



## **FINANCE COMMITTEE**

REGULAR MEETING  
Tuesday, March 26, 2019 - 10:00 AM  
1000 Main Street, Cambria, CA 93428

3/21/2019: Amended Agenda to Include Regular Business Item 3.F. and Revised  
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### **AGENDA**

- A. CALL TO ORDER
- B. ESTABLISH QUORUM
- C. CHAIRMAN'S REPORT

#### **1. PUBLIC COMMENT**

Members of the public may now address the Committee on any item of interest within the jurisdiction of the Committee but not on its agenda today. In compliance with the Brown Act, the Committee cannot discuss or act on items not on the agenda. Each speaker has up to three minutes. Speaker slips (available at the entry) should be submitted to the District Clerk.

#### **2. CONSENT AGENDA**

- A. Consideration to Approve the February 12, 2019 Regular Meeting Minutes

#### **3. REGULAR BUSINESS**

- A. Discussion and Consideration Regarding Rescheduling the December 2019 Committee Meeting Date
- B. Discussion and Consideration Regarding the Committee Mission Statement and Bylaws Developed by the Ad Hoc Committee
- C. Discussion and Consideration Regarding the Goals and Objectives Developed by the Ad Hoc Committee
- D. Discussion and Consideration to Appoint an Ad Hoc Committee to Work on the Reserve Fund Policy

- E. Discussion and Consideration to Appoint an Ad Hoc Committee to Explore Revenue Options for East-West Ranch Maintenance
- F. Discussion and Consideration of the 2018/2019 Mid-Year Budget and Develop Recommendations for the CCSD Board of Directors
  - 1. Review the Proposed Budget/Financial Reporting Model, as discussed during the February 12, 2019 meeting
  - 2. Review the 2018/19 Mid-Year Budget, with modifications for unanticipated revenues & related expenses for the SFW – Impoundment Basin, as presented to the Board of Directors at the March 14, 2019 meeting

**4. FUTURE AGENDA ITEMS**

**5. ADJOURN**

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### **REGULAR BUSINESS ITEM 3.F.**

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DISCUSSION AND CONSIDERATION OF THE 2018/2019 MID-YEAR BUDGET AND DEVELOP RECOMMENDATIONS FOR THE CCSD BOARD OF DIRECTORS

1. REVIEW THE PROPOSED BUDGET/FINANCIAL REPORTING MODEL, AS DISCUSSED DURING THE FEBRUARY 12, 2019 MEETING
2. REVIEW THE 2018/19 MID-YEAR BUDGET, WITH MODIFICATIONS FOR UNANTICIPATED REVENUES & RELATED EXPENSES FOR THE SFW – IMPOUNDMENT BASIN, AS PRESENTED TO THE BOARD OF DIRECTORS AT THE MARCH 14, 2019 MEETING



## **FINANCE COMMITTEE**

REGULAR MEETING  
Tuesday, February 12, 2019 - 10:00 AM  
1000 Main Street, Cambria, CA 93428

### **MINUTES**

#### **A. CALL TO ORDER**

Chairman Steidel called the meeting to order at 10:00 a.m.

#### **B. ESTABLISH QUORUM**

A quorum was established.

Committee members present: Cindy Steidel, Ted Siegler, Dewayne Lee, Mary Maher, Cheryl McDowell.  
Absent: Marvin Corne

Staff present: Acting General Manager Monique Madrid, Finance Manager Pam Duffield, Strategic and Organizational Advisor Paavo Ogren, and Clerical Assistant Annette Young

Public present:

Laura Swartz

Paul Nugent

Jim Webb

Harry Farmer

#### **C. ELECTION OF OFFICERS**

Committee member Siegler made a motion to approve Committee member Steidel as Chairman.

Committee member Lee seconded the motion.

The motion was approved 4-Ayes (Siegler, Lee, Maher, McDowell), 0-Nays, 1-Absent (Corne).

Chairman Steidel nominated Committee member Siegler as Vice Chair.

Committee member Siegler was confirmed Vice Chair by consensus.

Committee member Siegler volunteered to act as Secretary.

Committee member Siegler was confirmed Secretary by consensus.

#### **D. CHAIRMAN'S REPORT**

Chairman Steidel explained to new members why a meeting wasn't held in January. She mentioned that the fact there was no meeting is reflected in the January 10, 2019 draft minutes in the agenda packet.

She went on to say that several items under Regular Business might be assigned to an ad hoc committee. She would like to get through setting the meeting dates, the goals, and the budget review.

##### **1. PUBLIC COMMENT**

There was no public comment.

##### **2. CONSENT AGENDA**

###### **A. Consideration to Approve the November 29, 2018 and January 10, 2019 Regular Meeting Minutes**

Committee member Lee made a motion to approve the November 29 minutes.

Vice Chair Siegler seconded the motion.

The motion was approved 4-Ayes (McDowell, Lee, Maher, Siegler), 0-Nays, 1-Absent (Corne)

The January 10, 2019 minutes were not voted on. As a quorum was not established, the meeting was not held.

##### **3. REGULAR BUSINESS**

###### **A. Discussion and Consideration of Finance Committee Goals**

Chairman Steidel introduced the item.

The Committee discussed the goals in the agenda packet.

Chairman Steidel made a motion to form an Ad Hoc Committee to formalize the Committee goals that were discussed and report back at a future Finance Committee meeting.

Chairman Steidel and Committee member Maher volunteered to be on the Committee. It was suggested that Committee member Corne, who was absent, could also be on the Committee.

Committee member Maher seconded the motion.

The motion was approved 4-Ayes (McDowell, Lee, Maher, Siegler), 0-Nays, 1-Absent (Corne)

###### **B. Discussion and Consideration Regarding Developing Finance Committee Bylaws**

Chairman Steidel introduced the item and made a motion to establish an Ad Hoc Committee to put together bylaws and a mission statement for the Finance Committee and bring them back for review at a future meeting.

Committee member Maher and Committee member Lee volunteered to be on the Committee.

The motion was seconded by Committee member Maher.

The motion was approved 4-Ayes (McDowell, Lee, Maher, Siegler), 0-Nays, 1-Absent (Corne)

There was a revision to the original motion. It was decided that the Committee would be comprised of Committee member Lee and Committee member McDowell and not Committee member Maher.

Committee member Maher seconded the change.

The change was approved 4-Ayes (McDowell, Lee, Maher, Siegler), 0-Nays, 1-Absent (Corne)

### **C. Discussion and Consideration Regarding Finance Committee Mission Statement**

Development of a mission statement was assigned to be completed by the Ad Hoc Committee approved in Item 3.B. above.

### **D. Discussion and Consideration Regarding 2019 Finance Committee Meeting Dates**

Chairman Steidel introduced the item.

Committee member Lee made a motion that the Finance Committee will meet on the 4<sup>th</sup> Tuesday of the month, from 10 a.m. – 12 p.m. in the Vet's Hall dining room, beginning in March, 2019.

The motion was seconded by Committee member Maher.

The motion was approved 4-Ayes (McDowell, Lee, Maher, Siegler), 0-Nays, 1-Absent (Corne)

### **E. Discussion and Consideration of Mid-Year Budget and Develop Recommendations for the CCSD Board of Directors**

Chairman Steidel introduced the item.

Mrs. Duffield provided an overview of each fund's budget. Three options were presented to cover the wastewater fund deficit. (see Regular Business Item 3.E. Attachment)

Committee member Lee made a motion to advise the Board of Directors to implement Option 3 so we can get back on track on our CIP promises.

Committee member McDowell seconded the motion.

The motion was approved 3-Ayes (McDowell, Lee, Maher), 0-Nays, 2-Absent (Corne and Siegler)  
Vice Chair Siegler had to leave before the vote was taken.

Chairman Steidel suggested extending the meeting to 12:15 p.m. so they could hear the report from Mr. Ogren. All agreed.

Mr. Ogren reported on a Proposition 218 reporting analysis he was asked to do by the District.

Chairman Steidel made a motion to form an Ad Hoc Committee to interact directly with District staff on the budget and Prop 218 budget spreadsheet development.

The motion was seconded by Committee member Lee.

Committee member Maher volunteered and Committee member Corne was nominated for the Ad Hoc Committee.

The motion was approved 3-Ayes (McDowell, Lee, Maher), 0-Nays, 2-Absent (Corne and Siegler)

#### **4. FUTURE AGENDA ITEMS**

Discussion and Consideration to Appoint an Ad Hoc Committee to Work on the Reserve Fund Policy

#### **5. ADJOURN**

Chairman Steidel adjourned the meeting at 12:20 p.m.

# FINANCE STANDING COMMITTEE MEETING SIGN-IN SHEET

Meeting Date: February 12, 2019

Name	Name
<i>Cheryl</i>	
CINDY STRIDER	
Annette Young	
Monique Madrid	
Sara Webb	
HARRY FARMER	
CP DeKiehl	
Mary Maher	
<i>Dewey Lee</i>	



**Agenda Item 3.B**  
**Finance Standing Committee**  
**Mission Statement (Draft)**

(Ad Hoc Committee, Dewayne Lee, Cheryl McDowell)

The Standing Finance Committee serves as an Advisory resource to the Cambria CSD Board of Directors to provide transparent budget processes and financial management that promote fiscal stability and instill public trust.

**Agenda Item 3.B (Continued)****Finance Standing Committee****Bylaws/Guidelines (Draft)**

(Ad Hoc Committee, Dewayne Lee, Cheryl McDowell)

**I. Statement of Purpose**

1. The Committee will work directly with the General Manager, Finance Manager and the Board of Directors.
2. To promote establishment of financial recording and accounting to accurately reflect the total financial position of the Cambria CSD.
3. To provide a means for the financial integrity and enhancement of monetary discipline of the Cambria CSD.
4. To promote a budget process with a CIP Workplan to identify projected cost.
5. To receive input from the Infrastructure Committee to identify infrastructure repair and replacement needs for the budget.

**II. Mission Statement**

The Standing Finance Committee serves as an Advisory resource to the Cambria CSD Board of Directors. To provide transparent budget processes and financial management that promote fiscal stability and instill public trust.

**III. STATEMENT OF RESPONSIBILITIES**

1. At the direction of the CCSD Board of Directors discuss, receive public input and advise the Board on Financial matters.
2. Members of the Committee and their activities are bound by all applicable provisions of the Brown Action (Government Code Sections 54950 et seq.)
3. Members of the Committee shall not participant in discussion of, or vote on issues constituting conflicts of interest — “no public official shall make, participate in making, or in any way attempt to use his official position to influence a governmental decision in which he/she knows or has reason to know he/she has a financial interest.” (Government Code Section 8710

4. Members of the Committee are charged with protection and upholding the public interest and with exhibiting the highest level of ethics in all actions.

#### IV. TERMS OF APPOINTMENT AND OFFICES

1. The Committee shall consist of five members from the community with full voting privileges and one member from the CCSD Board of Directors who may only vote to break a tie.
2. Each Citizen Committee member shall serve a four-year term. Upon the request of a retiring member, at the end of a completed term of office, and at the discretion of the CCSD Board of Directors, a committee member may be appointed for an additional term of up to four years.
3. Each committee member shall live within the Cambria Community Services District's boundaries, hold no other public office within the CCSD, and shall service at the pleasure of the Board.
4. The members of the Committee shall elect a Chairperson, Vice-Chairperson and Secretary. The Chairperson shall preside over meetings, appoint appropriate committees, sign reports, establish meeting agendas, and represent the Committee at the regular CCSD Board meeting. In the absence of the Chairperson, the duties of this office shall be performed by the Vice Chairperson. The terms of these offices shall be one year with elections occurring at the first regular meeting of the year.

#### V. AGENDA PROCEDURE

1. The Standing Finance Committee shall meet within the jurisdictional boundaries of the CCSD except in emergency.
2. The Standing Finance Committee members will provide input on agenda items to the Chairperson.
3. The Chair or Vice Chair develop draft agenda with CCSD staff.
4. CCSD staff prepares the final agenda, attachments and emails to all committee members. Agendas are distributed to Standing Finance Committee distribution list.
5. CCSD staff posts agendas at CCSD Administrative Office, Veteran's Memorial Building Cambria Library and the CCSD web site.

## VI. COMMITTEES

The Standing Finance Committee shall appoint Ad Hoc Committees as may be deemed necessary or advisable. The duties of the Ad Hoc Committee shall be outlined at the time of appointment, and the committee shall be considered dissolved when its final report has been made.

## VII STANDING FINANCE COMMITTEE PROCEDURES

1. The Committee shall meet on the fourth Tuesday of each month. This is the regularly scheduled meeting unless otherwise publicly noticed 72 hours in advance. The Committee may call public-noticed special meetings as needed.
2. A majority of the Committee members shall constitute a quorum.
3. All Committee meetings shall be conducted by laws governing open meetings and public participation.
4. The CCSD Board of Directors shall appoint a Board liaison to the Committee for the purpose of improving the flow of communications between the entities. This member will only vote to break a tie.
5. The General Manager, or their designated representative(s), shall assist the Committee as Staff to the Committee.
6. After two consecutive unexcused absences of a Committee member, the Committee, by a majority vote, may recommend to the CCSD Board the dismissal of said member.
7. Should a Committee member disrupt the Committee meetings, or participate in behavior contrary to the charges and responsibilities of the Committee, the Committee, by a majority vote, may recommend to the CCSD Board the removal of said member.
8. Should a Committee member wish to resign they shall submit a letter of resignation to the Committee Chairperson and this shall be forwarded to the CCSD Board.
9. To fill a vacancy on the Standing Finance Committee resulting from the expiration of a regular term of office with no request for reappointment, as described in section VI - 2, such vacancy shall be advertised for a minimum of two weeks in the local Newspaper, and posted at all CCSD public information bulletin boards. The application period shall extend from the date of first posting the vacancy until a date four weeks following. Applications may be obtained at the CCSD Administrative Offices during normal business hours during the application period.

10. Vacancies of unexpired terms of office of regular Committee members shall be filled from among current applications. Such vacancy shall be filled by appointment of the CCSD Board of Directors.

#### VIII. AMENDMENTS OF BYLAWS/GUIDELINES

The Bylaws/Guidelines may be amended by majority vote at any regular meeting of the Standing Finance Committee provided that written notice of the proposed changes is mailed to each member of the Committee no less than one week in advance. Changes must be approved by the CCSD Board of Directors.

**Agenda Item 3.C**  
**Finance Standing Committee**  
**2019 Goals and Objectives (Draft)**

(Ad Hoc Committee, Marvin Corne, Mary Maher, Cindy Steidel)

- 1) Strengthen the Districts financial health and improve financial transparency to the community by providing overview, analysis and recommendations of financial structures and products in a public forum**
  - a) FY 19/20 Budget and underlying CIP (including 218 rate budgeted revenue assignments) recommendations from the Resource and Infrastructure Committee
  - b) Work with district staff to grow the methods, processes and tools for financial management and Budget reporting, including report generation data available from implementation of Tyler InCode
  - c) Work with staff through an Ad Hoc committee in development of an annual 218 Rate Review process
  - d) Provide assessments to staff of potential financial risks identified during reviews and move to Board for consideration where their action is required
  - e) Provide financial assessment of potential Grant Funding opportunities referred to the committee from district staff
  
- 2) Review effectiveness and strength of District Financial Policies to assist in normalizing financial parameters and provide definitive guidelines for financial operation**
  - a) Prioritize review of the district's Reserve Policy
  - b) Consider review of Debt Policy, Cash Flow Analysis Policy, Investment Policy
  - c) Address additional financially based Policies referred by Policy Committee or identified by Staff
  
- 3) Provide advisory oversight of District's Financial processes**
  - a) Review any findings from the District's annual Audit Report and provide support in addressing their resolution
  - b) Verify application of generally accepted accounting practices in the monthly initiation and closeout of accounting and financial processes
  - c) Review District Fee Schedules for consistency and sufficiency

## **Reserve Policy**

### **(DRAFT August 2018, Ad Hoc Committee)**

#### **PURPOSE:**

Maintain reserve funds from existing unrestricted funds. This policy establishes policy and practices in the use of reserve funds and establishes reserve funding levels to address these specific goals for the applicable Enterprise and General Funds.

- A. Fund replacement and major repairs for the districts physical assets
- B. Fund replacement and upgrade of communications equipment
- C. Fund regular upgrade or replacement of computer hardware, software and other technology assets
- D. Working capital (Operating Reserve) funds for normal operation where timing of tax dollar receipts from the county create a funding shortfall.
- E. Fund, or supplement, previously unplanned/unbudgeted Capital Improvements which are needed
- F. Fund special projects/programs or other special uses not otherwise funded by grants or where additional monetary support is required.
- G. Maintain base for operational response to unplanned events, catastrophic equipment failure or emergency maintenance needs.
- H. Maintain base for unforeseen liabilities, including response requirements to Local and State Agencies

#### **GENERAL:**

- A. Use of district reserves is limited to available "unrestricted" funds (not obligated by law, contract or agreement.)
- B. Reserve Fund applications requiring authorization by a board majority:  
 All other funds not defined by Item C, under \_\_\_\_\_ General, as well as applications which would fully deplete any given fund.
- C. Reserve Fund applications that can be authorized by the General Manager:
  - (1) Use of the Operating Reserve Funds can be authorized by the General Manager. Operating Reserve funds may be used to fund normal or recurrent annual expenditures in the General Fund when budgeted taxes have not yet been received during a fiscal year. These funds will be replenished when the taxes are received.
  - (2) Application of emergency funds up to \$\_\_\_\_\_ will be communicated to board members at time of application. Funding required above that threshold will require board approval within ten (10) days of application request.
- D. The District General Manager is authorized to make recommendations to the District Board of Directors for use of reserves. Any recommendation shall be accompanied by a proposal for the replenishment of the reserves.

- E. The General Manager, in collaboration with the Finance Manager and the standing Finance Subcommittee shall perform a reserve status semi-annually, with alignment to the annual deliberation/approval of FY Budget and Reserve Funds by the Board of Directors. The Board of Directors may, at any time, make changes to this policy to reflect current CCSD operations.

### Fund Associations:

The following Reserve requirements are identified and defined by association, monetary threshold and application.

#### 1) Water Enterprise

**Capital Improvement and Asset Reserves** Min \$ \_\_\_\_\_ Max \$ \_\_\_\_\_

Vehicle Fleet Reserve. Vehicle Fleet Reserves will be used exclusively for the purchase of new vehicles to support District operations or to make major repairs to existing vehicles.

Technology Reserve. Technology Reserves will be used to purchase (including upgrade) hardware and software in support of district operations with the intent of maintaining modern technology for efficiency and safety.

Capital Improvement Reserve. Capital Improvement Reserves shall be limited to applications related to making changes to improve capital assets, increase their useful life, or add to the value of those assets. These applications are exclusive to asset acquisition identified in the Capital Improvement Plan (CIP).

**Designated Project/Special Use Reserves** Min\$ \_\_\_\_\_ Max \$ \_\_\_\_\_

Projects, programs or special uses will be identified by the General Manager and/or the Board of Directors and approved by the Board. Projects may include but are not limited to actions such as response to state regulatory requests or requirements. Uses must further the mission of the district and will be based on the significance to the district and the ratepayers.

#### 2) Wastewater Enterprise

**Capital Improvement and Asset Reserves** Min \$ \_\_\_\_\_ Max \$ \_\_\_\_\_

Vehicle Fleet Reserve. Vehicle Fleet Reserves will be used exclusively for the purchase of new vehicles to support District operations or to make major repairs to existing vehicles.

Technology Reserve. Technology Reserves will be used to purchase (including upgrade) hardware and software in support of district operations with the intent of maintaining modern technology for efficiency and safety.

Capital Improvement Reserve. Capital Improvement Reserves shall be limited to applications related to making changes to improve capital assets, increase their useful life, or add to the value of those assets. These applications are exclusive to asset acquisition identified in the Capital Improvement Plan (CIP).



**Designated Project/Special Use Reserves** Min\$ \_\_\_\_\_ Max \$ \_\_\_\_\_

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Projects, programs or special uses will be identified by the General Manager and/or the Board of Directors and approved by the Board. Projects may include but are not limited to actions such as response to state regulatory requests or requirements. Uses must further the mission of the district and will be based on the significance to the district and the ratepayers.

### 3) General Fund

**Operating Reserve** Min \$ \_\_\_\_\_ Max \$ \_\_\_\_\_

This reserve is considered a working capital reserve and will be used to fund normal or recurring operating expenditures in the General Fund when budgeted taxes have not yet been received during a fiscal year. The Operating Reserve will be replenished when the taxes are received. Application of emergency funds up to \$ \_\_\_\_\_ will be communicated to board members at time of application. Funding required above that threshold will require board approval within ten (10) days of application request.

**Capital Improvement and Asset Reserves** Min \$ \_\_\_\_\_ Max \$ \_\_\_\_\_

Vehicle Fleet Reserve. Vehicle Fleet Reserves will be used exclusively for the purchase of new vehicles to support District operations or to make major repairs to existing vehicles.

Technology Reserve. Technology Reserves will be used to purchase (including upgrade) hardware and software in support of district operations with the intent of maintaining modern technology for efficiency and safety.

Capital Improvement Reserve. Capital Improvement Reserves shall be limited to applications related to making changes to improve capital assets, increase their useful life, or add to the value of those assets. These applications are exclusive to asset acquisition identified in the Capital Improvement Plan (CIP).

**Designated Project/Special Use Reserves** Min\$ \_\_\_\_\_ Max \$ \_\_\_\_\_

Projects, programs or special uses will be identified by the General Manager and/or the Board of Directors and approved by the Board. Projects may include but are not limited to actions such as response to state regulatory requests or requirements. Uses must further the mission of the district and will be based on the significance to the district and the ratepayers.



**POLICY TITLE: Reserve Policy**  
**POLICY NUMBER: 2150**

2150.1 Purpose: The [name of District] (the District) shall maintain reserve funds from existing unrestricted funds as designated by the District's Reserve Policy. This policy establishes the procedure and level of reserve funding to achieve the following specific goals:

- a) Fund replacement and major repairs for the District's physical assets.
- b) Fund regular replacement of computer hardware and software.
- c) Fund designated conservation projects/programs or other special uses not otherwise funded by grants or requiring additional monetary support;
- d) Fund capital improvements; and
- e) Maintain minimal operational sustainability in periods of economic uncertainty.

The District shall account for reserves as required by Governmental Accounting Standards Board Statement No. 54, which distinguishes reserves as among these classes: non-spendable, restricted, committed, assigned and unassigned. The reserves stated by this policy, unless otherwise required by law, contract, or District policy shall be deemed "assigned" reserves.

2150.2 Policy: Use of District Reserves is limited to available "Unrestricted" Funds (not obligated by law, contract or agreement), including donations, interest earned, fees for service or other non-grant earnings. All special use funds will be designated by formal action of the Board of Directors. [The following reserves reflect common purposes of many Districts for cash reserves; the listed purposes and reserve amounts should be tailored to the needs of your District.]

- a) Vehicle Fleet Reserve:  
Vehicle Fleet Reserves will accumulate from existing unrestricted funds, at a rate of [\$10,000] annually. The maximum amount of Vehicle Fleet Reserves will be [\$50,000]. When the annual accumulation would increase the Reserve beyond [\$50,000], only the amount required to reach the maximum will be reserved.
- b) Technology Reserve:  
Technology Reserves will accumulate from existing unrestricted funds at a rate of [\$4,000] annually. The maximum amount of Technology Reserves will be [\$20,000]. When the annual accumulation would increase the Reserve beyond [\$20,000], only the amount required to reach the maximum will be reserved.
- c) Designated Project/Special Use Reserve:  
Designated Project/Special Use Reserves will accumulate from existing unrestricted funds at a rate of [\$10,000 annually]. The maximum amount of Designated Project/Special Use Reserve will be [\$50,000]. When the annual accumulation would increase the Reserve beyond [\$50,000], only the amount required to reach the maximum will be reserved.



- d) **Capital Improvement Reserve:** Capital Improvements Reserve will accumulate from existing unrestricted funds at a rate of [\$25,000] annually. Designated Capital Improvement Funds may be used to cover major facility improvements (construction, installation of new doors or windows, replacing doors and windows, roof replacement, HVAC replacement, alarm system installation, parking lot and outside lighting improvements, etc.). The maximum amount of Capital Improvement Reserves will be [\$100,000]. When the annual accumulation would increase the Reserve beyond [\$100,000], only the amount required to reach the maximum will be reserved.
- e) **Repair/Operations & Administrative Operations Reserve:** Facility & Administrative Operations Reserves will accumulate from existing unrestricted funds at a rate of [\$260,000] annually. The maximum amount of Facility & Administrative Operations Reserves will be [\$780,000]. When the annual accumulation would increase the Reserve beyond [\$780,000] (equivalent of three years of Operations Reserves), only the amount required to reach the maximum will be reserved.
- f) **Total All Reserve Funds:**  
The total amount of Reserves designated annually from all funds shall be [\$309,000] with a cumulative accrual cap of [\$1,000,000].

#### 2150.3 Using Reserve Funds:

- a) **Vehicle Fleet Reserve:**  
Vehicle Fleet Reserves will be used exclusively for the purchase of new vehicles to support District operations, or to make major repairs to existing vehicles.
- b) **Technology Reserve:**  
Technology Reserves will be used to purchase hardware and software in support of District operations, with the intent of maintaining a modern technology for employees.
- c) **Designated Project/Special Use Reserve:**  
Projects, programs or special uses will be identified by the General Manager and/or the Board of Directors and approved by the Board. Uses must further the mission of the District and will be evaluated for designation according to value to the District and the people it serves.
- d) **Capital Improvements Reserve:**  
Capital Improvements Reserves shall be limited to costs related to making changes to improve capital assets, increase their useful life, or add to the value of these assets.  
**Operations/Repair & Administrative Operations Reserve:**
- e) **Operational Reserves shall be accrued to ensure three years of minimal facility and administrative functions, at a rate of \$260,000. Reserve funds shall be utilized to support:**
- 1) Administrative operational functions, including minimal staffing levels and administrative/office expenses;
  - 2) facility operations;
  - 3) facility repairs (distinguished from Capital Improvements and may include painting, caulking of seams, roof repairs, HVAC repairs, patching of walls, etc.).



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2150.4 Monitoring Reserve Levels: The General Manager, in collaboration with the [position title], shall perform a reserve status analysis annually, to be provided to the Board of Directors' annual deliberation/approval of Budget and Reserve Funds.

Additional information may be provided to the Board of Directors upon the occurrence of the following events:

- a) When a major change in conditions threatens the reserve levels established by this policy or calls into question the effectiveness of this policy;
- b) Upon General Manager and/or Board request.

### **Agenda Item 3.E**

#### **Excerpt from the East-West Ranch Public Access & Resource Management Plan DEED OF CONSERVATION EASEMENT**

"9. Costs and Liabilities. Grantor retains all responsibility and shall bear all costs and liabilities of any kind related to the ownership, operation, upkeep, and maintenance of Property, including the maintenance of adequate comprehensive general liability insurance coverage. Grantor shall keep Property free of any liens arising out of any work performed for, materials furnished to, or obligations incurred by Grantor.

9.1 Taxes. Grantor shall pay all taxes, assessments, fees, and charges of whatever description levied on or assessed against Property by competent authority (collectively "taxes"), including any taxes imposed upon, or incurred as a result of this Easement, and shall furnish Grantee with satisfactory evidence of payment upon request.

9.2 Hold Harmless. Each party hereto agrees to hold harmless, indemnify and defend the other, its members, employees, agents, directors, officers, contractors and their heirs, personal representatives, successors and assigns of each of them (collectively "Indemnified Parties") from and against all liabilities, penalties, costs, losses, damages, expenses, causes of action, claims, demands, or judgments, including, without limitation, reasonable attorney's fees, arising from or in any way connected with: (1) injury to or death of any person, or (2) physical damage to any property caused by the act or omission of that party."