

DATE: November 12, 2024 (November 19, 2024, 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 October 10, 2024.
2. In the month of October, Westhills WTP produced a total of 63.239 million gallons. The Lessalt WTP was offline for the month due to source water quality issues. No water was produced from Lessalt WTP in the month of October. The total acre foot produced in October 2024 was 192.71-ac-ft with a balance of 1,247.07-acft at the end of the 2024-2025 year.
3. San Benito County Water District (SBCWD) switched water sources on September 11 from San Luis Reservoir (SLR) to San Justo Reservoir (SJR) which has elevated levels of Manganese and creates some operational challenges for the treatment plant. To prevent water quality issues, SSCWD shut the water treatment off at the Lessalt plant until a better water source could be met.
4. Lessalt WTP completed a Granular Activated Carbon (GAC) exchange in September just before the source change occurred. The October and possibly November GAC exchanges will be skipped due to the water treatment plant being offline.
5. The Sodium Permanganate clumped up at the bottom of the tank causing chemical delivery issues throughout the month. After several attempts to mitigate sludge from obstruction of the intake line, the 1,000-gallon storage tank was emptied, vacuumed, and cleaned to remove all sludge. Temporary 300-gallon totes were ordered to maintain plant in operation while this task was completed.
6. The Industrial Plant basin have been cleaned, sludge removed, diffusers stored. The blower has been prepared for long term storage with heat lamp and covered. Rental equipment has been returned, Sunnyslope district 6" inch pump and hoses have been cleaned and returned to Sunnyslope facilities. End of the season tasks and miscellaneous project are currently being coordinated for the upcoming season with San Benito Food staff.
7. Both Lessalt WTP and Westhills WTP's continue to utilize the Computer Maintenance Management System (CMMS) to better manage treatment facilities equipment and document preventative maintenance activities. A total of 206 Work Orders were completed by Sunnyslope Staff between the two facilities, a decrease of 23 work orders from the previous month and 40 less

than the same month in 2023. The decrease can be directly attributed to the Lessalt WTP being offline for the month.

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

Water (13) October 2024

1. Replaced leaking water service at 941 Plum Court.
2. Repaired leaking water service line at 1550 Memorial Drive.
3. Replaced leaking water service line at 800 Duffin Drive.
4. Replaced curb stop at 1501 Las Brisas Drive.
5. Replaced curb stop at 1220 South Ridgemark Drive.
6. Replaced curb stop at 1160 Bonnie View Road.
7. Replaced curb stop at 1738 Santa Ana Road.
8. Completed RCAC Training for The Safe Water Drinking Act.
9. Assisted Calcon on completing calibration on district flow meters.
10. Completed Itron Field Maintenance training.
11. Installed new filters for Main Lift station VFD panels.
12. Completed BAR Smog Inspections for 2024.
13. Repaired leaking parts on Quail Hollow PRV.



Project Location	: 941 Plum Court
Project	: Service line repair
Department	: Water Department
Description	: October had a total of seven (7) service line or curb stop repairs. Each service repair presented different challenges due to cause of leak, size of service line and ground conditions. Over extended period of time some saddles may deteriorate to the point they eventually break causing the service line to leak. The only indication of this is water in the street that gets reported by customers and only discovered when staff breaks ground for repair.

LESSALT Water Treatment Plant (5)

1. Replumb Sodium Permanganate discharge lines over back of skid.
2. Jimmy from Calcon replaced CMF 1-3 air control boxes.
3. Installed ¼" shut-off valves on TU5300 turbidity analyzers feed lines.
4. Replaced conditioner ORP feed line pressure gauge.
5. Changed out fluorescent light bulbs inside control room.

West Hills Water Treatment Plant (12)

1. Raw water lift station permanganate tank cleaned out.
2. Replaced tubing on sand room CL17.
3. Replaced flow meter on clear-well effluent CL17.
4. Replaced clear-well influent sample pump.
5. Repaired AC fans at raw water lift station.
6. Continued working on repairs for raw water lift station eye-wash tower.
7. Calibrated pH probes to standards.
8. Replaced cracked bushing on roto meter #1.
9. Replaced hydro cyclone upper plumbing.
10. Calibrated turbidity meters to 20 NTU standards.
11. Replaced leaking O-rings on chlorine skid.
12. Started removing sludge from drying beds.



Project Location	: Westhills Water Treatment Plant
Project	: Permanganate Sludge clogging delivery line
Department	: Water Department
Description	: Permanganate delivery system had to be reconfigured while the tank was cleaned, and delivery of new chemical delivered. Totes are set inside the double containment and system connected directly to the tote to keep chemical injection online.

Wastewater (3)

1. RJR hauled sludge from SBR drying beds to John Smith Landfill.
2. Inspected and cleaned sludge tank aerator.
3. Repaired damaged entrance gate.

Industrial Plant (6)

1. Cleaned accidental curb paint from basin 2.
2. Drained basins and pumped to pond #1.
3. Removed risers and diffusers from basins.
4. Continued to take plant offline and clean equipment.
5. Continued cutting, clearing, and spraying weeds around ponds.
6. Greenline cleaned sewer line from cannery to plant and to pond #1.
7. Pumped sludge from basin #2 to pond #1. Pilled up sludge in basin #1 to dry out.

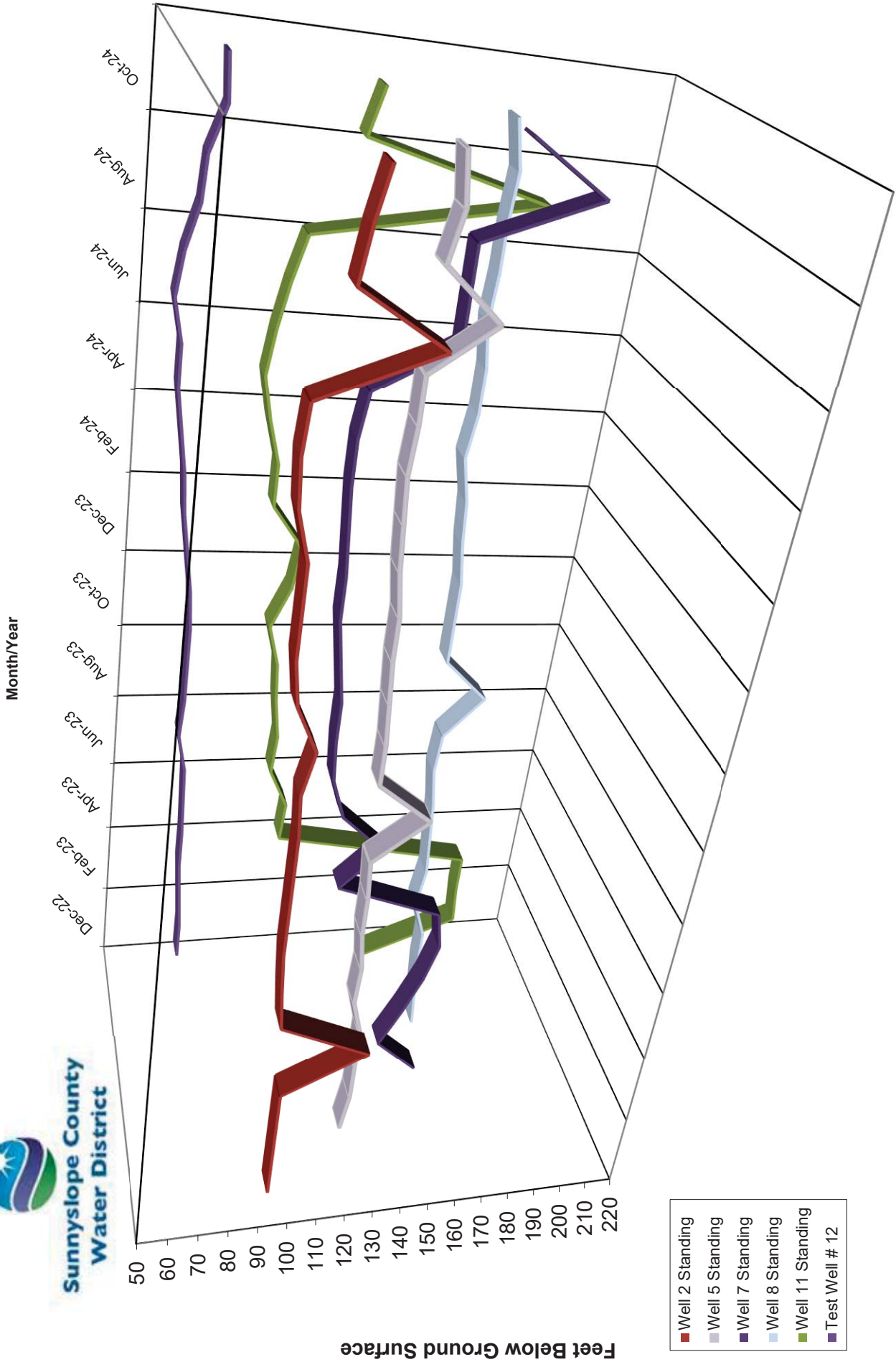


Project Location	: Industrial Wastewater Treatment Plant Basins
Project	: City of Hollister accidentally discharged curb paint into basin.
Department	: Wastewater Department
Description	: City Of Hollister corporate cleaning station is connected to the IWTP plants influent station. If not properly maintained, the catch basins will eventually overflow into the treatment plant causing additional operational problems. City officials were notified and cleaned up right away.

Completed This Month	Job Descriptions	Completed YTD 2024 – 2025 July 1 to June 30	Completed 2023 – 2024 July 1 to June 30	Completed 2022 – 2023 July 1 to June 30	Completed 2021 – 2022 July 1 to June 30
570	Work Orders	1955	4338	2480	2520
20	Temporary Manual Read Water Meters Installed in New Construction Accounts	42	171	287	292
0	Radio Read Meters & ERTs Installed in New Construction Accounts	1	5	3	1
1	Total: Manual Read Meters Replaced with Radio Read Meters & ERT's, including Radio Meters Installed in New Construction Accounts	122 (Total = 7535)	216	268	300
25	Existing Radio Read Meters & ERTs Replaced with New Radio Read Meters & ERTs	51	180	247	309
28	Valves Exercised (Approx. 2674 in SSCWD System 3/2021)	44	299	528	487
52	Fire Hydrants Flushed (Approx. 938 in SSCWD System 3/2021)	72	466	537	342
25	Meters on Repair List	52	209	250	335
21	Emergency Calls	53	138	158	161
188	Locates on our Water/Sewer Lines	720	1722	1512	1816
0	Sewer Inspections	0	0	0	0
9	Shutoff Notices	24	23	0	0
2	Water Services Replaced	6 (Total = 969)	17	15	39

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

Depth to Standing Water Level Below Ground Surface



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



Hollister/Sunnyslope Intertie Water Balance

Report Date: November 1, 2024 Current Consumption Period: September 16, 2024		to		October 16, 2024	
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	4,754,322			
Sunset & Memorial Water Total Flow	8,834,500	194,500	0		0
Sunnyslope & Memorial Water Total Flow	6,664,300	231,200	0		0
Hillcrest and Memorial Water Total Flow	5,900	0	1,300		1,000
Santa Ana & La Baig Water Total Flow	2,070,600	965,700	0		0
Intertie Sub-Total Water Flow	17,575,300	6,145,722	1,300		1,000
<i>Total Combined Surface and Ground Water Intertie Flow</i>	23,721,022		2,300		
City of Hollister Well 2 Surface Water Total Flow (West Hills)		9,757,000			
City of Hollister Well 4 Surface Water Total Flow (West Hills)		16,408,000			
City of Hollister Well 5 Surface Water Total Flow (West Hills)		15,103,000			
Sunnyslope Well 2 Surface Water Total Flow (West Hills)				1,289,000	
Sunnyslope Well 11 Surface Water Total Flow (West Hills)				16,400,000	
Sunnyslope Surface Water Total Flow (LESSALT)				0	
Surface Water Flow Sub-Totals		41,268,000		17,689,000	
Ground Water and Surface Water Flow Totals	17,575,300	47,413,722	1,300		17,690,000
Current Period:	COH half of Surface Water Flow to Distribution (LESSALT & WH)		29,478,500		
	Net Ground/Surface Water Balance Owed to SSCWD (to COH)	17,574,000	17,934,222		
	Beginning Water Balance Owed to SSCWD (to COH)	820,711,000	-357,360,418		
	Gallons Billed to COH thru Report Date October 1, 2024	0		Informational Last Month Net Total	463,350,582
	Sub-total Ending Water Balance Owed to SSCWD (to COH)	838,285,000	-339,426,196	Net Sub Total	498,858,804
	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)	838,285,000	-339,426,196	Net Total	498,858,804

Current:	LESSALT WTP Total Flow to Distribution	0			
	Percent of LESSALT Surface Water Received	COH	#DIV/0!	SSCWD	#DIV/0!
Current:	COH half of LESSALT Total Flow to Distribution	0			
	Intertie Net Surface Water Total Flow to COH	6,144,722			
	Intertie Net Ground Water Total Flow to COH	17,574,000			
Current:	West Hills WTP Total Flow to Distribution	58,957,000			
	Percent of Surface Water Received	COH	70.0%	SSCWD	30.0%
Current:	COH half of West Hills WTP Total Flow to Distribution	29,478,500			
	West Hills WTP Surface Water Total Flow to COH	41,268,000			

From April 1, 2024 to Present					
YTD	LESSALT WTP Total Flow to Distribution	227,997,000			
	West Hills WTP Total Flow to Distribution	548,063,000			
	Surface WTPs Total Flow to Distribution	776,060,000			
	Total YTD Surface Flow to COH/SSCWD	COH	386,427,350	SSCWD	389,632,650
	Percent of Surface Water Received	COH	49.8%	SSCWD	50.2%

Staff Report

Agenda Item: **H – 6**

DATE: November 11, 2024 (November 19, 2024 Meeting)

TO: Board of Directors

FROM: General Manager, Drew Lander P.E.

SUBJECT: General Manager Monthly Status Report

ACTIVE TASKS:

1. **Inter-Agency Coordination** – Sunnyslope staff have successfully completed the sewer service connection to Gavilan College per the sewer agreement between SSCWD and the City. Gavilan College held the grand opening of the facility on the 13th of this month officially bringing to conclusion three years of negotiations and facilitation between the County, the City, Gavilan College, and the private developer of the future Fairview corners project. I would like to thank and commend the Board’s early support for providing sewer to the College. When agencies work together many benefits can be realized in the community. Effectively, SSCWD’s actions to coordinate sewer between the City, County and a local developer allowed Gavilan College to save over \$500,000 in extra expenses that they would have incurred in septic system installation. As a result, all of the bond money was able to be used to improve technology in the building and keep the construction on budget. Little fanfare has been given to this Board for supporting the College through this effort, but this public utility played a critical step in bringing to pass this excellent investment in the community.
2. **Best Road Mutual Water Company (BRMWC) System Consolidation** – Sunnyslope staff will be attending the BRMWC board meeting on December 12th with our engineering consultants from the Wallace Group to provide updates and discuss consolidation. The pipeline bid package is out for bid and we will soon be able to complete a consolidation agreement.
3. **Gavilan Sewer Service Area** – The Gavilan Sewer Service Area will contain all properties included in the City and SSCWD sewer agreement. Sunnyslope has now begun providing sewer service in addition to the current water services already provided.

Staff Report

Agenda Item: I-1

DATE: November 12, 2023 (November 19, 2024 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, 2024 Audit And Accept The Audited Financial Statements. (Not A Project Under CEQA Per Article 20, Section 15378)

RECOMMENDED ACTION:

Accept by a motion of the Board, the June 30, 2024, financial statements of Sunnyslope County Water District that were audited by the accounting firm McGilloway, Ray, Brown & Kaufman and direct staff to file the report.

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, 2024, 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.

Sunnyslope County Water District

San Benito County, California

INCORPORATED, DECEMBER 17, 1954



BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR
ENDED JUNE 30, 2024
PREPARED BY THE FINANCE DEPARTMENT

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FINANCIAL SECTION

DRAFT

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Sunnyslope County Water District
Hollister, California

Opinion

We have audited the accompanying financial statements of Sunnyslope County Water District (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of June 30, 2024, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sunnyslope County Water District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Sunnyslope County Water District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of District's Proportionate Share of the Plan's (PERF C) of the Net Pension Liability (Asset) and Related Ratios, Schedule of the District's Required Employer Contributions, Schedule of Changes in the District's Net OPEB Liability (Asset) and Related Ratios, and the Schedule of the District's Employer OPEB Contributions, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Summarized Comparative Information

We have previously audited the District's 2023 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated November 21, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent with the audited financial statements from which it has been derived.



McGilloway, Ray, Brown & Kaufman
Salinas, California
November 19, 2024

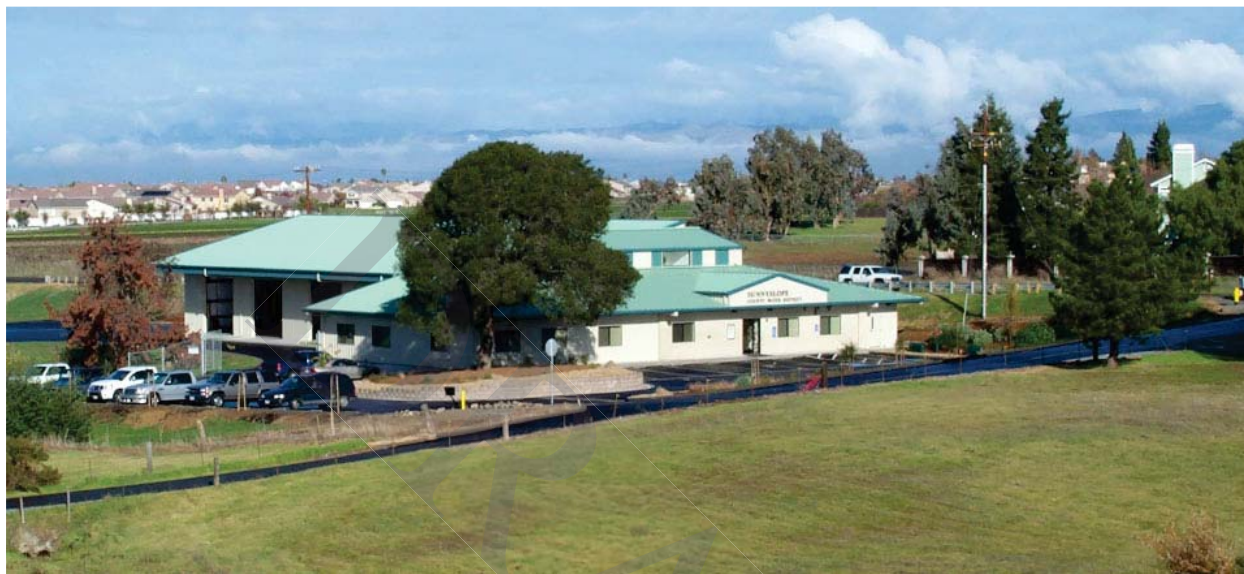
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Sunnyslope County Water District

Management's Discussion and Analysis

For the Year Ended June 30, 2024

As management of the Sunnyslope County Water District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2024 (with 2023 information provided for comparative purposes only). This information is presented in conjunction with the transmittal letter in the Introductory Section, and with the basic financial statements and related notes, which follow this section.



The District

Sunnyslope County Water District was formed December 17, 1954 as a California Special District pursuant to the California County Water District Act, §30000 et seq., to furnish water and wastewater services to residents of the District in San Benito County, California. The District's water system serves an area of approximately 3.9 square miles in the City of Hollister and surrounding County areas. The District's wastewater system (of collection, treatment, and disposal) serves a few housing developments within the County consisting of Ridgemark Estates and the Oak Creek and Quail Hollow subdivisions. The District serves approximately 7,653 water accounts, of which 99.9% are residential customers, and approximately 1,322 sewer accounts, of which 99.4% are residential customers.

The District is a proprietary entity and uses enterprise fund accounting to report its activities for financial statement purposes. Proprietary funds are reported using the accrual basis of accounting and account for activities in a manner similar to private business enterprises. The intent of the governing body is that the cost (including depreciation) of providing goods and services to the general public on a continuing basis be financed primarily through user rates, fees, and charges.

The Basic Financial Statements

The basic financial statements include Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and Statement of Cash Flows.

Sunnyslope County Water District

Management's Discussion and Analysis

For the Year Ended June 30, 2024

The Statement of Net Position: includes all of the District's Assets and Deferred Outflows, and Liabilities and Deferred Inflows, with the difference between the two reported as Net Position, some of which are restricted in accordance with Board action, or other legal commitments. This statement provides the basis for evaluating the capital structure of the District and assessing its liquidity and financial flexibility. Trending increases or decreases in net position over time can serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The Statement of Net Position can be found on pages 14 and 15.

The Statement of Revenues, Expenses, and Changes in Net Position: presents information illustrating how net position changed during the fiscal year. This statement measures the success of the District's operations over the past year and can be used to determine whether the District has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and creditworthiness. The Statement of Revenues, Expenses, and Changes in Net Position can be found on page 16.

The Statement of Cash Flows: presents information relating to the District's cash receipts and cash payments during the year. When used with related disclosures and information in other financial statements, the information in this statement should help readers assess the District's ability to generate future cash flows, its ability to meet its obligations as they come due, and its need for external financing. It also provides insight into the reasons for differences between operating income and associated cash receipts and payments, and the effects of the District's financial position from its non-capital and capital related financing and its investing transactions during the year. This statement answers questions such as; where cash came from, what was cash used for, and what was the change in cash balance during the reporting period? The Statement of Cash Flows can be found on pages 17 and 18.

The *Notes to the Basic Financial Statements* provide the reader with additional information that is necessary to understand all of the data provided in the basic financial statements. The notes to the financial statements are included immediately following the financial statements and can be found beginning on page 19 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents the required supplementary information. The required supplementary information concerns the District's liabilities related to pension and Other Post-Employment Benefits (OPEB) and can be found on pages 53 through 56 of this report.

Financial Analysis

The following condensed schedules contain a summary of financial information that was taken from the basic financial statements to assist readers in assessing the District's overall financial position and operating results as discussed in this Management's Discussion and Analysis (MD&A).

Sunnyslope County Water District
Management's Discussion and Analysis
For the Year Ended June 30, 2024

Condensed Financial Information

Statement of Net Position

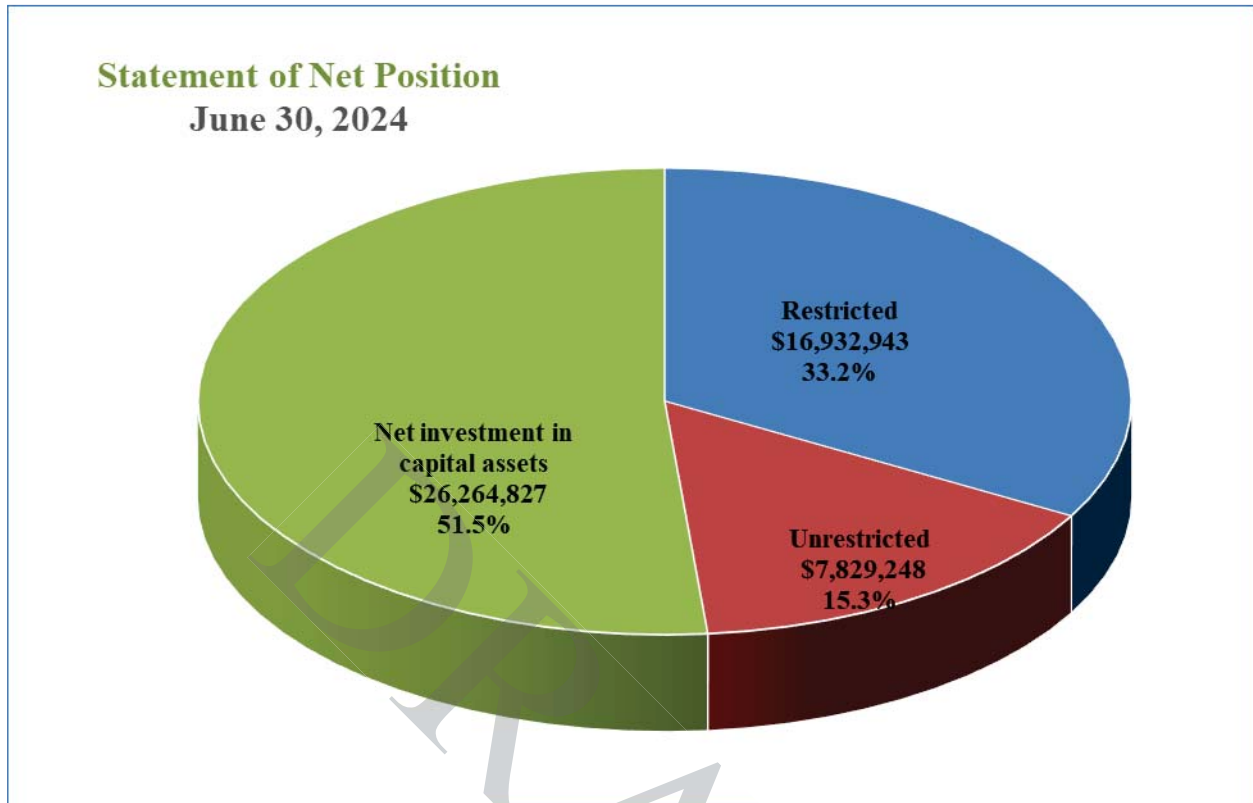
The following is the condensed Statement of Net Position for the fiscal year ended June 30, 2024 and 2023:

Condensed Statement of Net Position

	June 30, 2024	June 30, 2023	Amount Change	Percent Change
Current assets	\$ 27,704,153	\$ 26,896,584	\$ 807,569	3.0%
Other assets	471,341	471,341	-	0.0%
Capital assets, net	44,381,672	41,865,797	2,515,875	6.0%
Total Assets	72,557,166	69,233,722	3,323,444	4.8%
Deferred outflows of resources	2,359,342	2,987,185	(627,843)	-21.0%
Current liabilities	3,234,906	2,548,975	685,931	26.9%
Long-term liabilities	19,759,911	20,890,721	(1,130,810)	-5.4%
Total Liabilities	22,994,817	23,439,696	(444,879)	-1.9%
Deferred inflows of resources	836,130	722,844	113,286	15.7%
Net Position				
Net investment in capital assets	26,264,827	22,449,847	3,814,980	17.0%
Restricted for capacity fees, debt service, and pension benefits	16,991,486	15,078,036	1,913,450	12.7%
Unrestricted	7,829,248	10,530,484	(2,701,236)	-25.7%
Total Net Position	\$ 51,085,561	\$ 48,058,367	\$ 3,027,194	6.3%

As noted earlier, net position over time may serve as a useful indicator of an agency's financial position. The District's assets exceeded liabilities by \$51,085,561 at June 30, 2024, which is the District's net position. The largest portion of the District's net position (51.5%) reflects its investment in capital assets of \$26,264.827 (e.g., land, transmission and distribution systems, wells, tanks, pumps, buildings and structures, equipment, and vehicles), net of accumulated depreciation and related outstanding debt used to acquire those assets. The District uses its capital assets to provide water and wastewater service to its designated service area, and as such, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to repay the debt. Other assets and Deferred outflows of resources pertain to valuation of both pension assets and obligations.

Sunnyslope County Water District
Management’s Discussion and Analysis
For the Year Ended June 30, 2024



After restricting net position for capacity fees and debt service of \$16,991,486 (33.2%), the remaining net position of \$7,829,248 (15.3%) is unrestricted and may be used at the Board’s discretion to continue meeting the needs of the District. See the Notes to Financial Statements, Note 11 – Net Position, for more details on the District’s net position.

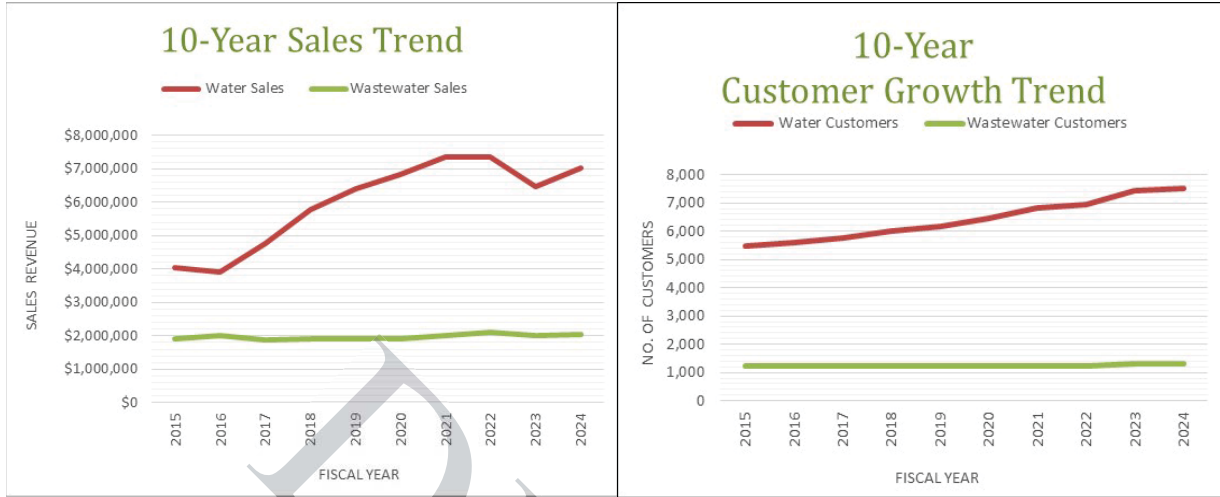
The District’s net position increased \$3,027,194 from the prior fiscal year. The increase is primarily a result of the income from operations, capacity fees collected, developer capital contributions, and interest earned, offset by interest expense.

Statement of Revenues, Expenses, and Changes in Net Position

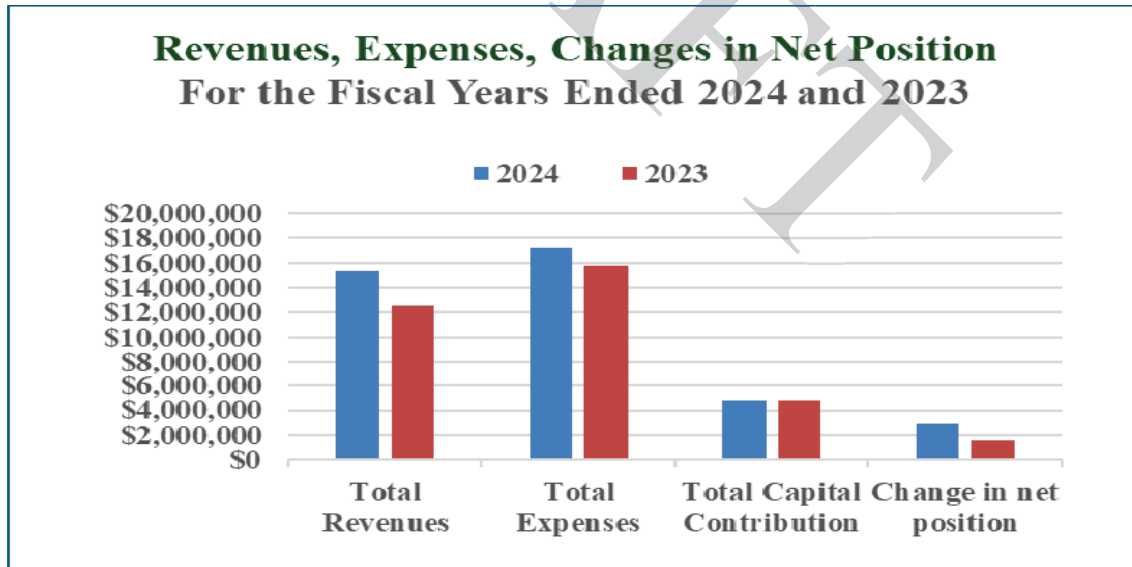
The District’s principal source of revenue is from water sales (49.7% of operating revenue) and wastewater sales (14.45% of operating revenue), which together constitute 68.3% of operating revenue. The District’s principal sources of water supply are from several wells owned by the District, from treated surface water received from the Lessalt Water Treatment Plant, from treated surface water received from the West Hills Water Treatment Plant and through interties with the City of Hollister. Presently wells provide approximately 11.7%, the Lessalt WTP providing approximately 49.4% and the West Hills WTP providing approximately 38.9% of the water pumped into our distribution system. The Board approved water rate increases by Ordinance No. 73 in December 2013, which phased the increases over a six-year period, beginning in December 2013. The Board approved wastewater rate increases by Ordinance No. 74 in August 2013, which phased in the increases of 19.0% each year over a two-year period, beginning in December 2013. The water and wastewater rate increases were deemed necessary to implement the Hollister Urban Area Water Project (HUAWP). Several projects recommended in the HUAWP have been constructed that improve drinking water quality for residents and help the District meet state and federal regulations for water and wastewater. The wastewater rate

Sunnyslope County Water District Management's Discussion and Analysis For the Year Ended June 30, 2024

increase was also implemented to pay for the construction of the new Sequencing Batch Reactor (SBR) at the Ridgemark Wastewater Treatment Plant.



Water sales revenue remained flat through the first few years of rate increases, even though we implemented five years of rate increases of approximately 11.5% each year beginning in December 2013 and ending with the final increase of 3% in December 2018. The primary reason for slow revenue growth, despite the rate increases, was due to customer water conservation during the California drought. Water sales revenue increased 8.5% in the current years due to state-imposed drought restrictions being relaxed. We expect to see water use fluctuate with the seasons and the amount of rainfall received. The customer base grew 287 in fiscal year 23 and 227 in fiscal year 24. Wastewater sales revenue increased 1.3% this fiscal year.



Sunnyslope County Water District

Management's Discussion and Analysis

For the Year Ended June 30, 2024

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	June 30, 2024	June 30, 2023	Dollar Change	Percent Change
Revenues				
Operating revenues	\$ 14,146,551	\$ 12,044,101	\$ 2,102,450	17.5%
Non-operating revenues	1,288,485	459,884	828,601	180.2%
Total revenues	15,435,036	12,503,985	2,931,051	23.4%
Expenses				
Operating expenses	17,136,132	15,413,771	1,722,361	11.2%
Non-operating expenses	30,945	290,847	(259,902)	-89.4%
Total expenses	17,167,077	15,704,618	1,462,459	9.3%
Gain (loss) before capital contributions	(1,732,041)	(3,200,633)	1,468,592	45.9%
Capital Contributions				
Capacity and connection fees	3,805,025	1,438,150	2,366,875	164.6%
Developer capital asset contributions	954,210	3,356,058	(2,401,848)	-71.6%
Total capital contribution	4,759,235	4,794,208	(34,973)	-0.7%
Change in net position	3,027,194	1,593,575	1,433,619	90.0%
Net position - beginning	48,058,367	46,464,792	1,593,575	3.4%
Net position - ending	\$ 51,085,561	\$ 48,058,367	\$ 3,027,194	6.3%

The primary sources of non-operating revenues are investment income and adjustments to the fair market value of invested capital. The District had \$22.3 million of both restricted and unrestricted funds invested primarily in U.S Treasury bonds yielding approximately 4%.

Operating expenses include salaries and benefits for 24 full-time employees, including water and wastewater system operations. The water department's expenses include electricity for pumping water, well water pumping fees, surface water cost and treatment, repairs and maintenance of the production and distribution systems, and an 80% share of customer service and general and administrative costs. The wastewater department's expenses include electricity for sewer pumping stations, repair and maintenance of the sewer manholes and mainline pipes, treatment costs, operation and maintenance of the Sequencing Batch Reactor (SBR), sludge disposal, and a 20% share of customer service and general and administrative costs. Operating expenses are up 20% compared to last fiscal year excluding pension adjustments and contract services. The increase in expenses is attributed to the increase in surface water purchased, raw water rate increases and chemical and carbon cost increases.

Non-operating expenses include interest expense on our debt, and the loss on disposal of assets.

Contributed capital includes Capacity fees new from water and wastewater connections and system infrastructure constructed by developers and turned over to the District for operation and maintenance. Connection fees totaled \$3,805,025. We received 227 water capacity fees this fiscal year, compared to 287 last year, and we received 40 wastewater capacity fees this fiscal year, compared to zero last year.

In fiscal year 2024, we accepted the infrastructure and appurtenances of one completed project by Century Communities to construct improvements to sewer lines in the Ridgemark development for a total value of \$954,210.

Sunnyslope County Water District

Management's Discussion and Analysis

For the Year Ended June 30, 2024

Capital Assets and Debt Administration

Capital Assets

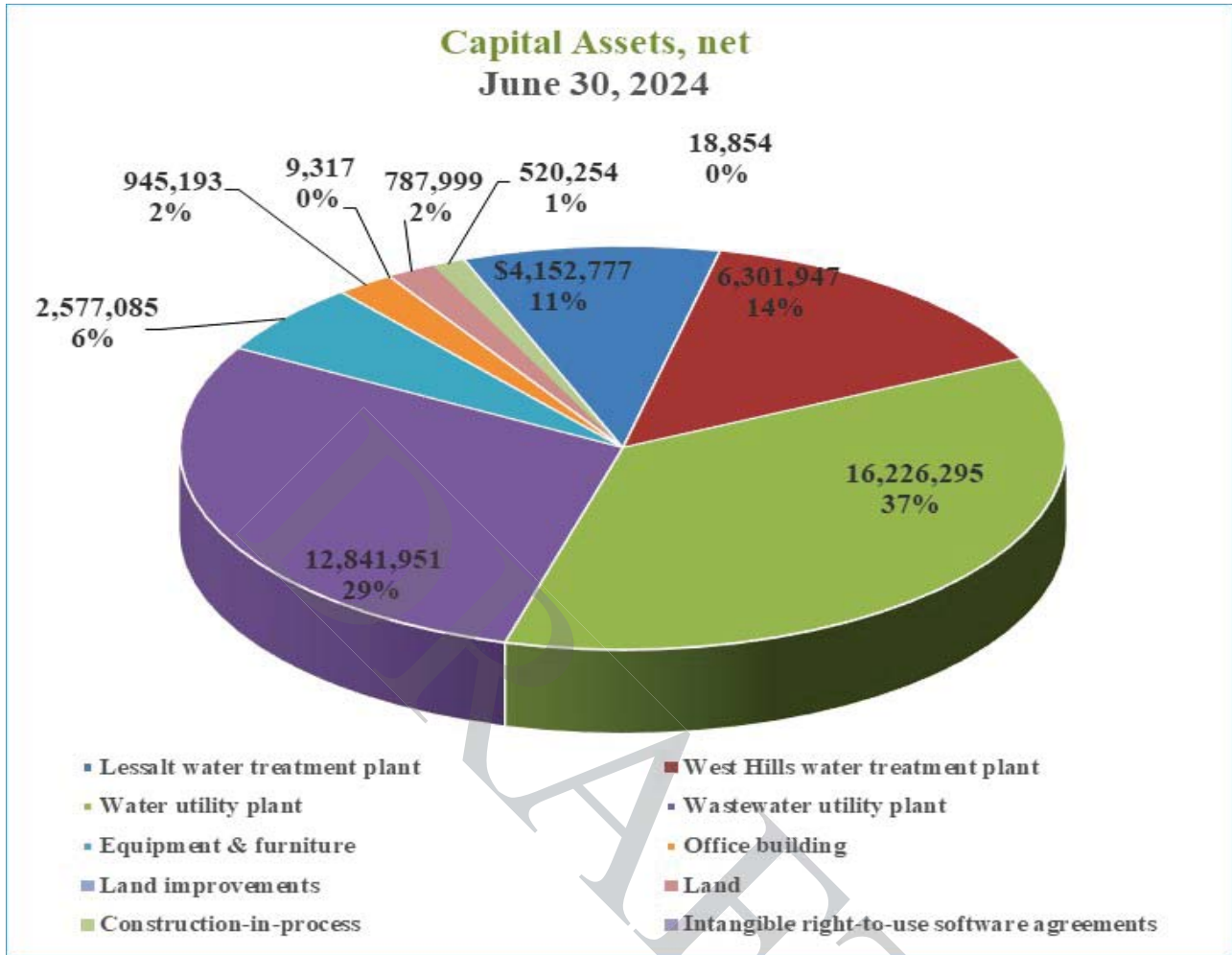
Capital assets include the District's water infrastructure, wastewater infrastructure, land, buildings, equipment, furniture, and work-in-process.

The District's investment in capital assets as of June 30, 2024 was \$44,381,672, net of accumulated amortization and depreciation. The \$5,056,088 in major capital asset additions for the current year included \$2,521,024 in donated assets, Ridgemark Solar project \$1,190,577, new vehicles and shop equipment \$905,275 and 441 new and replacement water meters installed \$172,412. The capital additions are offset by disposition of capital assets which were immaterial, amortization expense (\$921,447), and depreciation expense (\$1,528,338).

Schedule of Capital Assets, net of depreciation

	June 30, 2024	June 30, 2023	Dollar Change	Percent Change
Water rights				
Lessalt water treatment plant	\$ 4,152,777	\$ 4,369,444	\$ (216,667)	-5.0%
West Hills water treatment plant	6,301,947	6,973,611	(671,664)	-9.6%
Water utility plant	16,226,295	16,911,195	(684,900)	-4.0%
Wastewater utility plant	12,841,951	10,744,775	2,097,176	19.5%
Equipment & furniture	2,577,085	621,887	1,955,198	314.4%
Office building	945,193	1,028,747	(83,554)	-8.1%
Land improvements	9,317	9,787	(470)	-4.8%
Land	787,999	850,499	(62,500)	-6.1%
Construction-in-process	520,254	303,885	216,369	71.2%
Intangible right-to-use software agreements	18,854	51,967	(33,113)	-63.7%
Capital assets, net	\$ 44,381,672	\$ 41,865,797	\$ 2,515,875	6.0%

Sunnyslope County Water District Management's Discussion and Analysis For the Year Ended June 30, 2024



Long-Term Debt

As of June 30, 2024, the District had long-term debt and long-term liabilities, totaling \$21,098,835. The decrease in loans and commitments payable is due to principal payments on the outstanding debt. The increase in net pension liability and the net OPEB liability is primarily due to the impact of lower than anticipated investment returns in the prior year. More information on the District's pension plan can be found in Note 8 – Pension Plan of the financial statements. More information on the District's OPEB plan can be found in Note 10 – Other Post-Employment Benefit Plan of the financial statements.

Sunnyslope County Water District

Management's Discussion and Analysis

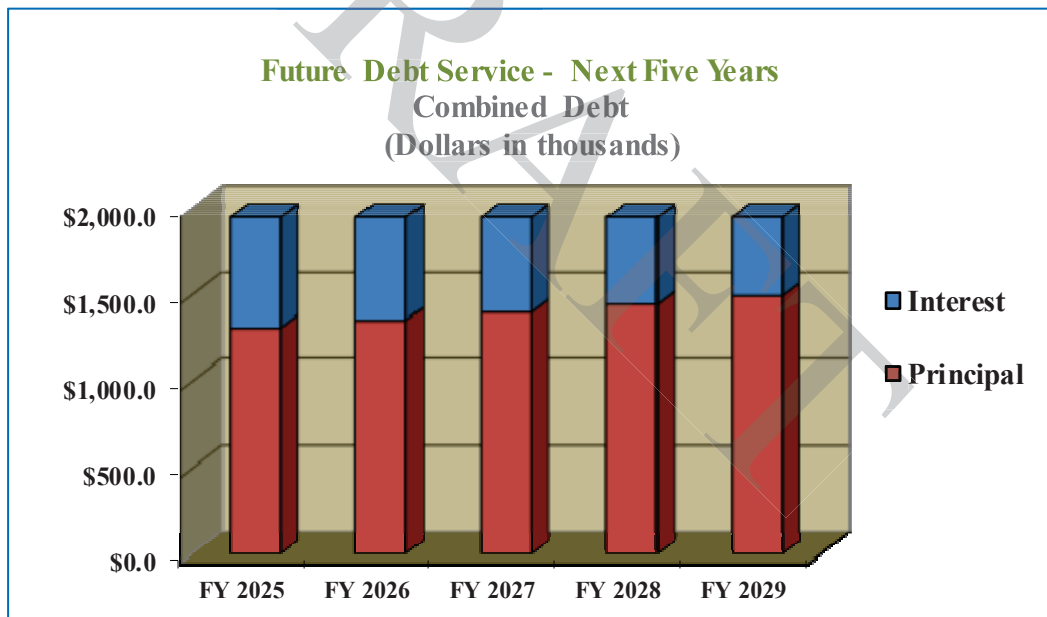
For the Year Ended June 30, 2024

Schedule of Long-Term Debt & Long-Term Liabilities

	June 30, 2024	June 30, 2023	Dollar Change	Percent Change
Accrued compensated absences	\$ 156,576	\$ 138,549	\$ 18,027	13.0%
Subscription Liability	22,006	56,568	(34,562)	-61.1%
Loans payable	6,617,108	7,190,138	(573,030)	-8.0%
Commitments payable	11,480,892	12,170,654	(689,762)	-5.7%
Deposits from customers	1,002,452	1,117,437	(114,985)	-10.3%
Net pension liability	1,549,406	1,132,465	416,941	36.8%
Net OPEB liability	270,395	393,663	(123,268)	-31.3%
Debt and long-term liabilities	\$ 21,098,835	\$ 22,199,474	\$ (1,100,639)	-5.0%

Future Debt Service

The District's debt service requirements for the next five years, through June 30, 2029, are shown on the following table, averaging \$1,941.7 thousand annually.



Other Future Economic Factors

From the years 2002 to 2015, the District experienced low to no housing growth, however, in fiscal years 2024 and 2023 new housing starts within the District service boundary have generated 227 and 287 new water connections, and 40 and 0 wastewater connections, respectively. Growth is anticipated to average approximately 3% each year going forward. To plan for this, San Benito County Water District is currently engaged in securing a larger state allocation from the state water project and is planning for the development of a new underground storage project. Due to cost trends and in consideration of the need to expand the county's storage potential of surface water the District contracted with Raftelis to perform a new rate study. The plan was finalized in fiscal year 2024.

Sunnyslope County Water District

Management's Discussion and Analysis

For the Year Ended June 30, 2024

Rates and Fees

The District completed a water and wastewater rate study in 2024. New water rates were passed after a public hearing that was held in August 2024. The new water rates remain a three-tier rate volume based structure. The first approved increase of 15% took effect in September 2024 and will increase by 8% on July 1st each year from 2025 to 2028. New wastewater rates will be passed after a public hearing to be held in December 2024. The first change will take effect in January 2025. No increases in wastewater rates are anticipated for fiscal years 2025 through 2027 but will be based on a flat rate versus the current volume approach. The rate will increase 3% in both 2028 and 2029.

Finally, the District will conduct a water and wastewater capacity charge rate study in 2025. The current water and wastewater capacity charges were passed after a public hearing in August 2013, effective October 6, 2013. These fees are charges imposed as a condition of providing new or increased water and wastewater services through new connections. The capacity fees increase on July 1 of each year by the San Francisco Construction Index for the prior year as published in the Engineering News Record. The current rates for a 5/8", 3/4", or 1" meter size effective July 1, 2025, are \$14,505 and \$25,500 for a single-family dwelling for water and waste, respectively.

COVID-19

As a result of California State Executive Orders N-25-20 and N-29-20, the District abstained from administering shutoffs associated with non-payment of service bills. The District held an average of \$250,000 in unpaid monthly service charges until February 2024. The District has reinstated the practice of service shutoffs beginning in February 2024. Overdue service bills decreased to \$79,000 at year end. The District has not had an operational disruption of service delivery or regulatory compliance violations from the onset of the pandemic through the issuance date of the financials.

Contacting the District Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overall view of the District's finances and to demonstrate the District's accountability for the financial resources it manages. If you have questions about this report or need additional financial information, contact the General Manager by writing Sunnyslope County Water District, 3570 Airline Highway, Hollister, California, 95023.



Sunnyslope County Water District
Statement of Net Position
June 30, 2024
(with prior year data for comparative purposes only)

Assets	<u>2024</u>	<u>2023</u>
Current Assets		
Cash	\$ 3,643,569	\$ 5,750,391
Investments	4,259,855	2,312,280
Accounts receivable, net	2,276,786	3,128,686
Inventory supplies	512,286	389,226
Prepaid expenses	20,171	237,965
Restricted cash	836,400	-
Restricted investments	16,155,086	15,078,036
Total Current Assets	<u>27,704,153</u>	<u>26,896,584</u>
Noncurrent Assets		
Capital assets		
Water rights, net	10,454,722	11,343,056
Depreciable, net	32,578,412	29,294,961
Nondepreciable	1,329,693	1,175,813
Intangible right-to-use software agreement, net	18,845	51,967
Idle assets	471,341	471,341
Total Noncurrent Assets	<u>44,853,013</u>	<u>42,337,138</u>
Total Assets	<u>72,557,166</u>	<u>69,233,722</u>
Deferred Outflows of Resources		
Deferred outflows - pension	1,903,801	2,529,684
Deferred outflows - OPEB	455,541	457,501
Total Deferred Outflows of Resources	<u>2,359,342</u>	<u>2,987,185</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 74,916,508</u>	<u>\$72,220,907</u>

See accompanying notes to basic financial statements

Sunnyslope County Water District
Statement of Net Position
June 30, 2024
(with prior year data for comparative purposes only)

	2024	2023
Liabilities		
Current Liabilities		
Accounts payable	\$ 1,615,679	\$ 784,620
Accrued expenses	280,303	455,602
Accrued compensated absences - current portion	11,397	11,397
Loan and commitment payable - current portion	1,305,521	1,262,794
Subscription liability - current portion	22,006	34,562
Total Current Liabilities	3,234,906	2,548,975
Long-Term Liabilities		
Accrued compensated absences - less current portion	145,179	127,152
State Revolving Fund loan payable	6,029,178	6,617,107
Commitment payable for water rights	10,763,301	11,480,891
Deposits received	1,002,452	1,117,437
Subscription liability - less current portion	-	22,006
Net pension liability	1,549,406	1,132,465
Net OPEB liability	270,395	393,663
Total Long-Term Liabilities	19,759,911	20,890,721
Total Liabilities	22,994,817	23,439,696
Deferred Inflows of Resources		
Deferred inflows - pension	660,861	713,586
Deferred inflows - OPEB	175,269	9,258
Total Deferred Inflows of Resources	836,130	722,844
Total Liabilities and Deferred Inflows of Resources	23,830,947	24,162,540
Net Position		
Net investment in capital assets	26,264,827	22,449,847
Restricted for capacity fees	15,196,899	13,398,342
Restricted for debt service	836,401	780,051
Restricted for pension benefits	958,186	899,643
Unrestricted	7,829,248	10,530,484
Total Net Position	51,085,561	48,058,367
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 74,916,508	\$ 72,220,907

Sunnyslope County Water District
Statement of Revenues, Expenses, and Changes in Net Position
For The Year Ended June 30, 2024
(with prior year data for comparative purposes only)

	<u>2024</u>	<u>2023</u>
Operating Revenues		
Water services	\$ 7,029,673	\$ 6,480,883
Wastewater service	2,045,684	2,019,649
Contracted services	4,888,641	3,221,968
Late fees	81,106	84,884
Customer fees	95,951	52,157
Other	5,496	184,560
Total Operating Revenues	<u>14,146,551</u>	<u>12,044,101</u>
Operating Expenses		
Salaries and benefits	3,454,922	3,401,910
Pension	990,099	2,792,861
Operations and maintenance	10,241,317	6,762,696
Amortization and depreciation	2,449,794	2,456,304
Total Operating Expenses	<u>17,136,132</u>	<u>15,413,771</u>
Operating Loss	<u>(2,989,581)</u>	<u>(3,369,670)</u>
Non-Operating Revenues (Expenses)		
Interest income	880,446	449,391
Unrealized gain (loss) on investments	404,784	(275,856)
Gain on disposal of assets	-	10,493
Other income	3,255	-
Other expense	(27,401)	(8,593)
Interest expense	(3,544)	(6,398)
Net Non-Operating Revenues (Expenses)	<u>1,257,540</u>	<u>169,037</u>
Loss Before Capital Contribution	<u>(1,732,041)</u>	<u>(3,200,633)</u>
Capital Contribution		
Capacity and connection fees	3,805,025	4,794,208
Developer capital asset contributions	954,210	-
Total Capital Contributions	<u>4,759,235</u>	<u>4,794,208</u>
Change in Net Position	3,027,194	1,593,575
Net Position - Beginning of Year	<u>48,058,367</u>	<u>46,464,792</u>
Net Position - End of Year	<u>\$51,085,561</u>	<u>\$48,058,367</u>

See accompanying notes to basic financial statements

Sunnyslope County Water District
Statement of Cash Flows
For The Year Ended June 30, 2024
(with prior year data for comparative purposes only)

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities		
Cash received from customers	\$14,912,538	\$11,790,273
Cash paid to suppliers	(9,519,895)	(7,706,209)
Cash paid to employees	(3,392,192)	(3,456,271)
Net Cash Provided by Operating Activities	<u>2,000,451</u>	<u>627,793</u>
Cash Flows from Capital and Related Financing Activities		
Capacity and connection fees received	4,759,235	4,794,208
Proceeds from sale of capital assets	62,500	-
Acquisition and construction of capital assets	(5,028,480)	(3,927,587)
Loan and commitment payments	(1,296,836)	(1,221,538)
Net Cash Used by Capital and Related Financing Activities	<u>(1,503,581)</u>	<u>(354,917)</u>
Cash Flows from Investing Activities		
Interest received	880,157	449,393
Purchase of investments	(3,024,625)	(11,648,439)
Maturity of investments	-	2,116,926
Change in value of LAIF	404,784	(806,081)
Net Cash Provided by Investing Activities	<u>(1,739,684)</u>	<u>(9,888,201)</u>
Net increase in cash and cash equivalents	(1,242,814)	(9,615,325)
Cash and Cash Equivalents at Beginning of Year	<u>5,750,391</u>	<u>15,365,716</u>
Cash and Cash Equivalents at End of Year	<u>\$ 4,507,577</u>	<u>\$ 5,750,391</u>
Unrestricted Cash and Cash Equivalent	\$ 3,643,569	\$ 5,750,391
Restricted Cash and Cash Equivalent	<u>836,400</u>	<u>-</u>
	<u>\$ 4,479,969</u>	<u>\$ 5,750,391</u>

Statement of Cash Flows
For The Year Ended June 30, 2024
(with prior year data for comparative purposes only)

	2024	2023
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:		
Operating Loss	\$ (2,989,581)	\$ (3,369,670)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:		
Amortization and depreciation	2,449,794	2,456,304
(Increase) decrease in accounts receivable	851,900	(828,450)
Increase in inventory supplies	(123,060)	(15,568)
Decrease in prepaid expenses	217,794	20,404
Decrease (increase) in net OPEB liability	(123,268)	192,730
Decrease in deferred outflows - pension	625,883	2,093,300
Decrease (increase) in deferred outflows - OPEB	1,960	(2,141,227)
Increase (decrease) in accounts payable	801,987	(717,249)
(Decrease) in accrued expenses	(157,272)	(265,149)
(Decrease) increase in deposits from customers	(85,913)	574,622
Increase in net pension liability	416,941	2,870,740
Decrease in deferred inflows - pension	(52,725)	(149,848)
Increase (decrease) in deferred inflows - OPEB	166,011	(93,146)
Net Cash Provided by Operating Activities	\$ 2,000,451	\$ 627,793

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2024

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Sunnyslope County Water District (the District) was formed December 17, 1954 as a California Special District pursuant to the California County Water District Act, §30000 et seq., to furnish water and wastewater services to residents of the District in San Benito County, California. The District is governed by a five-member Board of Directors who serve overlapping four-year terms. The District operates as a non-taxable governmental entity and earns the majority of its revenues from water sales and services to residential users. The District's water system serves an area of approximately 3.9 square miles in the City of Hollister and surrounding areas. The District's wastewater system serves a smaller area within the County consisting of Ridgemark Estates and the Oak Creek and Quail Hollow subdivisions. For fiscal year 2024, water sales constitute approximately 49.70% of operating revenues and wastewater sales are approximately 14.46% of operating revenues.

B. Accounting Principles

The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

C. Basis of Presentation and Measurement Focus

The Proprietary fund financial statements are reported using the *economic resource measurement focus* and the *accrual basis of accounting*. Under the economic resources measurement focus all assets and liabilities (whether current or non-current) associated with the District's activities are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned while expenses are recognized when the liability is incurred regardless of the timing of cash flow.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, maintenance of capital assets, depreciation, and other recoverable charges on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Capital contributions consist of contributed capital assets and special charges that are legally restricted for capital expenditures by state law or by the Board action that established those charges.

Sunnyslope County Water District

Notes to Basic Financial Statements June 30, 2024

D. Budgets

The Board of Directors adopts the budget by passage with a majority vote prior to July 1st, for the new fiscal year, with a mid-year review. The budget is adopted by the governing Board as an operating plan and budgetary basis financial statements are not presented because there is no legal requirement to report budgetary basis financial information.

E. New Accounting Pronouncements

The District applies all applicable Governmental Accounting Standards Board (GASB) pronouncements for certain accounting and financial reporting guidance.

The District implemented the following statement for the year ended June 30, 2024:

Statement No. 100 <i>"Accounting Changes and Error Correction" An Amendment of GASB statement No. 62</i>	The provisions of this statement are effective for reporting periods beginning after June 15, 2023. This statement has had no impact on the District's financial statements.
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Pending Accounting Standards

GASB has issued the following statements which may impact the District's financial reporting requirements in the future:

Statement No. 101 <i>"Compensated Absences"</i>	The provisions of this statement are effective for reporting periods beginning after December 15, 2023.
Statement No. 102 <i>"Certain Risk Disclosures"</i>	The provisions of this statement are effective for reporting periods beginning after June 15, 2024.
Statement No. 103 <i>"Financial Reporting Model Improvements"</i>	The provisions of this statement are effective for reporting periods beginning after June 15, 2025.
Statement No. 104 <i>"Disclsoure of Certain Capital Assets"</i>	The provisions of this statement are effective for fiscal years beginning after June 15, 2025.

F. Cash and Investments

Cash and Cash Equivalents - Cash and cash equivalents consist of cash on hand, demand deposits, money market accounts, short-term investments with original maturities of three months or less from the date of acquisition and investments with the Local Authority Investment Fund (LAIF) managed by the State of California. Deposits in LAIF are generally available for withdrawal on a next day basis and, therefore, considered cash equivalents.

For purposes of determining cash equivalents, the District has defined its policy concerning the treatment of short-term investments to include investments with a maturity of three months or less

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2024

when purchased, as cash equivalents if management does not plan to reinvest the proceeds. Short-term investments that management intends to rollover into similar investments are considered part of the investment portfolio and are classified as investments.

Investments - All investments are stated at fair value, except for money market investments which have a remaining maturity of less than one year when purchased, which are stated at amortized cost.

Under the provisions of the District's investment policy, and in accordance with Section 53601 of the California Government Code, the following investments are authorized:

- ◆ U.S. Treasury Obligations, or Federal Agency Securities
- ◆ FDIC Insured Certificates of Deposit
- ◆ Fully Collateralized Certificates of Deposit
- ◆ Commercial Paper, (rated in highest short-term ratings category)
- ◆ California's Local Agency Investment Fund
- ◆ Securities of the State of California, its agencies, or any local agency within the state
- ◆ Medium term corporate notes (rated "A" or better)
- ◆ Negotiable Certificates of Deposit (rated "A" or better)
- ◆ Shares of beneficial interest issued by diversified management companies that are money market funds registered with Securities and Exchange Commission (highest rating by at least 2 rating organizations)
- ◆ Registered Treasury Notes or Bonds of any of the other remaining 49 states
- ◆ Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7

Amounts Held in Local Agency Investment Fund (LAIF) - The District participates in the LAIF, an investment pool managed by the State of California. LAIF has invested a portion of the pool funds in structured notes and asset-backed securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these structured notes and asset-backed securities are subject to market risk as a result of changes in interest rates.

LAIF determines value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available.

The District valued its investments in LAIF as of June 30, 2024, by multiplying its account balance with LAIF times a factor determined by LAIF for all LAIF participants by total aggregate amortized cost.

G. Receivables

Receivables include amounts due from water utility customers as well as amounts due from contracts, and other receivables. The District provides an allowance for doubtful accounts for all accounts deemed uncollectible. The allowance for fiscal year 2024 is calculated as 2.5% of the outstanding receivable balance on the District's accounts. The bad debt allowance is held low due to the District's strict shut-off policy for accounts that reach 3 months past due, and the District's deposit requirement policy. Management's periodic evaluation of outstanding receivables is based on the District's past loss experience. The majority of accounts that become uncollectible are final

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2024

bills to customers who have left our service area. Once collection efforts have been exhausted, a list of accounts deemed uncollectible is provided to management for approval to write-off and are turned over to a collection agency for further attempts at collection.

The District provides water and wastewater services to residential and commercial customers who reside or do business in our service area. As part of normal operating practices, credit is granted to customers with a good prior credit history with the District or a TransUnion credit score of 700 or greater (a fee applies) on an unsecured basis. New customers or customers who have been shut-off for non-payment are required to pay, in addition to any other past-due balances or applicable fees, a deposit of \$125 if a water only customer, or a deposit of \$400 if a water and wastewater customer (less any amount currently held on deposit), prior to the start or reinstatement of service. New customers also may opt to pay 50% of the required deposit if they also sign up for the District's automatic electronic payment program for a minimum of three years.

H. Inventories and Prepaid Expenses

Inventory consists primarily of water meters, parts and spare pumps that are used in the repair and maintenance of water and wastewater utility plant, and is valued at cost using the consumption method on a first-in, first-out basis. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

I. Restricted Cash and Investments

Restricted cash and investments represent allocations of cash and investments that are a statutory or contractual requirement. The District has established various accounts to provide for specific activities in accordance with special regulations and restrictions placed by contracts, laws or regulations of other governments. Specific detail on source of restrictions is provided in Note 11 – Net Position. Restricted capacity fees are used first to fund debt obligations and the Debt Service Reserve is restricted by the California State Water Resource Control Board's Debt Covenant to establish a Reserve equal to one year's debt service. Additionally, the District maintains a Section 115 trust with the California Public Employees' Retirement System (CalPERS) called California Employers' Pension Prefunding Trust (CEPPT) that is dedicated to pre-funding employer contributions to the defined benefits pension plan.

Sunnyslope County Water District

Notes to Basic Financial Statements
June 30, 2024

J. Capital Assets

Capital assets purchased or constructed by the District are carried at historical cost. Constructed costs include direct labor, materials, transportation and indirect items, such as engineering, supervision, employee fringe benefits, and interest on net borrowed funds related to a plant or plants under construction. Contributed assets from developers, such as water main services, fire hydrants, valves, and related appurtenances, are stated at their cost to construct or acquisition value at the date of donation to the District. The District’s capitalization threshold by asset category are as follows:

Land (by purchase, gift, donation, or bequest)	Actual Cost or FMV
Land Improvements	\$ 5,000
Buildings and Improvements	10,000
Leasehold Improvements	10,000
Furniture and Equipment	1,000
Property Leased from Others Under Capital Leases	1,000
Computer Software	1,000

Land and construction in progress are not depreciated. Depreciation on the other assets is calculated using the straight-line method over the following estimated useful lives of the assets:

Hydrants, Transmission Mains, Lift Stations	40 Years
Storage Tanks and Service Lines	40 Years
Distribution Pipes (Water and Wastewater Mains)	40 Years
Wells, Buildings	25-40 Years
Landscaping/Grading/Lighting/Fencing/Paving	10-25 Years
Backflow Prevention	10-20 Years
Tools and Shop Equipment	7-15 Years
Meters, Chlorination and Other Treatment Equipment	10 Years
Office Furniture/Supplies, Electrical Systems	7-10 Years
Pumps, Transportation Equipment	5-10 Years
Lab/Monitoring and SCADA Monitoring Equipment	5-10 Years
Computers/Printers	5 Years

K. Idle Assets

Idle assets consist of the potential site for Well #12 on Southside Road, including some engineering and design work, hydrogeology and water quality testing, environmental review work, drilling a test well, a 2-acre parcel lot line adjustment, and a potential site for expansion of the West Hills Water Treatment Plant.

The Well #12 test well was taken out of service in 2012 because the project is on hold until such future time as we need additional groundwater, and the cost of the 2-acre lot line adjustment was taken out of service in 2016. In 1999, two adjoining parcels of land were purchased jointly with the City of Hollister as a future site for a surface water treatment plant. One of the parcels was ultimately chosen for the site of the West Hills Water Treatment Plant, which was jointly donated in 2015 to San Benito County Water District (SBCWD) under the Hollister Urban Area Water Supply and treatment Agreement. The remaining adjoining parcel is being held for possible future expansion needs.

Sunnyslope County Water District

Notes to Basic Financial Statements June 30, 2024

L. Water Rights

The District participates in various water rights agreements for imported surface water. These agreements are included in capital assets as water rights which are further described in Note 4- Capital Assets, Net and Note 7- B. Commitments Payable.

M. Compensated Absences

The District's employment policy provides for the accumulation of earned vacation leave and vested sick leave.

Vacation

The District's policy permits full-time employees to accrue vacation time as follows:

Compensated Absences

0 - 5 years of service	10 paid days
6 - 10 years of service	15 paid days
11 - 15 years of service	20 paid days
16 + years of service	22 paid days

Employees may accumulate earned but unused vacation benefits, up to a maximum of 240 hours, which are eligible for payment upon separation from the District. The liability for such leave is reported as an expense when incurred.

Sick Leave

The District also allows employees to accrue unused sick days. Any current employee who has completed ten years of continuous service with the District and who retires under CalPERS will be compensated for 25% of accrued unused sick leave in excess of 240 hours at the then current rate of pay at the time of retirement. The liability for such leave is reported as an expense when incurred.

Another option provides that any current employee who has completed ten years of continuous service with the District and having an unused sick leave accrual balance in excess of 500 hours, may "cash-out" up to a maximum of 96 hours of unused sick leave annually, as long as the cashed-out hours do not reduce the unused sick leave accrual balance to less than 500 hours. The employee may elect to contribute any portion of this payout directly to their deferred compensation plan account, up to the maximum plan contribution allowed that year. The expense for this option is recorded annually at the time this election is made. Accumulated sick leave lapses when employees separate from the District in any other manner.

N. Pension Plan

The District offers 2 retirement plans to its employees. Employees hired before January 1, 2013 are members of the CalPERS Classic Plan and employees hired after January 1, 2013 are members of the California Public Employees' Pension Reform Act Plan (PEPRA Plan).

Sunnyslope County Water District

Notes to Basic Financial Statements

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For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expenses, information about the fiduciary net position of the Sunnyslope County Water District's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CALPERS finance office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 8 for the CalPERS Classic Plan disclosures.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD)	June 30, 2022
Measurement Date (MD)	June 30, 2023
Measurement Period (MP)	July 1, 2022 to June 30, 2023

O. Other Post-Employment Benefits (OPEB)

The District provides post-employer retirement benefits to its employees to assist with future medical premium costs.

For purposes of measuring the net OPEB liability (asset), deferred outflows of resources, and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. Investments are reported at fair value. See Note 10 for additional disclosures. GASB 75 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD)	June 30, 2023
Measurement Date (MD)	June 30, 2023
Measurement Period (MP)	July 1, 2022 to June 30, 2023

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and as such will not be recognized as an outflow of resources (expenses/expenditure) until that time. The District has the following items that qualify for reporting in this category:

- ◆ Deferred outflows of resources related to pensions are reported in the government-wide financial statements as described further in Note 8.
- ◆ Deferred outflows of resources related to OPEB are reported in the government-wide financial statements as described further in Note 10.

Sunnyslope County Water District

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In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The District has the following items that qualify for reporting in this category:

- ◆ Deferred inflows of resources related to pensions are reported in the government-wide financial statements as described further in Note 8.
- ◆ Deferred inflows of resources related to OPEB are reported in the government-wide financial statements as described further in Note 10.

Q. Net Position

The statement of net position reports all financial and capital resources. The difference between assets and liabilities is net position. The three components of net position are:

Net Investment in Capital Assets – This component of net position consists of capital assets, including infrastructure, net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted – This component of net position consists of constraints placed on the use of net positions by external restrictions imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. Restricted net position includes water and wastewater capacity (connection) fees and amounts held in a Section 115 trust with CalPERS, called the California Employer's Pension Prefunding Trust (CEPPT), that are restricted for future contributions to the pension plan. The resolution establishing the authority for water and wastewater capacity fees restricts the use of these fees to the construction, acquisition, or financing of capital assets. The water and wastewater capacity fees are exchange transactions (capital contributions). The connecting party receives a benefit (connection to the system) approximately equal in value to the amount paid.

Unrestricted – This category represents net positions of the District that do not meet the definition of "Restricted net position" or "Net investment in capital assets."

R. Water & Wastewater Service Revenue Recognition

Revenues are recognized when earned and include accruals of revenue for the June customer water billings for the final 10 days of the fiscal year-end. Metered water accounts are read and billed on a monthly cycle that ends on the 20th of the month. Meter readings usually begin 3 to 4 working days prior to the 20th of the month. Wastewater customers are also billed monthly and are included with the water billing. Bills are mailed on or near the last working day of the month.

S. Contracted Services Revenue Recognition

Contracted services revenues are recognized as the performance obligation is satisfied over time.

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2024

T. Amortization

The District has Water Rights per various agreements for imported surface water. These Water Rights are amortized over the term of the agreements, which are further described in Note 4-Capital Assets, Net and Note 7-B Commitments Payable.

U. Restricted and Unrestricted Resources

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

V. Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

W. Comparative Prior Year Financial Information

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's prior year financial statements, from which this selected financial data was derived.

X. Reclassifications

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's financial statement presentation.

2. CASH AND INVESTMENTS

Cash and investments as of June 30, 2024 are classified in the accompanying financials statements as follows:

Cash	\$ 3,643,569
Investments	\$ 4,259,855
Restricted cash	\$ 836,400
Restricted investments	16,155,086
Total cash and investments	<u>\$ 24,894,910</u>

The carrying value of the District's cash and investments, including restricted and designated balances as of June 30, 2024 were as follows:

	<u>Restricted</u>	<u>Unrestricted</u>	<u>Total</u>
Petty Cash	\$ -	\$ 800	\$ 800
Heritage Bank of Commerce	-	2,207,106	2,207,106
Local Agency Investment Fund	836,400	1,435,663	2,272,063
MBS Securities	15,196,900	4,259,855	19,456,755
California Employers' Pension Prefunding Trust (CEPPT)	958,186	-	958,186
Total	<u>\$ 16,991,486</u>	<u>\$ 7,903,424</u>	<u>\$ 24,894,910</u>

Sunnyslope County Water District

Notes to Basic Financial Statements June 30, 2024

See Note 11-Net Position for additional detail regarding restricted and board designated net position.

A. Local Agency Investment Fund (LAIF)

Amounts Held in State Investment Pool- The District is a voluntary participant in the Local Agency Investment Fund (LAIF) an investment pool managed by the State of California. LAIF is a special fund of the California State Treasury through which local governments may pool investments. As of June 30, 2024, the total fair value amount invested by all public agencies in LAIF was \$178,040,738,100 and managed by the State Treasurer. No amounts were invested in derivative financial products. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

B. Investments Authorized by the District's Investment Policy

The District's investment policy conforms to state law (Government Code Sections 53601 through 53659). The District's investment policy authorizes investment in commercial paper at local banking institutions and in the local government investment pool administered by the State of California. The District's investment policy does not contain any specific provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk.

Disclosures Related to Fair Value Measurement- The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the District has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly or indirectly.
- Level 3 inputs are unobservable and significant to the fair value measurement. These unobservable inputs reflect the District's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). The unobservable inputs are developed based on the best information available in the circumstances and may include the District's own data.

The District's investments are composed primarily of Certificates of Deposits. See leveling of the investments below:

	Level 1	Level 2	Level 3	Total
Certificates of Deposit	\$ -	\$19,456,755	\$ -	\$19,456,755

Custodial Credit Risk- Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the

Sunnyslope County Water District

Notes to Basic Financial Statements June 30, 2024

following provision for deposits: The California Government Code requires that a financial institution secure deposit made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by public agencies. California law also allows financial institutions to secure District deposits by first pledging trust deed mortgage notes having a value of 150% of the secured public deposits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

Credit Risk- Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the District and that the District will not be able to recover the value of its investments or collateral securities. Credit risk is mitigated by investing only in U.S. Treasury Obligations, Federal Agency securities and in other high-quality investments, and by diversifying the portfolio so that the failure of any issuer would not unduly harm the District's cash flow. The District diversifies its investments by security type and institution.

The summary of the ratings of the District's cash and investments are as follows:

	June 30, 2024	Rating
Certificates of Deposits	\$ 19,456,755	N/A
Local Agency Investment Fund	2,272,063	N/A
California Employers' Pension Prefunding Trust (CEPPT)	958,186	N/A
	\$ 22,687,004	

Concentration of Credit Risk- Concentration of credit risk is the risk of a loss attributed to the magnitude of a government's investment in a single issuer. The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments represent a concentration. The investment in the LAIF account are not considered a concentration of risk.

The maturities of the District's cash and investments at June 30, 2024 are as follows:

	Maturities		
	0-12 months	1-5 years	Total
Certificates of Deposit	\$ 2,950,725	\$ 16,506,030	19,456,755
Local Agency Investment Fund	2,272,063	-	2,272,063
	\$ 7,430,694	\$ 18,713,936	\$ 21,728,818

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Interest Rate Risk- Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting exposure to fair value losses arising from interest rates, the District's investment policy limits the maturity of investments in accordance with Government Code.

C. Pension Trust

The District established a Section 115 trust account with CalPERS entitled CEPPT to hold assets that are legally restricted for use in administering the District's pension plan. Trust account holders can select one of two strategy options for investments. The District selected the CEPPT allocation Strategy 2 portfolio, which seeks to provide capital appreciation and income consistent with its strategic asset allocation. The CEPPT Strategy 2 portfolio is invested in various asset classes that are passively managed to an index. CalPERS periodically adjusts the composition of the portfolio in order to match the target allocations. Generally, equities are intended to help build the value of the portfolio over the long term while bonds are intended to help provide income and stability of principal. Strategies invested in a higher percentage of equities seek higher investment returns (but assume more risk) compared with strategies invested in a higher percentage of bonds.

Compared with CEPPT Strategy 1, this portfolio has a lower allocation of equities to bonds. The CEPPT Strategy 2 portfolio consists of the following asset classes and corresponding benchmarks:

Asset Class	Target Allocation	Target Range	Benchmark
Global Equity	21%	+/- 5%	MSCI All Country World Index IMI (Net)
Fixed Income	61%	+/- 5%	Bloomberg US Aggregate Bond Index
Treasury Inflation-Protected Securities ("TIPS")	9%	+/- 3%	Bloomberg US TIPS Index, Series L
Real Estate Investment Trusts ("REITs")	9%	+/- 5%	FTSE EPRA/NAREIT Developed Index (Net)
Cash	-	+2%	ICE BofA US 3-Month Treasury Bill Index

3. ACCOUNTS RECEIVABLE, NET

Amounts are aggregated into a single accounts receivable (net of allowance for uncollectible accounts) amount on the financial statements. Below is the detail of the receivables as of June 30, 2024, including applicable allowances for uncollectible accounts:

	Sunnyslope Water & Wastewater Sales and Services	City of Hollister Customer Billings	Other Receivables	Total June 30, 2024
Accounts receivable	\$ 886,626	\$ 526,947	\$ 885,379	\$ 2,298,952
Less: Allowance for uncollectible accounts	(22,166)	-	-	(22,166)
Net accounts receivable	<u>\$ 864,460</u>	<u>\$ 526,947</u>	<u>\$ 885,379</u>	<u>\$ 2,276,786</u>

Sunnyslope County Water District

Notes to Basic Financial Statements

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The District entered into an agency agreement with the City of Hollister (City) to bill wastewater and street sweeping charges to the District’s water customers who receive their wastewater service from the City. Accounts receivable from customers includes \$526,947 due from the City’s customers as of June 30, 2024. Likewise, accounts payable includes \$526,947 due to the City for the amount billed to their customers as of June 30, 2024. See Note 6 – Accounts Payable. No provision was made for uncollectible accounts for the accounts receivable balance due from the City’s customers.

Other receivables represent those billings outside of the normal water and wastewater sales and services. The receivables include \$806,055 in contracted services billings for the operation and maintenance of the Lessalt Water Treatment Plant, the West Hills Water Treatment Plant and San Benito Foods.

4. CAPITAL ASSETS, NET

The change in capital assets of the District for the year ended June 30, 2024 are summarized as follows:

	June 30, 2023	Additions	Disposals	Transfers	June 30, 2024
Water rights					
Lessalt water treatment plant	\$ 6,500,000	\$ -	\$ -	\$ -	\$ 6,500,000
West Hills water treatment plant	12,200,000	-	-	-	12,200,000
Depreciable assets					
Water utility plant	29,347,964	225,092	-	-	29,573,056
Wastewater utility plant	15,628,605	2,487,028	-	-	18,115,633
Equipment and furniture	2,559,023	877,666	(51,000)	1,222,324	4,608,013
Office building	2,823,517	-	-	-	2,823,517
Land improvements	21,449	-	-	-	21,449
Non-depreciable assets					
Land	850,499	-	(62,500)	-	787,999
Construction-in-process	303,884	1,438,694	-	(1,222,324)	520,254
Intangible right-to-use software agreement	118,211	-	-	-	118,211
Total capital assets	<u>70,353,152</u>	<u>5,028,480</u>	<u>(113,500)</u>	<u>-</u>	<u>75,268,132</u>
Accumulated amortization	<u>(7,423,186)</u>	<u>(921,447)</u>	<u>-</u>	<u>-</u>	<u>(8,344,633)</u>
Accumulated depreciation	<u>(21,064,169)</u>	<u>(1,528,338)</u>	<u>50,680</u>	<u>-</u>	<u>(22,541,827)</u>
Capital assets, net	<u>\$41,865,797</u>	<u>\$ 2,578,695</u>	<u>\$ (62,820)</u>	<u>\$ -</u>	<u>\$44,381,672</u>

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2024

The accumulated amortization and depreciation by major classes are summarized as follows:

	June 30, 2023	Additions	Disposals	June 30, 2024
Amortization				
Water rights				
Lessalt water treatment plant	\$ (2,130,556)	\$ (216,667)	\$ -	\$ (2,347,223)
West Hills water treatment plant	(5,226,386)	(671,667)	-	(5,898,053)
Software agreement	(66,244)	(33,113)	-	(99,357)
Total amortization	(7,423,186)	(921,447)	-	(8,344,633)
Depreciation				
Water utility plant	(12,436,740)	(910,021)	-	(13,346,761)
Wastewater utility plant	(4,883,830)	(389,852)	-	(5,273,682)
Equipment and furniture	(1,955,668)	(125,939)	50,679	(2,030,928)
Office building	(1,776,267)	(102,057)	-	(1,878,324)
Land improvements	(11,664)	(468)	-	(12,132)
Total depreciation	(21,064,169)	(1,528,337)	50,679	(22,541,827)
Total amortization and depreciation	<u>\$ (28,487,355)</u>	<u>\$ (2,449,784)</u>	<u>\$ 50,679</u>	<u>\$ (30,886,460)</u>

5. IDLE ASSETS

Idle assets are recorded at cost. Management believes there is no impairment to the carrying amount of the idle assets at June 30, 2024 which are summarized as follows:

Site for Well #12	\$ 115,194
Well #12 Test Well	176,676
Site for Future W. Hills Water Treat. Plant Expansion	<u>179,471</u>
Total Idle Assets	<u>\$ 471,341</u>

6. ACCOUNTS PAYABLE

The District entered into an agency agreement with the City of Hollister (City) to bill wastewater and street sweeping charges to the District's water customers who receive their wastewater service from the City beginning July 1, 2007. Accounts payable includes \$526,947 due to the City for the amount billed to their customers as of June 30, 2024. Likewise, accounts receivable from customers includes \$526,947 due from the City's customers as of June 30, 2024, see Note 3-Accounts Receivable.

Amounts are aggregated into a single accounts payable total on the financial statements. Below is the detail of the accounts payable as of June 30, 2024:

Sunnyslope Water District Vendors	City of Hollister Customer Billings	Total
<u>\$ 1,088,732</u>	<u>\$ 526,947</u>	<u>\$ 1,615,679</u>

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2024

7. LONG TERM DEBT PAYABLE

The change in loans and commitments payable of the District for the year ended June 30, 2024, are summarized as follows:

	June 30, 2023	Increase	Decrease	June 30, 2024	Due Within One Year
Accrued compensated absences	\$ 138,549	\$ 356,963	\$ (374,991)	\$ 156,576	\$ 11,397
Subscription liability	56,568	-	(34,562)	22,006	22,006
Direct Borrowings and Placements					
State Revolving Fund loan payable	7,190,138	-	(573,030)	6,617,108	587,930
Commitment payable	12,170,654	-	(689,762)	11,480,892	717,591
Total Direct Borrowings and Placements	19,360,792	-	(1,262,792)	18,098,000	1,305,521
Total Long-Term Liabilities	\$19,555,909	\$ 356,963	\$ (1,672,345)	\$ 18,276,582	\$1,338,924

The aggregate maturities of loans and commitments are as follows:

Fiscal Year Ending June 30,	Direct Borrowings and Placements		
	Principal	Interest	Total
2025	\$ 1,305,521	\$ 636,175	\$ 1,941,696
2026	1,349,773	591,923	1,941,696
2027	1,395,605	546,091	1,941,696
2028	1,443,076	498,622	1,941,698
2029	1,492,250	449,448	1,941,698
2030-2034	7,641,941	1,477,114	9,119,055
2035-2039	1,970,831	520,324	2,491,155
2040-2044	1,499,003	147,721	1,646,724
	\$18,098,000	\$ 4,867,418	\$22,965,418

A. State Revolving Fund Loan – State Water Resources Control Board

On April 11, 2011, the District entered into a project financing agreement with the State Water Resources Control Board for a State Revolving Fund (SRF) loan in the amount of \$11.4 million. This loan provided funds for the construction of the Ridgemark Wastewater Treatment and Recycled Water Improvements Project (the System), which generally consisted of upgrade and consolidation of the District's Ridgemark I and Ridgemark II wastewater treatment facilities. The term of the agreement is from December 14, 2010 to September 30, 2033. The construction completion date was extended to September 30, 2013 and the initiation of operation date to January 1, 2014. The loan is scheduled to be repaid over a 20-year period beginning September 30, 2014. Interest accrued during the construction period of \$345,037 is being added to the principal balance due on the loan. The annual interest rate is 2.6%, resulting in amortized principal and interest payments of \$759,975 per year. Principal and interest are to be paid from pledged future revenues of the System.

Sunnyslope County Water District

Notes to Basic Financial Statements
June 30, 2024

The SRF loan is collateralized by a pledge of revenues derived and to be derived from the operations of the District after deduction therefrom of the amounts necessary to pay all operating and maintenance charges of the District. The District is also required to establish and maintain a reserve fund equal to one year's debt service from available cash.

The SRF loan is collateralized by a pledge of net revenues derived and to be derived from the operations of the District. Net revenues are revenues received from the ownership or operation of the System less the amounts necessary to pay all system operating and maintenance charges of the District, excluding depreciation, replacement and obsolescence charges or reserves and amortization of intangibles. In addition, the District covenants to establish rates and charges in amounts sufficient to generate net revenues equal to at least 1.2 times the total annual debt service.

Net revenue available for debt service for the year ended June 30, 2024, is determined as follows:

Wastewater System Revenue	\$ 2,101,286
Cost of Good Sold	367,859
Other Expenses	975,053
Total Expenses	<u>1,342,912</u>
Operating Wastewater System Income	758,374
Add:	
Capacity fees	1,357,257
Depreciation	402,320
Net Revenue	<u>\$ 2,517,951</u>
Annual Debt Service	<u>\$ 759,975</u>
Net Revenue Ratio	3.31
Required Net Revenue Ratio	1.20

In the event of violation of any material provision of the agreement and the District fails to return to compliance with the provisions, the State Water Resources Control Board may terminate the agreement by written notice. In the event of such termination, the District must repay an amount equal to installment payments due, including accrued interest and any penalty assessments.

Sunnyslope County Water District

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June 30, 2024

The maturities of SRF loan payable are as follows:

Fiscal Year Ending June 30,	Direct Borrowing and Placement		
	Principal	Interest	Total
2024	\$ 573,031	\$ 186,944	\$ 759,975
2025	587,930	172,045	759,975
2026	603,216	156,759	759,975
2027	618,900	141,075	759,975
2028	634,990	124,987	759,977
2029-2033	3,431,355	368,517	3,799,872
2034-2035	740,716	19,259	759,975
	<u>\$ 7,190,138</u>	<u>\$ 1,169,586</u>	<u>\$ 8,359,724</u>

B. Commitments Payable – San Benito County Water District – Surface Water Treatment Facilities

The San Benito County Water District (SBCWD) committed to finance up to \$30 million of the project costs to upgrade the surface water treatment process at the Lessalt Water Treatment Plant to meet current water quality regulations, and to construct a second surface water treatment plant called the West Hills Water Treatment Plant. These funds were committed in two tranches. The first tranche of \$13 million was made available on the effective date of the agreement, September 1, 2013. The second tranche of \$17 million was made available effective May 1, 2015, the start of the construction phase of the West Hills Water Treatment Plant.

The actual project cost exceeded \$30 million by \$11.6 million, and these additional project costs were financed with a combination of \$4.2 million in Proposition 84 Grant Funds, \$3.4 million from reserves of the District and the City, and a \$4 million loan procured by SBCWD. The District paid its \$1.7 million share from reserves during fiscal year 2017, which was capitalized as water rights and is being amortized accordingly. The loan commitment of \$4 million by SBCWD became tranche 3 and was made available on January 1, 2016. The District and the City are committed to share equally in the costs associated with these two surface water treatment plants and share in the rights to receive the treated water produced.

The District's share of the first tranche capital cost is \$6.5 million and is spread in equal monthly payments over thirty years at an interest rate of 4.5%. The District's share of the second tranche capital cost is \$8.5 million and is spread in equal monthly payments over twenty years at an interest rate of 4.0%. The District's share of the third tranche capital cost is \$2 million, which is being repaid quarterly over a 15 year period at an interest rate of 3.45%, with the District's monthly payment based on one-third of its share of the quarterly payment.

In accordance with the financial covenants of the agreement, the District shall pledge net water revenues, defined as gross revenues received during any period less the amount required by the District to pay for all operation and maintenance costs during such period. Operation and maintenance costs shall mean the reasonable and necessary costs and expenses for maintaining and operating the water system, excluding depreciation, replacement and obsolescence charges or reserves, amortization of intangibles, payments of principal and interest on all outstanding parity debt or other obligations of the District and costs of capital additions, replacements or improvements chargeable to a capital account.

Sunnyslope County Water District

Notes to Basic Financial Statements

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In the event of default, the District will be required to pay all direct damages including the District's respective share of all remaining capital costs incurred for development and construction of facilities, including interest, in addition to any obligations that remain unpaid as of the date of the default.

The aggregate maturities of commitments are as follows:

Fiscal Year Ending June 30,	Direct Borrowing and Placement		
	Principal	Interest	Total
2025	\$ 717,591	\$ 464,130	\$ 1,181,721
2026	746,557	435,164	1,181,721
2027	776,705	405,016	1,181,721
2028	808,086	373,635	1,181,721
2029	840,749	340,972	1,181,721
2030-2034	4,121,370	1,197,812	5,319,182
2035-2039	1,970,831	520,324	2,491,155
2040-2044	1,499,003	147,721	1,646,724
	<u>\$11,480,892</u>	<u>\$ 3,884,774</u>	<u>\$15,365,666</u>

The maturities of Tranche 1 commitment payable are as follows:

Fiscal Year Ending June 30,	Direct Borrowing and Placement		
	Principal	Interest	Total
2024	\$ 163,089	\$ 232,126	\$ 395,215
2025	170,581	224,634	395,215
2026	178,418	216,797	395,215
2027	186,614	208,601	395,215
2028	195,188	200,027	395,215
2029-2033	1,118,968	857,105	1,976,073
2034-2038	1,400,719	575,354	1,976,073
2039-2043	1,753,414	222,659	1,976,073
2044	65,496	369	65,865
	<u>\$ 5,232,487</u>	<u>\$ 2,737,672</u>	<u>\$ 7,970,159</u>

Sunnyslope County Water District

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The maturities of Tranche 2 commitment payable are as follows:

Fiscal Year Ending June 30,	Direct Borrowing and Placement		
	Principal	Interest	Total
2024	\$ 392,475	\$ 225,625	\$ 618,100
2025	408,465	209,635	618,100
2026	425,107	192,993	618,100
2027	442,426	175,674	618,100
2028	460,451	157,649	618,100
2029-2033	2,599,409	491,091	3,090,500
2034-2035	1,090,878	42,304	1,133,182
	<u>\$ 5,819,211</u>	<u>\$ 1,494,971</u>	<u>\$ 7,314,182</u>

The maturities of Tranche 3 commitment payable are as follows:

Fiscal Year Ending June 30,	Direct Borrowing and Placement		
	Principal	Interest	Total
2024	\$ 134,199	\$ 34,207	\$ 168,406
2025	138,545	29,861	168,406
2026	143,032	25,374	168,406
2027	147,665	20,741	168,406
2028	152,447	15,959	168,406
2029-2031	403,068	17,947	421,015
	<u>\$ 1,118,956</u>	<u>\$ 144,089</u>	<u>\$ 1,263,045</u>

C. Commitments Payable – Subscription Based Information Technology Arrangements (SBITA)

At June 30, 2024, \$18,845 (net of accumulated amortization) has been recorded as intangible right-to-use software arrangements in the statement of net position. Due to the implementation of GASB Statement No. 96, these arrangements for accounting software and water monitoring software met the criteria of a SBITA; thus, requiring it to be recorded by the District as intangible assets and a SBITA Liability. These assets will be amortized over the lease terms of four and five years. There are no residual value guarantees in the arrangement provisions. The accounting software arrangement will end in 2025 and the water monitoring software arrangement will end in 2026.

A summary of the subscription liability (SBITA) is as follows.

Fiscal Year Ending June 30,	Principal	Interest	Total
2025	\$ 20,877	\$ 860	\$ 21,737
2026	1,129	8	1,137
	<u>\$ 22,006</u>	<u>\$ 868</u>	<u>\$ 22,874</u>

Sunnyslope County Water District

Notes to Basic Financial Statements
June 30, 2024

8. PENSION PLAN

A. General Information about the Pension Plan

Plan Description - All qualified employees are eligible to participate in the District’s Miscellaneous Employee Pension Plan, cost-sharing multiple employer defined benefit pension plan (PERF C or the Plan) is administered by the California Public Employees Retirement System (CalPERS). A menu of benefit provisions as well as other requirements are established by State statutes within the California Public Employees’ Retirement Law (PERL). The District’s Board of Directors selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Employees Covered - All full-time District employees are eligible for benefits under the Plan in one of two tiers. Employees hired prior to January 1, 2013, or who are hired after December 31, 2012 and qualify as “classic” members on date of hire are in Tier 1 (rate plan #620), and employees hired after December 31, 2012 and who do not qualify as “classic” members are in Tier 2 (rate plan #26656). At June 30, 2024, there are 24 full-time employees, with 6 in Tier 1, and 18 in Tier 2.

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the PERL.

The District’s Plans’ provisions and benefits in effect as of June 30, 2024, are summarized as follows:

	Miscellaneous	
	Classic	PEPRA
Hire date	Hire prior to January 1, 2013	Hire on or after January 1, 2013
Benefit formula	2.7% @ 55	2.0% at 62
Benefit vesting schedule	5 years service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50-63	52-67
Monthly benefits, as a % of eligible compensation	2.7%	2.0%
Final compensation period	1 year	3 years
Required employee contribution rates	7.96%	7.750%
Required employer contribution rates	15.950%	7.680%
Required Payment of Unfunded Liability	\$47,971	\$2,882

Sunnyslope County Water District

Notes to Basic Financial Statements

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On January 1, 2013, the Public Employees’ Pension Reform Act of 2013 (PEPRA) took effect. In addition to creating new retirement formulas for newly hired members, PEPRA also effectively closed all existing active risk pools to new employees.

Contribution Description - Section 20814(c) of the California PERL requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. District contribution rates may change if plan contracts are amended. It is the responsibility of the District to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions (EPMC) or cost sharing whether by contract amendment or by resolution of the governing board. The District’s contributions were as follows:

	Fiscal Year Paid
	<u>2023/24</u>
Misc. Classic	\$ 133,122
Misc. PEPRA	104,936
	<u>\$ 238,058</u>

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

As of June 30, 2024, the District reported net pension (liabilities) for its proportionate share of the net pension (liability) as of June 30, 2024 and 2023 were as follows:

	Fiscal Year Ended
	<u>June 30, 2024</u>
Total Net Pension (Liability)	<u>\$ (1,549,406)</u>

The District’s net pension asset (liability) is measured as the proportionate share of the net pension asset (liability). The net pension liability is measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plans relative to the projected contributions for all participating employers, actuarially determined. The District’s proportionate share of the net pension asset (liability) as of June 30, 2024 and 2023 were as follows:

	Percentage Share of Risk Pool		Change: Increase
	<u>6/30/2024</u>	<u>6/30/2023</u>	<u> </u>
Fiscal year ended	6/30/2024	6/30/2023	
Measurement date	6/30/2023	6/30/2022	
Percentage of Plan (PERF C) NPL	0.01242%	0.00980%	0.00262%

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2024

For the year ended June 30, 2024, the District recognized pension expense of \$1,228,157. As of June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 79,152	\$ 12,278
Changes in assumption	93,545	-
Net differences between projected and actual earnings on plan investments	250,863	-
Change in employer's proportion	1,242,183	-
Differences between the employer's contributions and the employer's proportionate share of contributions	-	648,583
Pension contributions subsequent to measurement date	238,058	-
Total	<u>\$ 1,903,801</u>	<u>\$ 660,861</u>

The deferred outflows of resources to contributions of \$238,058 were subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ending June 30, 2025.

Recognition of other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending June 30,</u>	
2025	\$ 529,719
2026	324,621
2027	143,343
2028	7,199
Total	<u>\$ 1,004,882</u>

Sunnyslope County Water District

Notes to Basic Financial Statements June 30, 2024

Actuarial Methods and Assumptions Used to Determine Total Pension Liability - For the measurement period ended June 30, 2023 (the measurement date), the total pension liability was determined by an actuarial valuation as of June 30, 2022. The total pension liability was based on the following assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions:	
Investment rate of return	6.90%
Inflation	2.30%
Salary increases	Varies by Entry Age and Service
Mortality rate table*	Derived using CalPERS' Membership Data for all Funds
Post-retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

*The Mortality table used was developed based on CalPERS's specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of the scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Changes of Assumptions – There were no assumption changes in 2023.

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

Long-term Expected Rate of Return – The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set to equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2024

The expected real rates of return by asset class per the CalPERS' Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2024 as followed:

Asset Class	Assumed Asset Allocation	Real Return Years 1-10*
Global equity - cap-weighted	30.00%	4.54%
Global equity non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real assets	15.00%	3.21%
Leverage	-5.00%	-0.59%

*An expected inflation of 2.30% used for this period

Amortization of Deferred Outflows and Deferred Inflows of Resources – Net difference between projected and actual earnings on pension plan investments is amortized over a five-year period on a straight-line basis. One-fifth is recognized in pension expense during the measurement period, and the remaining net difference between projected and actual investment earning on pension plan investments is amortized over the remaining amortization periods. Net difference between projected and actual investment earnings on pension plan investments in the Schedule of Collective Pension Amounts represents the unamortized balance relating to the current measurement period and the prior measurement periods on a net basis.

Deferred outflows of resources and deferred inflows of resources relating to differences between expected and actual experience and changes of assumptions are amortized over the Expected Average Remaining Service Lifetime (EARSL) of members provided with pensions through the Plan determined as of the beginning of the related measurement period. The EARSL for PERF C for the June 30, 2023 measurement date is 3.8 years, which was obtained by dividing the total service years of 600,538 (the sum of remaining service lifetimes of all active employees) by 160,073 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2024

Sensitivity of the Proportionate Share of the Net Pension (Asset) Liability to Changes in the Discount Rate-The following presents the proportionate share of the net pension (asset) liability of the District’s Plan as of the Measurement Date June 30, 2023, calculated using the discount rate of 6.90%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

	Discount Rate		
	5.90%	6.90%	7.90%
	(1% Decrease)	(Current Rate)	(1% Increase)
Measurement date		June 30, 2023	
Fiscal Year End		June 30, 2024	
Net Pension Liability (Asset)	\$ 3,458,221	\$ 1,549,406	\$ (781,055)

Pension Plan Fiduciary Net Positions – Detailed information about each plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Subsequent Events – There were no subsequent events that would materially affect the results presented in this disclosure.

9. DEFERRED COMPENSATION PLAN

The District offers its employees a choice between two deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Retirement law allows “rollovers” of 457 plan assets into other qualified retirement plans. Participants are fully vested at all times and the District or creditors of the District have no claim against the plan. All funds are held by outside trustees and excluded from the statement of net position in conformity with Government Accounting Standards.

Effective July 1, 2010, the District agreed to match the lesser of 30% of the employee deferral contribution or \$468, to the extent that District contributions and employee deferral do not exceed the maximum permitted by law.

For the year ended June 30, 2024, employee contributions consisting of employee deferrals, compensated absences, and cash in lieu of insurance benefits converted to deferred compensation totaled \$238,297. For the year ended June 30, 2024, the required employer matching contribution was \$6,477.

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2024

The investment balances and financial institutions that administer the District’s 457 Plans are as follows:

<u>Plan Administrator</u>	<u>Investment Balance</u>
Nationwide Retirement Solutions, Inc.	\$ 4,224,699
CalPERS Supplemental Income Plan	90,616
Total	<u>\$ 4,315,315</u>

10. OTHER POST-EMPLOYMENT BENEFIT PLAN (OPEB)

A. General Information about the OPEB Plan

Plan Description- The District rejoined the Public Employees' Medical & Hospital Care Act (PEMHCA) in January 2011 for its employees. The healthcare plan is offered through the California Public Employees’ Retirement System (CalPERS). The Sunnyslope County Water District Retiree Healthcare Plan provides benefits as approved by the Board and is subject to the requirements of California Government Code Section 22892. For purposes of reporting under GASB Statements 74 and 75, the plan is an agent multiple employer plan administered by the CalPERS Employers’ Retirement Benefit Trust (CERBT).

The plan information is as follows:

<u>Fiscal Year End</u>	<u>June 30, 2024</u>
Plan Type	Agent Multiple Employer
OPEB Trust	Yes
Special Funding Situations	No
Nonemployer Contributing Entities	No

Employees Covered- As of the June 30, 2023 actuarial valuation, the following current and former employees were covered by the benefit terms under the healthcare plan:

<u>June 30, 2024 Fiscal Year End</u>	<u>Number of Covered Participants</u>
June 30, 2023 Measurement Date	22
June 30, 2023 Valuation Date	8
Actives Employees	7
Inactive Employees Currently Receiving Benefit Payments	7
Inactive Employees Entitled to but not yet Receiving Benefit Payments	7
Total Employees	<u>37</u>

Benefits and Eligibility- Under the CalPERS health plan, the District is required to pay the minimum employer health premium contribution for the District’s eligible retirees and eligible surviving spouses. The employee is responsible for paying the remainder of the monthly healthcare premium. The minimum employer contribution for retirees’ health premiums for calendar year 2024 is \$157 per month. The amount will increase in subsequent years to reflect inflation in the cost of healthcare. These benefits are being paid through the CalPERS California Employers’ Retirement Benefit Trust (CERBT). To be eligible for retirement medical, an active employee must be at least 50 and have a minimum of 5 years of service and retire directly from the District.

Sunnyslope County Water District

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Contributions: The District intends to contribute to the Trust the actuarially determined contribution (ADC) net of the pay-as-you-go benefits paid annually directly from employer resources. For the fiscal year ended June 30, 2024, the District's cash contributions were \$14,787 in premium payments made on behalf of retirees, implied subsidy payments of \$47,960, and administrative expenses of \$418, resulting in total payments of \$63,162. No trust contributions were made in 2023/24 fiscal year.

B. OPEB Liability, OPEB Expenses, and Deferred Outflows/Inflows of Resources Related to OPEB

OPEB Asset: As of the June 30, 2023 measurement date, the District's total OPEB liability were as follows:

<u>Fiscal Year Ended</u>	<u>June 30, 2024</u>
<u>Measurement Date</u>	<u>June 30, 2023</u>
Total OPEB Liability (TOL)	\$ 951,620
Fiduciary Net Position (FNP)	681,225
Total Net OPEB Liability	<u>\$ 270,395</u>
Funded status (FNP/TOL)	71.6%

Changes in the OPEB Liability- The changes in the total OPEB liability for the District Plan are as follows:

<u>Changes in Net OPEB Liability</u>	<u>Total OPEB Liability (a)</u>	<u>Fiduciary Net Position (b)</u>	<u>Net OPEB Liability (a) - (b)</u>
Balance at June 30, 2023 (Measurement Date June 30, 2022)	\$ 1,033,949	\$ 640,286	\$ 393,663
Service Cost	46,606	-	46,606
Interest	59,900	-	59,900
Changes of Benefit Terms	-	-	-
Actual versus Expected Experience	(130,731)	-	(130,731)
Changes of Assumptions	13,117	-	13,117
Employer Contributions	-	71,221	(71,221)
Employee Contributions	-	-	-
Net Investment Income	-	41,125	(41,125)
Benefit Payments	(71,221)	(71,221)	-
Administrative Expenses	-	(186)	186
Net Changes	<u>(82,329)</u>	<u>40,939</u>	<u>(123,268)</u>
Balance at June 30, 2024 (Measure Date June 30, 2023)	<u>\$ 951,620</u>	<u>\$ 681,225</u>	<u>\$ 270,395</u>

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2024

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB- As of fiscal year ended June 30, 2024, the District reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net Differences Between Projected and Actual		
Earnings on Plan Investments	\$ 92,528	\$ 51,622
Differences Between Expected and Actual		
Experience	242,445	123,647
Changes of Assumptions	57,406	-
Employer Contributions after Measurement Date	63,162	-
Total	<u>\$ 455,541</u>	<u>\$ 175,269</u>

Deferred outflows of resources in the amount of \$63,162 related to contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2025.

Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

<u>Year Ending June 30,</u>	<u>Deferred Outflows of Resources</u>
2024	\$ 39,272
2025	35,901
2026	62,032
2027	33,255
2028	33,796
Thereafter	12,854
Total	<u>\$ 217,110</u>

Recognition of Deferred Outflows and Deferred Inflows of Resources- Gain and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. For the fiscal year ended June 30, 2024, the District recognized OPEB expense of \$107,407.

Sunnyslope County Water District

Notes to Basic Financial Statements

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Actuarial Methods and Assumptions Used to Determine the OPEB Liability- The District's net OPEB asset was measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation dated June 30, 2023, based on the following actuarial methods and assumptions:

Significant Accounting Actuarial Assumptions and Methods:

Fiscal Year End	June 30, 2024
Measurement Date	June 30, 2023
Valuation Date	June 30, 2023
<hr/>	
Discount Rate	6.00%
Long-Term Expected	6.00%
General Inflation	2.75% annually
Mortality Rate	Mortality rates from CalPERS 2021 actuarial valuation.
Pre-Retirement Turnover and Retirement	Retirement and termination rates from CalPERS 2021 actuarial valuation for "public agency miscellaneous 2.7% at 55,". No disablement assumed
Salary Increases	3% per year
Healthcare Trend Rate	Medical premium amounts are assumed to increase 5% per year. The CalPERS minimum required employer contribution is assumed to increase 4% per year
Participation	50% of active employees are assumed to elect health care benefits at retirement
Changes of Benefit Terms	None
Changes in Actuarial Assumptions	None

Discount Rate- The discount rate used to measure the total OPEB liability was 6.00%. The cash flows of the OPEB plan were projected to future years, assuming that the District will contribute an amount equal to retirees' benefits. Under that projection, the plan assets are projected to be adequate to pay all benefits to retirees in all future years, so the discount rate has been set equal to the long-term expected rate of return on investments, 6.00%.

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2024

Expected Long-Term Rate of Return on Investments- The long-term expected rate of return on investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. The asset class percentages are taken from the current composition of the CERBT trust, and the expected yields are taken from a recent CalPERS publication for the Pension Fund:

Measurement Date	June 30, 2023	
CERBT Trust: Pension Fund		Expected Real
Asset Class %	% of Fund	Rate of Return
Global Equity	59%	5.25%
Fixed Income	25%	0.99%
Treasury Securities	5%	0.45%
Real Estate Trusts	8%	4.50%
Commodities	3%	3.00%
Assumed Long-Term Rate of Inflation		2.75%
Expected Long-Term Net Rate of Return, Rounded		6.50%

Discount Rate Sensitivity Analysis- The following schedule presents the District’s net OPEB liability if it were calculated using discount rate that is that is 1 percentage-point lower (5.00%) or 1 percentage-point higher (7.00%) than the current rate (6.00%) for measurement period ended June 30, 2023:

	Discount Rate		
	(1% Decrease)	(Current Rate)	(1% Increase)
	5.00%	6.00%	7.00%
Net OPEB Liability	\$ 389,497	\$ 270,395	\$ 172,701

Medical Trend Sensitivity Analysis- The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower (4.0%) or one percentage point higher (6.0%) than the current rate (5.0%), for measurement period ended June 30, 2023:

	Healthcare Trend		
	(1% Decrease)	(Current Rate)	(1% Increase)
	4.0%	5.0%	6.0%
Net OPEB Liability	\$ 170,426	\$ 270,395	\$ 392,522

Pension Plan Fiduciary Net Positions – Investments Authorized by the Trust’s Investment Policy – The CERBT’s investment policies authorize three separate Portfolio Strategies (“Strategy 1”, “Strategy 2”, and “Strategy 3”). Levels of expected return and risk vary among the Portfolios. The District has opted to invest its assets using Strategy 1.

Subsequent Events – There were no subsequent events that would materially affect the results presented in this disclosure.

Sunnyslope County Water District

Notes to Basic Financial Statements

June 30, 2024

11. NET POSITION

Net position represents the difference between assets and liabilities. Designations of unrestricted net position represents the District Board of Director’s intention for the use of resources. The net position amounts at June 30, 2024 were as follows:

Net investment in capital assets	<u>\$ 26,264,827</u>
Restricted:	
Water capacity fees	12,772,778
Wastewater capacity fees	2,424,121
Debt service reserve	836,401
Pension benefits	958,186
Total restricted	<u>16,991,486</u>
Unrestricted:	
Designated:	
Capital improvement reserve	6,000,000
Vehicle replacement	241,930
Emergency equipment replacement	500,000
Office and miscellaneous equipment replacement	389,217
Rate stabilization fund	125,000
Drought contingency reserve	250,000
	<u>7,506,147</u>
Undesignated	323,101
Total unrestricted	<u>7,829,248</u>
Total Net Position	<u><u>\$ 51,085,561</u></u>

12. RISK MANAGEMENT

The District is exposed to various risks of loss related to limited torts; theft of, damage to, and destruction of assets; errors and omissions and natural disaster for which the District carries commercial insurance. The District is a member of the Association of California Water Agencies-Joint Powers Insurance Authority (ACWA-JPIA) for workers’ compensation coverage. The relationship between the District and the JPIA is such that the JPIA is not component units of the District for financial reporting purposes. The ACWA-JPIA arranges for and provides property and liability insurance for its nearly 370 members. ACWA-JPIA is governed by a board consisting of a representative from each member district. The board controls the operations of ACWA-JPIA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in ACWA-JPIA. Separate financial statements of ACWA-JPIA can be obtained by request to Finance Department, 2100 Professional Drive, Roseville, CA 95661.

Sunnyslope County Water District

Notes to Basic Financial Statements
June 30, 2024

Condensed financial information of ACWA-JPIA as of September 30, 2023 is as follows:

Total Assets	\$ 288,462,503
Deferred Outflows of Resouces	4,654,911
Total Liabilities	(167,203,667)
Deferred Inflows of Resouces	<u>(5,200,835)</u>
Net Position	<u>\$ 120,712,912</u>
Total Revenues	\$ 248,013,664
Total Expenditures	<u>(240,084,673)</u>
Net Increase	<u>\$ 7,928,991</u>

The District has the following commercial insurance policies:

Coverage	Deductible	Coverage Limit
General Liability	N/A	Ranging from \$10,000 to \$3,000,000
Commercial Excess Liability	N/A	\$4,000,000
Auto Liability	N/A	Ranging from \$5,000 to \$1,000,000
Public Officials and Management Liability	\$1,000	\$1,000,000 / \$10,000 000
Privacy Liability & Network	\$1,000	Ranging from \$50,000 to \$1,000,000
Property		
Buildings, personal property, and fixed equipment	\$2,500	\$1,000,000 / \$18,522,839
Mobile equipment	\$1,000	Ranging from \$64,000 to \$291,547
Commercial Crime	\$1,000	Ranging from \$5,000 to \$500,000

Claims and judgments, including a provision for claims incurred but not reported, are recorded when a loss is deemed probable of assertion and the amount of the loss is reasonably determinable. As discussed above, the District has coverage for such claims. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

13. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

Hollister Urban Area Water Supply and Treatment Agreement- In August 2013, the District, the City, and SBCWD each approved the Hollister Urban Area Water Supply and Treatment Agreement. The agreement defined the roles and terms of financing for the project which included: the upgrade of Lessalt Water Treatment Plant, and the design and construction of the West Hills Water Treatment Plant including associated pipelines. The SBCWD will finance, build, own, and operate the upgraded Lessalt Water Treatment Plant and the new West Hills Water Treatment Plant.

The SBCWD committed to finance up to \$30 million of the project costs. These funds were committed in two tranches. The first tranche of \$13 million was made available on the effective date of the agreement, September 1, 2013. The second tranche of \$17 million was made available at the time of execution of the start of the construction phase for the West Hills Water Treatment

Sunnyslope County Water District

Notes to Basic Financial Statements June 30, 2024

Plant, May 1, 2015. The agreement calls for the SBCWD to recover its investment in the capital projects from the District and the City over a 20-30 year period through a capital component, including interest, in the finished water rate. The actual project cost exceeded the \$30 million financing in place by \$11.6 million. The additional funding consisted of \$4.2 million in Prop 84 Grant Funds, \$1.7 million cash input from both the City and the District, and the balance of \$4 million financed as a third tranche loan to SBCWD from a financial institution, to be repaid equally by the City and the District. The third tranche loan of \$4 million was borrowed January 1, 2016 at a rate of 3.45% interest and is to be repaid quarterly over a 15-year period. For more information on the debt schedules, see Note 7 – Long Term Debt Payable.

Of the project costs, SBCWD is contributing \$10 million in non-reimbursable funds; \$5 million to the District and \$5 million to the City. The District plans to use the \$5 million to stabilize water rates and allow a gradual increase to meet future revenue needs. The water rate stabilization credit reported in the operating expenses for the year ended June 30, 2024 is \$0, since the total credit of \$5 million was received in prior fiscal years.

Hollister Urban Area Agreement for Operation and Maintenance Services- In August 2013, the District and SBCWD each approved the Hollister Urban Area Agreement for Operation and Maintenance Services. This agreement establishes the District as the contract operator for the Lessalt Water Treatment Plant. This agreement was established for a term of 5 years with options to renew for subsequent terms of 5 years. The District began operating the Lessalt plant in September 2013 under this agreement. The operation of the West Hills Water Treatment Plant was added to the agreement prior to completion of the plant construction in 2017. The Operation and Maintenance Agreement covering the operation of both the Lessalt and West Hills Water Treatment Plants was extended in May 2018 and again on July 26, 2023.

For the year ended June 30, 2024, SBCWD was billed for actual operations and maintenance costs of the Lessalt Water Treatment Plant of \$1,471,787 and of the West Hills Water Treatment Plant of \$2,492,722, including labor and benefits. One-half of these amounts were charged back to the District for its 50% share of the cost to operate the plants.

Litigation: The District is subject to various legal proceedings and claims that arise in the ordinary course of business. The District would pursue or defend cases vigorously through trial unless facts develop that warrant an attempt to see an out-of-court settlement. As of June 30, 2024 the District had no pending litigation:

14. SUBSEQUENT EVENTS

A. Date of Management Review

Events occurring after June 30, 2024 have been evaluated by Management for possible adjustment to the financial statements or disclosure as of **November 19, 2024** which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY
INFORMATION

DRAFT

Sunnyslope County Water District
Required Supplementary Information
June 30, 2024

Schedule of the District's Proportionate Share of the Plan's (PERF C) Net Pension Liability (Asset)
and Related Ratios as of Measurement Date
Cost Sharing Defined Benefit Pension Plan
Last 10 Years[^]

Measurement Date	Fiscal Year End									
	06/30/24	06/30/23	06/30/22	06/30/21	06/30/20	06/30/19	06/30/18	06/30/17	06/30/16	06/30/15
District's proportion of the net pension liability (asset)	0.012420%	0.009800%	-0.032140%	0.00339%	0.00021%	0.00922%	0.01108%	0.02895%	0.02852%	0.02451%
District's proportionate share of the net pension liability (asset)	\$ 1,549,406	\$ 1,132,465	\$(1,738,275)	\$ 368,675	\$ 21,460	\$ 888,029	\$ 1,099,308	\$ 2,505,138	\$ 1,957,613	\$ 1,524,958
District's covered-employee payroll *	\$ 2,279,900	\$ 2,308,348	\$ 2,145,242	\$ 2,051,543	\$ 2,104,470	\$ 1,909,079	\$ 1,687,978	\$ 1,488,922	\$ 1,434,655	\$ 1,519,954
District's proportionate share of the net pension liability (asset) as a percentage of covered-employee payroll	67.96%	49.06%	-81.03%	17.97%	1.02%	46.52%	65.13%	168.25%	136.45%	100.33%
Plan's fiduciary net position as a percentage of the plan's total pension liability (asset)	76.21%	76.68%	88.29%	75.10%	75.26%	75.26%	73.31%	74.06%	78.40%	79.82%

* For the year ending on the measurement date

Sunnyslope County Water District
Required Supplementary Information
June 30, 2024

Schedule of the District's Required Employer Contributions
Pension Plan
Last 10 Years^

	Fiscal Year End									
	6/30/24	6/30/23	6/30/22	06/30/21	06/30/20	6/30/19	6/30/18	6/30/17	6/30/16	6/30/15
Fiscal year ended	\$ 238,058	\$ 275,673	\$ 261,175	\$ 241,361	\$ 229,705	\$ 257,869	\$ 209,739	\$ 287,182	\$ 245,300	\$ 233,521
Actuarially determined contribution	238,058	275,673	261,175	241,361	229,705	1,351,009	209,739	1,942,855	245,300	233,521
Contributions in relation to the actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$(1,093,140)	\$ -	\$(1,655,673)	\$ -	\$ -
Contribution deficiency (excess)	\$ 2,230,714	\$ 2,279,900	\$ 2,308,348	\$ 2,145,242	\$ 2,051,543	\$ 2,104,470	\$ 1,909,079	\$ 1,687,978	\$ 1,488,922	\$ 1,434,655
District's covered payroll *	10.67%	12.09%	11.31%	11.25%	11.20%	64.20%	10.99%	115.10%	16.48%	16.28%
Contributions as a percentage of covered payroll										

* For the fiscal year ending on the date shown

Actuarially Determined Contribution Assumptions (From the CalPERS reports (Appendix A))

Valuation Date	June 30, 2021
Actuarial cost method	Entry age normal cost method
Amortization method	Varies by date established and source. May be level dollar or level percent of pay and may include indirect rate
Remaining Amortization Periods	Differs by employer rate plan
Asset valuation method	Market value of assets
Inflation	2.300%
Salary increases	Varies by category, entry age, and service
Discount Rate *	6.90% (net of investment and administrative expenses)
Mortality	Derived using CalPERS' Membership Data for all Funds. The post-retirement mortality rates Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries

*Please note, the discount rate used for Actuarially Determined Contributions is different from the one used for Total Pension Liability.

Sunnyslope County Water District
Required Supplementary Information
June 30, 2024

Schedule of Changes in the District's Net OPEB Liability (Asset)
and Related Ratios as of the Measurement Date

Last 10 Years[^]

Measurement Date	Fiscal Year End						
	06/30/24 06/30/23	06/30/23 06/30/22	06/30/22 06/30/21	06/30/21 06/30/20	06/30/20 06/30/19	06/30/19 06/30/18	06/30/18 06/30/17
Changes in total OPEB liability							
Service cost	\$ 46,606	\$ 40,869	\$ 13,674	\$ 13,276	\$ 12,588	\$ 12,221	\$ 11,865
Interest	59,900	59,081	34,951	33,452	33,406	31,865	29,860
Actual benefits payments	(71,221)	(64,587)	(13,555)	(33,791)	(22,047)	(18,719)	(3,042)
Actual and expected experience difference	(130,731)	-	371,832	-	(20,154)	-	-
Changes in assumption	13,117	47,205	-	-	2,794	-	-
Net changes in total OPEB liability	(82,329)	82,568	406,902	12,937	6,587	25,367	38,683
Total OPEB liability - beginning	1,033,949	951,381	544,479	531,542	524,955	499,588	460,905
Total OPEB liability - ending	<u>951,620</u>	<u>\$1,033,949</u>	<u>\$ 951,381</u>	<u>\$ 544,479</u>	<u>\$ 531,542</u>	<u>\$ 524,955</u>	<u>\$ 499,588</u>
Changes in plan fiduciary net position							
Employer contributions	\$ 71,221	\$ 54,435	\$ 13,555	\$ 33,791	\$ 47,047	\$ 29,380	\$ 13,803
Net investment income	41,125	(99,820)	161,896	20,107	33,879	36,810	43,390
Benefit payments	(71,221)	(64,587)	(13,555)	(33,791)	(22,047)	(18,719)	(3,042)
Administrative expenses	(186)	(190)	(223)	(278)	(112)	(243)	(211)
Net changes in plan fiduciary net position	40,939	(110,162)	161,673	19,829	58,767	47,228	53,940
Plan fiduciary net position - beginning	640,286	750,448	588,775	568,946	510,179	462,951	409,011
Plan fiduciary net position - ending	<u>\$ 681,225</u>	<u>\$ 640,286</u>	<u>\$ 750,448</u>	<u>\$ 588,775</u>	<u>\$ 568,946</u>	<u>\$ 510,179</u>	<u>\$ 462,951</u>
Net OPEB liability (Asset)							
Total OPEB liability	\$ 951,620	\$1,033,949	\$ 951,381	\$ 544,479	\$ 531,542	\$ 524,955	\$ 499,588
Plan fiduciary net position	681,225	640,286	750,448	588,775	568,946	510,179	462,951
Net OPEB liability (asset)	270,395	393,663	200,933	(44,296)	(37,404)	14,776	36,637
Net OPEB liability (asset) funded percentage	71.6%	61.9%	78.9%	108.1%	107.0%	97.2%	92.7%
Covered payroll *	\$2,106,115	\$2,281,876	\$1,975,708	\$2,494,879	\$2,104,470	\$1,909,079	\$1,687,978
Net OPEB liability (asset) as a percent of covered payroll	12.84%	17.25%	10.17%	-1.78%	-1.78%	0.77%	2.17%

[^] Fiscal year 2018 was the 1st year of implementation, therefore only seven years are shown.

* For the year ending on the measurement date.

Sunnyslope County Water District

Required Supplementary Information
June 30, 2024

Schedule of the District's OPEB Contributions

This schedule is not required. No actuarially determined contribution (ADC) has been calculated, since the District does not base contributions on the ADC.

DRAFT

Staff Report

Agenda Item: I-2

DATE: November 14, 2024 (November 19, 2024, Meeting)

TO: Board of Directors

FROM: General Manager, Drew A. Lander P.E.

SUBJECT: **PUBLIC HEARING** - Receive Staff Report Of Proposed Rates Within New Sewer Service Area, Receive Protests, And Approve Ordinance No. 85 Imposing Rates, Fees, And Charges For Wastewater Service Within The Gavilan Sewer Service Area, Amending Title IV, Section 4.30.030 And Table 4.30.030 Of The Sunnyslope County Water District Code., Statutorily exempt from CEQA as defined by Article 18 California Code of Regulations 15273 (a)

RECOMMENDATION:

Staff recommends the Board Approve the first reading of Ordinance No. 85 imposing rates, fees, and charges for water service amending Title IV, Section 4.30.030, and Table 4.30.030 of the Sunnyslope County Water District Code.

BACKGROUND:

Proposed Sewer Rate for the Gavilan Sewer Service Area.

This item was continued from the October 22, 2024 board meeting at the request of the General Manager. It is now before the board for consideration.

Exhibit A illustrates the boundaries of the new sewer area to be named the Gavilan Sewer Service Area, within Sunnyslope service boundary. A specific sewer collection and treatment service fee was developed to allow Sunnyslope to provide sewer services not associated with the Ridgemark Sewer Treatment plant and instead pay the City of Hollister for receiving the sewer flow into the city system. The sewer collection will be administered by the district on parcels identified in the agreement titled "Sunnyslope Water Service District Conveyance of Wastewater To the City Of Hollister For Treatment And Disposal." These parcels include all the Cielo Vista neighborhood, the now completed Gavilan College, and the future developments of Fairview corners and Bill Lee (further East). The wastewater rate as proposed is \$126.50 and is comprised of two components. The City of Hollister treatment and disposal fee is detailed in the contractual agreement and currently is billed at \$68.49 per residence per month, payable monthly to the city (and is subject to increases as approved by the city council). The district sewer rates in Ridgemark were developed by Raftelis, comprised of both treatment and collection costs. Since all treatment is provided by the city, the district will not bill any district treatment costs, and the collection portion is reduced to \$58.01 per month. This rate excludes power costs for operation of pumpstations but includes revenue that will be used for pipeline

capital replacement, rehabilitation and remediation. The sewer infrastructure adopted by the district has been inspected and appears to be in good shape for sewer lines that have been in service for over 35 years. Since the County had not collected any rehabilitation funds from customers of CSA 22 for future pipeline replacement, the General Manager will be proposing a Gavilan Sewer Area capital fund with similar structure to the whole of the Ridgemark sewer system. This will be defined in the coming budget year where funding will be set aside to ensure continuous service to these customers.

In April of this year the Board approved the procedure for rate setting in the Cielo Vista and Gavilan areas and authorized the General Manager to distribute notices of intent to adopt the new rates per Proposition 218 requirements and to tabulate protests as dictated in Resolution #602. Letters were mailed in September to all parcel owners within this new service boundary identifying the proposed water rate of \$126.50. Only customers who receive sewer service through this agreement will pay for sewer charges. Undeveloped properties will not pay sewer charges until they are connected to the sewer system. Only City wastewater connection fees will be charged to future connections as all future infrastructure expansion expenses within the Sunnyslope boundary will be paid by connecting developers prior to connection.

As of November 14, 2024, the district has received none (0) written protests for the proposed rates and action of the district to serve sewer to the Gavilan Sewer Area.

Due to the timing of the County decommissioning of the Cielo Vista treatment plant and the expedited construction being completed in September the sewer rate will be effective upon adoption, with first customer bills under the new rates due in December, 2024. The sewer rates are written in the Ordinance being considered as part of this agenda item.

FISCAL IMPACT:

The fiscal impact of adopting the proposed sewer rates as specified in the Ordinance being considered will result in Wastewater Fund revenues received by the district estimated to be \$60,000 annually and will be allocated for operations, maintenance and in a capital fund for future sewer rehabilitation.

ENVIRONMENTAL IMPACT:

The establishment of water rates are statutorily exempt from CEQA as defined by Article 18 California Code of Regulations 15273 (a) (State CEQA Guidelines) for normal operating activities of operating the sewer system. Adoption of this Ordinance is not a project under CEQA Guidelines Section 15378 as it is an organizational or administrative activity that will not result in direct or indirect physical changes in the environment. Project specific environmental review documents will be prepared for any project proposed as a result of future operations.

ATTACHMENTS:

Exhibit A – Map of Gavilan Sewer Service Area Boundary
Ordinance #85

Exhibit A

Water District Sunnyslope

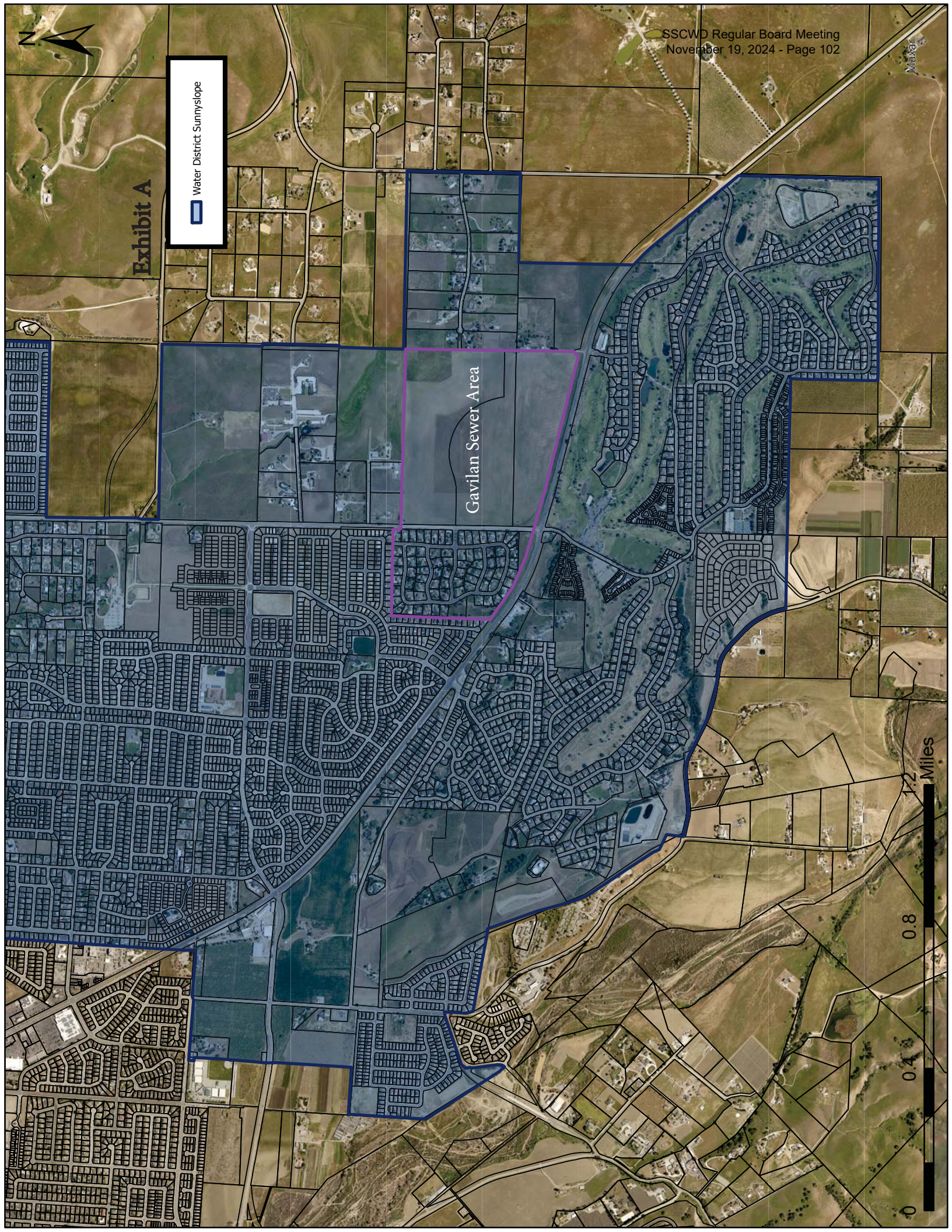
Gavilan Sewer Area

Miles

0.8

0.4

0



SUNNYSLOPE COUNTY WATER DISTRICT

ORDINANCE NO. 85

AN ORDINANCE OF SUNNYSLOPE COUNTY WATER DISTRICT
IMPOSING RATES, FEES, AND CHARGES FOR WASTEWATER SERVICES

Be it ordained by the Board of Directors of
Sunnyslope County Water District
as follows:

Findings. The Sunnyslope County Water District (SSCWD or District) Board of Directors determines that each fact referenced in this section is true and correct.

- A. This Ordinance is enacted pursuant to Sections 30000 and following of the California Water Code, Sections 50022.4, 50022.7, and 66016 of the California Government Code, and the California Constitution.
- B. This Ordinance amends Title IV Section 4.30.030 and Table 4.30.030 of the Sunnyslope County Water District Code. Proceeds of the charge imposed by this Ordinance may only be used to fund District wastewater operations and maintenance activities, including capital expenditures to ensure wastewater collection and treatment facilities are operated according to District codes and State regulations.
- C. Adoption of this Ordinance is statutorily exempt from the requirements of the California Environmental Quality Act (“CEQA”) pursuant to the CEQA Guidelines, Section 15273(a) CEQA does not apply to the establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, or other charges by public agencies which the public agency finds are for the purpose of: (1) Meeting operating expenses, including employee wage rates and fringe benefits, (2) Purchasing or leasing supplies, equipment, or materials, (3) Meeting financial reserve needs and requirements, (4) Obtaining funds for capital projects, necessary to maintain service within existing service area. Adoption of this Ordinance is under CEQA Guidelines Section 15378 as it is an organizational or administrative activity that will not result in direct or indirect physical changes in the environment.
- D. This Ordinance is considered for action by the Board of Directors (Board) at a regular meeting of the board and noticed meeting on November 22, 2024.
- E. The Ordinance prepared by the District’s General Manager, in consultation with the District’s legal counsel, was posted in the District Office at least five days prior to the Special Board meeting of November 22, 2024.
- F. At least 10 days prior to the meeting, the District made available to the public data indicating the amount of cost, or estimated cost, required to provide the service for which the rates, fees and charges are levied, and the revenue sources anticipated to provide the service, including General Fund revenues.
- G. As required by Article XIII D, Section 6 of the California Constitution, the District mailed a Notice of Public Hearing on the Proposed Wastewater Rates, dated September 19, 2024, along with the proposed new rate, to each property owner within the Gavilan Sewer Service area eligible to receive wastewater service through the contractual agreement between the City and SSCWD titled “Sunnyslope Water Service District Conveyance of Wastewater To the City Of Hollister For Treatment And Disposal.” That notice included: the amount of the proposed sewer rate, (ii) the reasons for the sewer rate, (iii) the date, time, and location of the Public Hearing and (iv) information about how to submit a written protest against the proposed water

rates. A public hearing was thereafter held not less than 45 days after mailing the notice at which time the District Board received, heard, and considered protests to the proposed new rate schedule and rate increases.

- H. The District accepted written protests against the wastewater rate pursuant to the procedures established by the Board in its Resolution No. 602.
- I. This sewer rate is the first rate imposed for sewer service extended to properties identified in the agreement titled “Sunnyslope Water Service District Conveyance of Wastewater To the City Of Hollister For Treatment And Disposal”, which was executed November 6, 2024, between the City of Hollister and SSCWD.
- J. This Ordinance does not provide for automatic sewer rate increases, and future increase shall be administered per future ordinance.
- K. The District has received this recommendation from the General Manager, who has deemed the rates necessary and appropriate to meet the District’s revenue requirements to provide funds for wastewater service and to maintain the adopted infrastructure.
- L. The amended rates, fees and charges for wastewater services are for the purpose of (1) meeting operating expenses, including employee wage rates and fringe benefits, (2) purchasing or leasing supplies, equipment, or materials, (3) meeting financial reserve needs and requirements, (4) replacement and repair of wastewater system facilities to maintain service within existing service areas, and (5) meeting capital project costs associated with the Gavilan Sewer Service Area.
- M. 82 parcels are subject to the proposed wastewater rates. A majority protest against the wastewater rates proposed would therefore require 42 valid written protests. Based on the number of protests received, a majority protest against the wastewater rates does not exist. The proposed wastewater rates are a property-related charge for wastewater service, as that term is defined by law, and no election is required pursuant to Article XIII D, § 6(c) of the California Constitution. The District’s compliance with Proposition 218 is complete.
- N. Although proceeds from the wastewater rates may fund capital projects that might physically affect the environment, such capital projects will be subject to CEQA review on a project-by-project basis. Accordingly, CEQA review of the use of the proceeds of the wastewater rates would be unduly speculative at this time and therefore this action is not a “project” as the term is defined in Public Resources Code Section 21065 and 15 CCR 15002(d), and CEQA Guidelines Sections 15378 and 15061(b)(3).

NOW THEREFORE be it ordained as follows:

- Section 1. The foregoing findings are adopted by the Board as though set forth fully herein.
- Section 2. Wastewater Rates and Charges Amended. Section 4.30.030 of the District Code is amended such that the following heading and amendment to Table 4.30.000 includes the additional information with the narrative below added and reads in full as follows:

Monthly Wastewater Rates and Charges for Gavilan Sewer Service Area Only

Customer Class	Effective Date	
	Current	11/2024
City of Hollister Treatment Fee		
Single-Family (SFR) ¹	\$0.00	\$68.49
Commercial & Industrial ²	\$0.00	\$68.49
SSCWD Collection Charge		
Single-Family (SFR) ¹	\$0.00	\$58.01
Commercial & Industrial ²	\$0.00	\$58.01

¹SFR = Single-Family Residence

²Commercial & Industrial =
Calculated on City of Hollister
SFR equivalency and multiplied
times this rate.

Monthly wastewater bills for single-family (SFR) within the Gavilan Sewer Service Area will pay a monthly flat rate based on the sum of both the City of Hollister Treatment Fee and the SSCWD Collection Charge. The Commercial & Industrial (C&I) rate is based on the SFR equivalency as calculated by the City of Hollister and multiplied by the SRF sewer rate.

Single-family homes with granny units shall be considered one single-family dwelling and wastewater rates will be calculated using the single-family rates and charges.

Gavilan Sewer Service Area new sewer connections will pay Connection Fees equal to the City of Hollister sewer impact fees as required by the contractual agreement between SSCWD and the City of Hollister, titled "Sunnyslope Water Service District Conveyance of Wastewater To the City Of Hollister For Treatment And Disposal."

Section 3. Requirements for Rates, Fees, and Charges. The rates, fees, and charges adopted by this Ordinance shall not exceed the estimated reasonable costs of providing the services for which the rates, fees, or charges are imposed.

Section 4. Effect of Repeal or Amendment on Past Actions and Obligations. This Ordinance does not affect prosecutions for ordinance violations committed prior to the effective date of this Ordinance, does not waive any fee or penalty due and unpaid on the effective date of this Ordinance, and does not affect the validity of any bond or cash deposit posted, filed, or deposited pursuant to the requirements of any ordinance.

Section 5. Severability. If any section, subsection, sentence, clause, or phrase of this Ordinance is for any reason held to be unconstitutional or invalid, or superseded by some other provision of law, such provisions shall be severed from and shall not affect the validity of the remaining provisions of this Ordinance. The Board hereby declares that it would have passed this Ordinance and each section, subsection, sentence, clause, or phrase thereof irrespective of the fact that any other part thereof be unconstitutional or invalid, or superseded by some other provision of law. The parts of this Ordinance that are not unconstitutional, invalid, or superseded shall remain in full force and effect and shall be enforced according to their terms.

Section 6. Interpretation. Words and phrases used in this Ordinance shall be read conjunctively with and shall have the same meaning as in prior District ordinances and the District Code, unless specifically changed by this Ordinance or unless the context requires some other construction. If there is any inconsistency between this Ordinance and prior provisions, this Ordinance shall control.

Section 7. Effective Date. This Ordinance shall take effect immediately on adoption.

Section 8. Judicial Review. Any judicial review of this Ordinance shall be by writ of mandate under Code of Civil Procedure Section 1085. Any action or proceeding seeking to attack, review, set aside, void or annul this Ordinance shall be commenced within 90 days after the adoption of this Ordinance.

Section 9. Publication and Posting. Within 10 days after adoption, the District shall publish, in a newspaper published in San Benito County and circulated within the District, the full text of this Ordinance, and shall post in the District office a certified copy of the full text of this Ordinance, as adopted, along with the names of those Directors voting for and against adoption.

Section 10. Notice of Exemption and Notice of Determination. The Secretary is authorized and directed to give due notice of exemption of this Ordinance from the provisions of CEQA, pursuant to Title 14, California Code of Regulations, section 15062.

On motion of Director _____, seconded by Director _____, the foregoing Ordinance is enacted and shall take effect on December 17, 2024, by the following roll call of the Board:

AYES: Directors

NAYS:

ABSENT:

By: _____
Ed Mauro, President

ATTEST:

Drew A. Lander, Secretary

CERTIFICATE OF SECRETARY

The undersigned hereby certifies that the foregoing Ordinance was adopted and approved by the Board of Directors at their Regular meeting on December 17, 2024.

Drew A. Lander, Secretary

Staff Report

Agenda Item: I-3

DATE: November 11, 2024 (November 19, 2024 Meeting)

TO: Board of Directors

FROM: General Manager, Drew A. Lander

SUBJECT: Hold Second Reading Of Ordinance No. 83 To Adopt An Administrative Remedies Procedures For Challenges To Fees, Charges, And Assessments. (CEQA Non-Project, Article 20, Section 15378)

RECOMMENDATION:

Staff recommends the Board make and pass a motion approving the second reading of Ordinance No. 83, and adopt an administrative remedies procedure for challenges to Fees, Charges, and Assessments.

BACKGROUND:

On October 22, 2024, District Counsel presented this item with the explanation that this ordinance is in response to the outcome of recent litigation involving Proposition 218 rate protests. The California Legislature enacted AB 2257, signed into law on September 25th, authorizes local agencies to establish a duty to exhaust issues in agency ratemaking hearings before filing a lawsuit under Proposition 218 and limits litigation to the administrative record. The Board approved the first reading of Ordinance No. 83 by a vote of 3-2 with intent to approve this ordinance at the November 22 board meeting.

The attached ordinance, if adopted, would implement the procedures and protections outlined in AB 2257 by requiring challengers of district rates to participate in District ratemaking hearings and identify their legal theories so the District can consider them and adjust its rates or make a record as to why adjustment is not necessary.

No edits have been made to the initial ordinance presented in October.

FISCAL IMPACT:

None.

ENVIRONMENTAL IMPACT:

Exempt from CEQA because:

- (i) Not a CEQA defined project per Article 20, Section 15378.

- (ii) Not a project within the meaning of Public Resources Code, section 21065 as it has no potential to alter the physical environment; and
- (iii) Pursuant to CEQA Guidelines section 15061(b)(3), the so-called “common sense” exemption, for this same reason.

ATTACHMENTS:

Ordinance No. 83

SUNNYSLOPE COUNTY WATER DISTRICT

ORDINANCE NO. 83

AN ORDINANCE OF THE SUNNYSLOPE COUNTY WATER DISTRICT ADOPTING AN ADMINISTRATIVE REMEDIES PROCEDURE FOR CHALLENGES TO FEES, CHARGES, AND ASSESSMENTS

BE IT ORDAINED by the Board of Directors of
the Sunnyslope County Water District
as follows:

Section 1. **AUTHORITY.** This Ordinance is authorized by the District's statutory authority to adopt fees and charges for its services, to impose assessments on real property, and to establish rules and regulations governing such fees, charges, and assessments, Government Code section 53759.1, and other applicable law.

Section 2. **Exhaustion of Administrative Remedies for Challenges to Fees, Charges, and Assessments on Real Property**

A. **Scope.** The duty to exhaust administrative remedies imposed by this section extends to:

- a. any fee or charge subject to articles XIII C or XIII D of the California Constitution,
- b. any assessment on real property levied by the District, and
- c. the methodology used to develop and levy such a fee, charge, or assessment.

B. "Hearing" as used in this section means the hearing referenced in paragraph 4 of subsection D of this Ordinance.

C. **Duty to Exhaust Issues.** No person may bring a judicial action or proceeding alleging noncompliance with the California Constitution or other applicable law for any new, increased, or extended fee, charge, or assessment levied by the District, unless that person submitted to the Secretary of the Board a timely, written objection to that fee, charge, or assessment specifying the grounds for alleging noncompliance. The issues raised in any such action or proceeding shall be limited to those raised in such an objection unless a court finds the issue could not have been raised in such an objection by those exercising reasonable diligence.

D. **Procedures.** The District shall:

(1) Make available to the public any proposed fee, charge, or assessment to which this section is to apply no less than 45 days before the deadline for a ratepayer or assessed property owner to submit an objection pursuant to paragraph 4 of this subsection D.

(2) Post on its internet website a written basis for the fee, charge, or assessment, such as a cost of service analysis or an engineer's report, and include a link to the internet website in the written notice of the Hearing, including, but not limited to, a notice pursuant to subdivision (c) of Section 4 or paragraph (1) of subdivision (a) of Section 6 of Article XIII D of the California Constitution.

(3) Mail the written basis described in paragraph 2 of this subsection D to a ratepayer or property owner on request.

(4) Provide at least 45 days for a ratepayer or assessed property owner to review the proposed fee or assessment and to timely submit to the Secretary of the Board a written objection to that fee, charge, or assessment that specifies the grounds for alleging

noncompliance. Any objection shall be submitted before the end of the public comment portion of a Hearing on the rate, charge or assessment.

(5) Include in a written notice of the Hearing, a statement in bold-faced type of 12 points or larger that:

(A) All written objections must be submitted to the Secretary of the Board by the end of public comment period at the Hearing and that a failure to timely object in writing bars any right to challenge that fee, charge, or assessment in court and that any such action will be limited to issues identified in such objections.

(B) All substantive and procedural requirements for submitting an objection to the proposed fee, charge, or assessment such as those specified for a property-related fee under California Constitution, article XIII D, section 6(a) or for an assessment on real property under California Constitution, article XIII D, section 4(e).

E. Board Consideration; District Responses. Before or during the Hearing, the Board of Directors shall consider and the District shall respond in writing to, any timely written objections. The Board may adjourn the Hearing to another date if necessary to respond to comments received after the agenda is posted for the meeting at which the Hearing occurs. The District's responses shall explain the substantive basis for retaining or altering the proposed fee, charge, or assessment in response to written objections, including any reasons to reject requested amendments.

F. Board Determinations. The Board of Directors, in exercising its legislative discretion, shall determine whether:

(1) The written objections and the District's response warrant clarifications to the proposed fee, charge, or assessment.

(2) To reduce the proposed fee, charge or assessment.

(3) To further review the proposed fee, charge, or assessment before determining whether clarification or reduction is needed.

(4) To proceed with the Hearing, to continue it, or to abandon the proposal.

SECTION 3. CEQA FINDINGS. The Board of Directors finds that adoption of this Ordinance is exempt from CEQA because: (i) it is not a project within the meaning of Public Resources Code, section 21065 because it has no potential to alter the physical environment; (ii) and pursuant to CEQA Guidelines section 15061(b)(3), the so-called "common sense" exemption, for this same reason.

SECTION 4. SEVERABILITY. If any section, subsection, sentence, clause, phrase or portion of this Ordinance or its application to any person or circumstance is held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or its application to other persons and circumstances. The Board of Directors declares that it would have adopted this Ordinance and each section, subsection, sentence, clause, phrase or portion thereof despite the fact that any one or more sections, subsections, sentences, clauses, phrases, or portions be declared invalid or unconstitutional and, to that end, the provisions hereof are hereby declared to be severable.

SECTION 5. EFFECTIVE DATE. This Ordinance shall be in full force and effect upon its adoption pursuant to Water Code section 31027.

SECTION 6. PUBLICATION. The Secretary of the Board of Directors shall give publish notice of this Ordinance as required by Water Code section 30127.

On motion of Director _____, seconded by Director _____, the foregoing Ordinance is ADOPTED, SIGNED, and APPROVED this _____, 2024, by the following roll call of the Board:

AYES:

NAYS:

ABSENT:

SUNNYSLOPE COUNTY WATER DISTRICT

Signed: _____
*Ed Mauro, President
Board of Directors*

(S E A L)

ATTEST:

*Drew A. Lander, General Manager / Secretary of the
Board of Directors,
SUNNYSLOPE COUNTY WATER DISTRICT*

Staff Report

Agenda Item: I-4

DATE: October 30, 2024 (November 19, 2024 Meeting)

TO: Board of Directors

FROM: General Manager, Drew A. Lander P.E.

SUBJECT: Hold Second Reading Of Ordinance No. 84 To Amend Policy #7020 To Increase The Board Of Director's Compensation For Attendance At Meetings And For Service Rendered By Request Of The Board (CEQA Non-Project, Article 20, Section 15378)

RECOMMENDATION:

Staff recommends the Board make and pass a motion approving the second reading of Ordinance No. 84 amending Policy #7020 to increase the Board of Directors compensation for attendance at meetings and for service rendered, to be effective April 25, 2025.

BACKGROUND:

The District Board of Directors discussed and considered Ordinance No. 84 at the October 22 board meeting. As directed by the Board, attached is the modified ordinance ready for the Board's second reading and adoption. This document differs from the first read as follows:

1. The effective date is April 20, 2025; and
2. Finding E was modified to address the delayed implementation; and
3. The increase to Board compensation was increased to 30% (5% per year since last enacted in April 2019); and
4. The max compensation is increased from \$2,500 to \$2,600 (to capture the legal limit of 10 meetings per month).

As this ordinance increases compensation to the Board, and therefore is required to be presented for 2nd reading at a regular board meeting as a regular agenda item.

FISCAL IMPACT:

The financial impact of adjusting the Board of Directors' compensation as written in the proposed ordinance will result in an approximate increase in costs for the district of less than \$8000 per year. The actual impact could be higher or lower depending on the number of meetings held each month and other services performed by each Board Member.

ENVIRONMENTAL IMPACT:

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

ATTACHMENT: Ordinance No. 84

SUNNYSLOPE COUNTY WATER DISTRICT

ORDINANCE NO. 84

**AN ORDINANCE OF SUNNYSLOPE COUNTY WATER DISTRICT AMENDING
POLICY 7020 TO INCREASE THE BOARD OF DIRECTOR COMPENSATION FOR
ATTENDANCE AT MEETINGS AND FOR SERVICES RENDERED AS A DIRECTOR
BY REQUEST OF THE BOARD**

Be it ordained by the Board of Directors of
Sunnyslope County Water District
as follows:

FINDINGS

Findings. The Sunnyslope County Water District (SSCWD) Board of Directors determines that each fact referenced in this section to be true and correct.

- A. Authority. This ordinance is enacted pursuant to Sections 20200 through 20207 of the California Water Code and Section 53000 of the Government Code.
- B. Adoption of this ordinance is not a project as defined by the California Environmental Quality Act per Article 20, Section 15378(b)(5) of the CEQA Guidelines as it is not a Project and is an organizational or administrative activity of a government agency that will not result in direct or indirect physical changes in the environment.
- C. SSCWD is as a California Special District, formed pursuant to the California County Water District Act, §30000 et seq. in December of 1954. Under its principal enabling act, SSCWD Board of Directors are allowed to be compensated for their efforts pertaining to SSCWD business.
- D. The Board of Directors (Board) last amended the compensation of the Board on April 20, 2019.
- E. In April 2025, 6 years will have elapsed since the most recent amendment to Board member compensation. This Ordinance has an effective date of April 20, 2025, to accommodate an increase in compensation for the full 6-year period.
- F. The Water Code confers upon the Board the discretion to increase Board member compensation by five percent for each calendar year since the previous compensation adjustment.
- G. Reimbursement for expenses of Board members is subject to Sections 53232.2 and 53232.3 of the Government Code.

NOW THEREFORE be it ordained as follows:

Section 1. The foregoing findings are adopted by the Board of Directors as though set forth fully herein.

Section 2. Purpose of Ordinance. This Ordinance, in conformance with the California Water Code, amends and increases the compensation of the Board of Directors not exceeding a total of \$2,600 in any calendar month.

Section 3. Policy Amended. SSCWD Policy 7020 is amended to read in full as follows:

7020: Board Compensation

7020.1 Members of the Board of Directors shall receive compensation, a "Director's Fee," for each day's attendance at meetings of the Board, Committees, and other duties rendered as a Director by request of the Board. The compensation amounts are as follows:

- A. \$260 for each day's service attending Board Meetings.*
- B. \$195 for each day's service attending Committee Meetings and other duties rendered by request of the Board.*
- C. \$130 per monthly for weekly check signing duties.*
- D. Monthly compensation shall not exceed \$2,600 per month.*
- E. Compensation will be paid monthly based on an approved Expense Report, submitted on a monthly basis, and should include a detailed listing of the meetings attended in that month.*
- F. Any business-related expenses incurred in the performance of his/her duties for items or services appropriately related to District business for expenses while travelling on approved District business should also be included on the monthly Expense Report submitted. See Policy § 8150 Expense Reimbursement for more detail.*

Section 4. Severability. If any section, subsection, sentence, clause, or phrase of this ordinance is for any reason held to be unconstitutional or invalid, or superseded by some other provision of law, such provisions shall be severed from and shall not affect the validity of the remaining provisions of this ordinance. The Board hereby declares that it would have passed this ordinance and each section, subsection, sentence, clause, or phrase thereof irrespective of the fact that any other part thereof be unconstitutional or invalid, or superseded by some other provision of law. The parts of this ordinance, which are not unconstitutional, invalid, or superseded, shall remain in full force and effect and shall be enforced according to their terms.

Section 5. Interpretation. Words and Phrases used in this ordinance shall be read conjunctively with and shall have the same meaning as in prior SSCWD ordinances and the SSCWD Code, unless specifically changed by this ordinance or unless the context requires some other construction. If there is any inconsistency between this ordinance and prior provisions, this ordinance shall control.

Section 6. Effective Date. This ordinance shall take effect April 20, 2025.

Section 7. Publication and Posting. Within 10 days after adoption, the SSCWD shall publish, in a newspaper published in San Benito County and circulated within the SSCWD, either a summary or the full text of this ordinance, and shall post in the SSCWD office a certified copy of the full text of this ordinance as adopted along with the names of those directors voting for and against adoption.

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On motion of Director _____, seconded by Director _____, the foregoing Ordinance is enacted and shall take effect on **April 20, 2025**, by the following roll call of the Board:

AYES:

NAYS:

ABSENT:

By _____
Edward J. Mauro, President

ATTEST:

Drew A. Lander, Secretary

CERTIFICATE OF SECRETARY

The undersigned hereby certifies that the foregoing Ordinance was adopted and approved by the Board of Directors at their regular meeting on November 19, 2024.

Drew A. Lander, Secretary

Staff Report

Agenda Item: I - 5

DATE: November 11, 2024 (November 19, 2024, Meeting)

TO: Board of Directors

FROM: Drew Lander, General Manager
Dee J Burbank, Operations and Maintenance Crew Chief

SUBJECT: Authorize the General Manager to Proceed with Well #7 Rehabilitation for a Total Cost Not to Exceed \$90,000 (CEQA Categorically Exempt 15301 (d)).

RECOMMENDATION:

Authorize the General Manager to complete the rehabilitation of Well #7 at a total cost not to exceed \$90,000.00.

BACKGROUND:

Well #7 has served the district well for over 30 years. During this time little to no repairs have been required beyond routine maintenance. Staff monitor pump vibration and performance weekly, and after internal discussions with operations and maintenance staff the time to perform well rehabilitation is now. As we enter the winter months there will be less water demand providing the opportunity to take this water source offline. Staff intend to schedule the rehabilitation of this well to follow the repairs at Well #8 so that we can continue to receive preferential pricing from a local contractor and return this pump to service prior to the Spring. When the pump is removed, staff will have the well video inspected and if needed the well will be brushed and swabbed to improve production output. These inspection services are in addition to the rehabilitation quote provided and are estimated not to exceed \$15,000 depending on the amount of servicing discovered during the video inspection. Rehabilitation of the well, as estimated, will fully return this well to operation and it will give the district a new operation baseline where the district should be able to depend on this asset another 20-30 years of operation.

Rehabilitation of this wellhead has been an anticipated “unscheduled” activity that has been planned for based on age of the asset. The existing pump and equipment were installed in the 1990’s and has been in operation since that time with good performance. Well pumps are expected to last 20 years under regular operation.

Staff propose to extend this work contract to Maggiora Bros. Drilling, Inc. as they are currently working on well #8.

FINANCIAL IMPACT:

A total project cost Not to Exceed \$90,000.00 is requested to rehabilitate the well and return it to service. Funds for the repairs will be allocated from District Water System Capital Improvement Reserves.

ENVIRONMENTAL IMPACT:

The proposed work is to repair an existing asset and will not result in greater impacts to the environment. The proposed action is Categorically Exempt 15301 (d) (State CEQA Guidelines) and therefore CEQA is not applicable.

ATTACHMENTS:

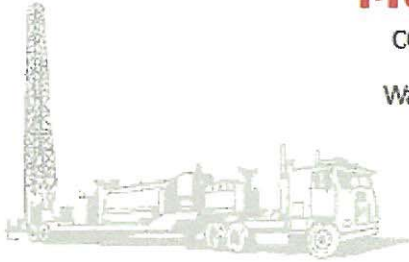
Maggior Bros Drilling, Inc. Well #7 quote.

Maggiore Bros Drilling, Inc.

CORPORATE OFFICE
595 Airport Blvd
Watsonville, CA 95076
(831) 724-1338

BRANCH OFFICE
2001 Shelton Drive
Hollister, CA 95023
(831) 637-8228
(800) 728-1480

STATE CONTRACTORS LICENSE #249957



Attention: DEE J BURBANK

Date: 10/28/2024 **Quote No.:** 105405 **Rev No.:** 0

Billing Address:

SUNNYSLOPE COUNTY WATER
Attn: DEE J BURBANK
3570 AIRLINE HWY
HOLLISTER, CA 95023

Phone: (831) 637-4670

Fax:

Email: madison@sunnyslopewater.org

Job Address:

SUNNYSLOPE COUNTY WATER
ENTERPRISE RD WELL#7
ACROSS FROM LICOS LABOR CAMP
HOLLISTER, CA 95023

Job Attention: Dee J

Phone: (831) 637-4670

Fax:

Email:

A. The following is the complete specifications and costs of the pump installation/repair project. QUANTITIES are ESTIMATED and the final price will be adjusted at the time of invoicing to reflect the ACTUAL amounts of materials utilized. Customer would normally bring electrical and piping to project site otherwise this can be supplied on a time and material basis. PG&E power to the property will have to be arranged by the Customer.

B. General description of work requested
PULL EXISTING WATER LUBE TURBINE, VIDEO WELL AND INSTALL NEW 125 HP PER CUSTOMER REQUEST. TAX AND FREIGHT WILL BE CALCULATED IN FINAL INVOICING.

QTY	DESCRIPTION
1	125 HP 8" Franklin motor
1	FLOWISE FW10IC 3 STAGE PUMP END
18	8" T&C NPT X 20' COLUMN PIPE
2	8 DI VFD RATED CHECK VALVE
400	3/0 FLAT JACKET SUB CABLE
1	FABRICATED WELL HEAD
1	WELL VIDEO
1	LABOR & PUMP RIG TO PULL & INSTALL
1	MISC. electrical fittings
1	BANDING/ECT FOR LARGE WIRE

Total Labor:	10,200.00
Total Materials:	63,805.00
Total:	<u>\$74,005.00</u>

**50% Deposit due PRIOR to SCHEDULING of job. BALANCE DUE UPON COMPLETION.
Proposal is valid 1 month from date above**

I HAVE READ AND UNDERSTAND THESE TERMS. My signature indicates my ACCEPTANCE & AUTHORIZATION for work to begin.

_____	10/28/2024	_____	_____
Authorized Salesperson	Date	Customer Acceptance	Date

Staff Report

Agenda Item: I – 6

DATE: November 13, 2024 (November 15, 2024 Meeting)

TO: Board of Directors

FROM: Drew Lander, General Manager

SUBJECT: Authorize The District President To Sign Resolution No. 604, And Adopting The 2024-25 Salary Schedule To Comply With CALPERS Satutory And Regulatory Requirements.

RECOMMENDATION:

Make a motion and approve the district President to sign Resolution No. 604 to adopt the 2024-25 salary schedule as required by CALPERS.

BACKGROUND:

At the October 22 board meeting the board passed a motion to modify Management salary schedules and to align all staff with the health care benefits accepted by the staff represented by the collective bargaining unit.

To follow CALPERS' requirements the board is requested to adopt the comprehensive salary schedule that reflects all resolutions and actions taken by the board in the prior year regarding staff compensation.

FISCAL IMPACT:

This action has not impact on salary as all changes have been previously adopted by the Board.

ENVIRONMENTAL IMPACT:

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

ATTACHMENTS:

- 1) Resolution No. 604
- 2) Resolution No. 604 – Publicly Available Salary Schedule
- 3) Organizational Chart and Staffing

RESOLUTION NO. 604

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SUNNYSLOPE COUNTY WATER DISTRICT
ADOPTING THE 2024-25 SALARY SCHEDULE TO COMPLY WITH
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CALPERS)
STATUTORY AND REGULATORY REQUIREMENTS FOR COMPENSATION
EARNABLE AND PUBLICLY AVAILABLE PAY SCHEDULES**

WHEREAS, all employers must comply with the compensation earnable and publicly available pay schedules provision contained in the California Code of Regulations (CCR) Title 2, Section 570.5 and amendments to CCR Section 571, subdivision (b); and

WHEREAS, it is necessary to review and duly approve and adopt in accordance with requirements of applicable public meetings laws, and publicly available pay schedule; and

WHEREAS, attached to this resolution and incorporated by reference is the District's comprehensive salary schedule which will be made publicly available on the District's website and provided upon request; and

WHEREAS, this resolution confirms and formally adopts, but does not modify and salary rates previously approved by the District; and

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Sunnyslope County Water District that the Sunnyslope County Water District hereby adopts and confirms the salary schedule to comply with California Public Employees' Retirement System (CALPERS) statutory and regulatory requirements for compensation earnable and publicly available pay schedules.

PASSED AND ADOPTED by the Board of Directors of the Sunnyslope County Water District this 19th day of November, 2024 by the following vote:

AYES: *Directors:*

NAYS:

ABSTAIN:

ABSENT:

Signed: _____
Ed Mauro, President

(Seal)

ATTEST:
By _____
Drew A. Lander, Secretary



Sunnyslope Water District

Field and Office Effective 07/21/2024

Classification	Rate Type	Step A	Step B	Step C	Step D	Step E	Step F	Step G	Step H	Step I	Step J (lead)
Account Technician *□*	monthly	4,577.04	4,805.90	5,046.20	5,298.51	5,563.44	5,841.61	6,133.69	6,440.37	6,762.39	7,438.61
Billing and Public Relations Specialist *□*	monthly	4,577.04	4,805.90	5,046.20	5,298.51	5,563.44	5,841.61	6,133.69	6,440.37		
Water/ Wastewater Utility Maintenance *□*	monthly	6,004.53	6,304.76	6,620.00	6,951.00	7,298.55	7,663.48	8,046.65	8,448.98	8,871.43	9,315.00
Water Treatment Plant Operator *□*	monthly	8,101.37	8,506.43	8,931.75	9,378.34	9,847.26	10,339.62				

Board Approved: 07/23/2024

Minimum Requirements to Reach Steps for Water/Wastewater Utility Maintenance & Water Treatment Plant Operator Positions:		None	None	One Required	Two Required	Two Required	One Grade II Required	Two Grade II Required	Two Grade II Required	Three Required	Three Required
Grade/ Certification:	W Treatment WW Treatment Distribution	None	None	Grade I Grade I Grade I	Grade I Grade I Grade I	Grade I Grade I Grade I	Grade II Grade I Grade II	Grade II Grade I Grade II	Grade II Grade I Grade II	Grade II Grade II Grade II	Grade II Grade III Grade III

Management/Confidential/Professional Effective 10/27/2024

Classification	Rate Type	Step A	Step B	Step C	Step D	Step E	Step F	Step G	Step H	Step I
Assistant Engineer *□*	monthly	5,252.00	5,514.60	5,790.33	6,079.85	6,383.84	6,703.03	7,038.18	7,390.09	
Assistant Finance Manager *□*■	monthly	6,000.00	6,300.00	6,615.00	6,945.75	7,293.04	7,657.69	8,040.57	8,442.60	8,864.73
Executive Assistant- Confidential *□*■	monthly	6,000.00	6,300.00	6,615.00	6,945.75	7,293.04	7,657.69	8,040.57	8,442.60	8,864.73
Finance/Human Resources Manager *□*	monthly	9,520.00	9,996.00	10,495.80	11,020.59	11,571.62	12,150.20			
Operations & Maintenance Crew Chief *□*	monthly	9,870.00	10,363.50	10,881.68	11,425.76	11,997.05	12,596.90			
Principal Engineer *□*	monthly	11,510.00	12,085.50	12,689.78	13,324.26	13,990.48	14,690.00			
Water/Wastewater Superintendent *□*	monthly	12,085.50	12,689.78	13,324.26	13,990.48	14,690.00	15,424.50			

Board Approved: 10/22/2024

■ Last 4 Steps in the Salary Scale Require a 4-Year Degree in a Related Field.

Executive Management

Classification	Annual	Rate Type	Effective Date	Hourly	
General Manager	205,000.00	Monthly	17,083.33	12/25/2022	98.56

Board Approved: 11/15/2022

* Longevity Steps are added to the employees base pay rate at their current position and step as follows:

Years of Service	Additional Pay
15-19	2.00%
20-24	4.00%
25+	6.00%

□ Stipend Pay: The District provides a stipend of \$100 per month for qualified positions designated by the General Manager.

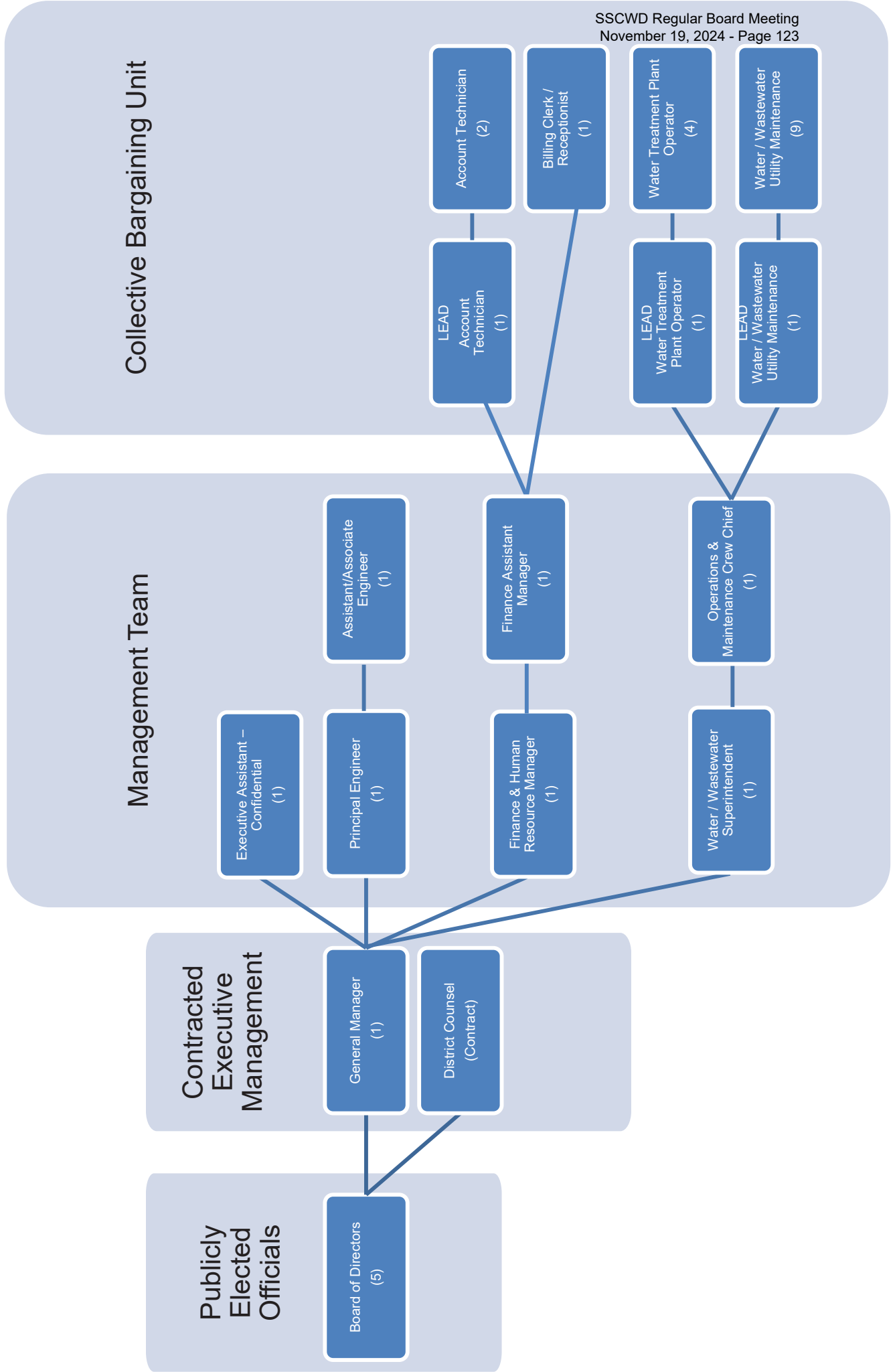
Stipend List:	
Notary	Pesticide Applicator- DPR
Spanish Speaking/Writing	P.O. Administration Certificate
Tyler Administration Certificate	Back Flow- AWWA
	Commercial Driver's License-DMV

* Incentive/Professional Certification Pay (CWEA)	Percentage Increase to Current Salary Step			
Technical Fields:	Grade 1	Grade 2	Grade 3	Grade 4
Advanced Water Treatment Operator	0%	1%	2%	3%
Collection System Maintenance	0%	1%	2%	3%
Electrical & Instrumentation Technologist	0%	1%	2%	3%
Mechanical Techologist	0%	1%	2%	3%

9% Cap for CWEA Certification Pay: Only Available to Management and Field Employees

Sunnyslope County Water District

Organization Chart 2024



Sunnyslope County Water District

STAFF 2024

- **Board of Directors** (Term Begins – Expires)
 - Ed Mauro, President (12/22 – 11/26)
 - Jim Parker, Vice President (12/22 – 11/24)
 - Mike Alcorn (12/22 – 11/26)
 - Jerry Buzzetta (12/24 – 11/28)
 - Dee Brown (12/22 – 11/26)
- **District Counsel (De Lay & Laredo)**
 - David Laredo, Esq.
 - Michael Laredo, Esq.
- **General Manager**
 - Drew A. Lander, P.E.
- **Executive Assistant-Confidential**
 - Madison Koester
- **Finance & Human Resource Manager**
 - Barry Kelly
 - **Assistant Finance Manager**
 - Dana Sullivan
- **Account Technicians**
 - Kelly L. Roberts
 - Melissa Bernal
 - Vacant
- **Billing Clerk/Public Relations Specialist**
 - Valeria Garcia
- **Principal Engineer**
 - Robert (Rob) B. Hillebrecht, P.E.
 - **Assistant Engineer**
 - Alvin Do, EIT
- **Water / Wastewater Superintendent**
 - Jose J. Rodriguez
- **Operations & Maintenance Crew Chief**
 - Dee J. Burbank
- **Lead Water Treatment Plant Operator**
 - Manuel (Manny) T. Chavez, Jr.
- **Water Treatment Plant Operator**
 - William (Billy) K. Boltz
 - Troy E. Quick
 - Scott A. Watson
- **Lead Water / Wastewater Utility Maintenance**
 - Vacant
- **Water / Wastewater Utility Maintenance**
 - Abel Alvarez
 - Diego Perez Bribiesca
 - Kevin G. Castro
 - Adan Cervantes, Jr.
 - Bazilio (Bas) Hernandez
 - David (Dave) Padilla
 - Michael (Mike) Vargas Garcia
 - Luis Vasquez
 - Jacob Machado

Staff Report

Agenda Item: I - 7

DATE: November 11, 2024 (November 19, 2024, Meeting)

TO: Board of Directors

FROM: Employee and Personnel Committee
(President Mauro, Director Brown, General Manager - Drew Lander)

SUBJECT: General Manager's Contract Item #3.2 Performance Reviews, Incentive Pay In The Amount Of \$9,225.

RECOMMENDATION:

Approve an incentive pay amount not to exceed 4.5% per section 3.2 of the current General Manager employment Contract.

BACKGROUND:

The Employee and Personnel committee met on October 29th to discuss the GM's performance for 2024. Section 3.2 of the GM's contract allows the board to authorize a percentage of the GM base salary as incentive pay upon completing a favorable annual review by the Board of Directors. The incentive pay shall not increase the GM's base salary.

DISCUSSION:

The Board met in Closed Session prior to this scheduled meeting to discuss the GM performance. Approval of this item concludes the GM review for 2024.

FINANCIAL IMPACT:

Approval of this item will authorize a \$9225 payment to the General Manager for the successful completion of the GM annual review.