



FINANCE COMMITTEE

REGULAR MEETING
 Tuesday, March 28, 2023 - 10:00 AM
 1000 Main Street Cambria, CA 93428

Amended 3/27/2023

AGENDA

In person at:

Cambria Veterans' Memorial Hall
 1000 Main Street, Cambria, CA 93428

AND via Zoom at:

Please click the link below to join the webinar:

<https://us06web.zoom.us/j/89735431541?pwd=bi9vc2Jac0J3Y2o2TjN4SDNsRko1Zz09>

Passcode: 959586

Or One tap mobile:

US: +16699006833,,89735431541# or +16694449171,,89735431541#

Or Telephone: dial *6 to mute/unmute; dial *9 to raise/lower hand

Dial (for higher quality, dial a number based on your current location):

US: +1 669 900 6833 or +1 669 444 9171 or +1 719 359 4580 or +1 253 205 0468 or +1 253 215 8782 or +1 346 248 7799 or +1 312 626 6799 or +1 360 209 5623 or +1 386 347 5053 or +1 507 473 4847 or +1 564 217 2000 or +1 646 931 3860 or +1 689 278 1000 or +1 929 205 6099 or +1 301 715 8592 or +1 305 224 1968 or +1 309 205 3325

Webinar ID: 897 3543 1541

International numbers available:<https://us06web.zoom.us/j/89735431541>

Copies of the staff reports or other documentation relating to each item of business referred to on the agenda are on file in the Office of the Board Secretary, available for public inspection during District business hours. The agenda and agenda packets are also available on the CCSD website at www.cambriacsd.org. Please call 805-927-6223 if you need any assistance. If requested, the agenda and supporting documents shall be made available in alternative formats to persons with a disability. The Committee Chairperson will answer any questions regarding the agenda.

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

D. COMMITTEE MEMBER COMMUNICATIONS

Any Committee Member may make an announcement, report briefly on his or her activities, or ask a question for clarification.

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. Future agenda items can be suggested at this time. 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.

2. CONSENT AGENDA

- A. Consideration to Approve February 28, 2023 Regular Meeting Minutes

3. REGULAR BUSINESS

- A. Discussion and Consideration of Land and Water Conservation Fund Grant Application for Cambria Skatepark Project
- B. Review and Discussion of Report from Ad Hoc Subcommittee on Budget Policy Review Changed
- C. Discussion and Appointment of Ad Hoc Subcommittee Regarding Review of Reserve Policy
- D. Discussion and Consideration to Amend Wastewater Fund-General Fund Interfund Repayment Agreement with Recommendation to the Board
- E. Discussion and Consideration of Water Fund-General Fund Interfund Repayment Agreement, with Recommendation to the Board

4. FUTURE AGENDA ITEMS

5. ADJOURN

FINANCE COMMITTEE**REGULAR MEETING**

Tuesday, February 28, 2023 - 10:00 AM

MINUTES**A. CALL TO ORDER**

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

B. ESTABLISH QUORUM

A quorum was established.

Committee members present via Zoom: Tom Gray, Karen Chrisman, Cheryl McDowell, David Pierson, Cindy Steidel and Aimee Wyatt.

Staff present via Zoom: Acting General Manager/Utilities Department Manager/District Engineer Ray Dienzo, Pamela Duffield, Administrative Department Manager, Denise Fritz, Finance Manager, Carols Mendoza, Manager, Facilities & Resources and Fire Chief Justin Vincent.

C. ELECTION OF OFFICERS

Ms. Steidel agreed to be nominated for Vice Chair.

Committee member Pierson moved to elect Ms. Steidel.

Committee member McDowell seconded the motion.

The motion was approved: 5-Ayes, 0-Nays, 0-Absent

Ms. Wyatt was elected Secretary. Ms. Steidel agreed to be a back-up.

Committee member Wyatt moved to elect herself.

Committee member Steidel seconded the motion.

The motion was approved: 5-Ayes, 0-Nays, 0-Absent

D. CHAIRMAN'S REPORT

None.

E. COMMITTEE MEMBER COMMUNICATIONS

None.

1. PUBLIC COMMENT

Public Comment:

Fire Department Chief Vincent asked for further information about the history of the General Fund funding for the Fire Department. Chairman Gray asked that this be discussed as part of Agenda Item 3C.

Member of the Public Chelsie Foster had a comment about the Skate Park. Chairman Gray asked that this be discussed as part of the Agenda Item 3B.

No written comments were read into the record.

2. **CONSENT AGENDA**

Consideration to Approve January 24, 2023 Regular Meeting Minutes

Chairman Gray stated that since there isn't a quorum of members who were present at the previous meeting to approve those minutes, the Committee can declare that the minutes stand, as amended (only correcting the meeting start and end times from p.m. noted on the original draft to "a.m.".) No vote was needed.

3. **REGULAR BUSINESS**

A. Discussion and Consideration of 2023 Finance Committee Meeting Dates

Committee member Pierson moved to accept the meeting dates as presented.

Vice Chair Seidel seconded the motion.

The motion was approved: 5-Ayes, 0-Nays, 0-Absent

B. Discussion and Consideration of Grant Opportunity for Cambria Skate Park

Presentation by staff member Carlos Mendoza that outlined the opportunity for a Land & Water Conservation Fund Grant. There is \$30M available with up to \$6M per single project that provides matching funds for projects that include outdoor parks and amenities. June 1st is the deadline to apply for 50/50 funding.

Discussion ensued about whether the grant included any funding for maintenance and how much maintenance would be required.

There was further discussion about the need to earmark funds for this project from the General Fund, well in advance of a 3-5 year construction timeline. Ms. Duffield noted that CCSD had almost \$178K in CCC funds that could be used as part of the matching funds for this project.

Further discussion continued about the actual cost of the project, and if costs escalated above the \$1M estimate, how potential cost overrides would be funded.

Public Comment from:

Margie Sesser.

Suzanne Kennedy.

* there were some issues with unmuting for public comment and Linda Findley was unable to speak publicly.

Vice Chair Steidel reaffirmed to the group that questions about timelines, costs and resources are not meant as negativity about the project, but rather important discussions in a thorough planning process.

McDowell suggested having a follow-up meeting once an outline of actual project costs is completed, along with needed allocations and impacts or earmarking the funds.

It was agreed that Chairman Gray will consolidate the list of specific requests, in addition to a more realistic number for the cost of the project, for further clarification desired from Staff.

There was no formal action taken on this matter and will be continued to the next Regular Meeting on March 28th, once there is further information compiled.

C. Discussion and Appointment of Ad Hoc Subcommittee Regarding “Review of Budget Policy” Action Assigned to Finance Committee in Update of District Strategic Plan

Chairman Gray outlines that this has impacts on policies of the two General Fund Departments and Administrative Cost Allocations and would like to have 3 volunteers on this committee.

Duffield noted there is some time sensitivity about this policy discussion. If property tax and overhead allocation changes are approved by the board, it will be difficult to implement this item for the 23/24 fiscal year budget because budget preparation begins in April and. She shared some history that in 2018 the Finance Committee created the current policy for the budget that we’ll be reviewing.

Action: Appointment of Cheryl McDowell, David Pierson and Aimee Wyatt as Ad Hoc Subcommittee by Chairman Gray.

McDowell, Pierson and Wyatt will meet over this coming month to make recommendations for the March 28th regular meeting.

Considering the late date for findings to be included in the 2023/24 budget, it is likely that recommendations will be both short-term and longer term for inclusion in future budgets.

Finance Manager Fritz will set-up meetings on Zoom.

Chief Vincent asked for the opportunity to meet with the committee members.

D. Discussion of Process for Monitoring and Reporting Expenditures and Performance During Construction of PG&E/IGA Projects

This issue relates to clarification about the reporting structure for the PG&E/IGA Projects. Duffield reported that account numbers will be included on a monthly basis, and a stand-alone report will be included on a quarterly basis that will demonstrate what has been spent life-to-date on these projects.

Chairman Gray wants to make sure this committee has the opportunity to make input on any reporting requests on how to make this more intuitive to the public.

General Ledger will be set-up with an additional reporting layer to report IGA projects within the contract. Each will have its own account number that will reflect description, budget and expenditures as they are happening. Data will first be presented in the month of February - when the board approved the PG&E expenditures to start. The third quarter report will show the more detailed analysis report, showing budget to actual on the project.

Action: No further action needed.

E. **Discuss and Review Fiscal Year 21/22 Audit and Financial Statements** (this item was considered first in the Regular Business part of the meeting).

Alex Hom from Moss, Levy & Hartzheim LLP presented findings from the 2021/2022 Fiscal Year Audit.

Hom noted one update that included the finding of a 2.6M DECREASE in liability for pension funding that showed on the 21/22 Audit. While this looks very positive, he noted, it was related to the high stock market gains at the time. This year the liability is likely to increase again because of stock market volatility.

Pierson asked why the surplus noted on p. 10 of the budget is a different number than what's presented on p. 16 and why there was a discrepancy.

Ms. Duffield responded that p. 10 referred to the current year budget for this fiscal year and the audit report is for 21/22 and that the unused surplus goes to the General Fund reserves. Pierson suggests changing the wording to say "surplus from the reserves." Duffield noted the verbiage could be changed in the upcoming budget.

Hom notes his appreciation in working with Ms. Duffield & Ms. Fritz for their professionalism that significantly strengthened this process and the quality of the reports.

Pierson had one further question related to the process of hiring and retaining the auditors and suggested that it be under full control of the board, rather than Staff. Chairman Gray responded that

this item should be discussed before the full board when a new contract for auditing services is reviewed.

4. **FUTURE AGENDA ITEMS**

Chairman Gray asked for any future agenda items.

Proposed items from Committee and/or Staff:

Duffield asked for a review of the interfund loan policy and existing loans and if there is a policy that should be followed to clear them. The Wastewater loan was memorialized in a 2018 agreement. The last debt service payment is due by June 30th, but doesn't clear that balance to zero.

Report from the new AdHoc Committee.

SkatePark Follow-up Report

Social Media Policy Review

Public Comment:

Holly Ludwigsen emailed to the board a request that Committee Members receive an annual review of CCSD's Social Media Policy. The Comment was read to the Committee by Chairman Gray.

5. **ADJOURN**

Chairman Gray adjourned the meeting at 12:24 p.m.

CAMBRIA COMMUNITY SERVICES DISTRICT

TO: Finance Committee

AGENDA NO. **3.A.**

FROM: Ray Dienzo, Acting General Manager
 Carlos Mendoza, Facilities & Resources Manager
 Denise Fritz, Finance Manager

Meeting Date: March 28, 2023

Subject: Discussion and Consideration of
 Land and Water Conservation
 Fund Grant Application for
 Cambria Skatepark Project

RECOMMENDATIONS:

Staff recommends the Finance Committee discuss and consider the Land and Water Conservation Fund grant application for the skate park project and make recommendation to the Board of Directors.

DISCUSSION:

The California Department of Parks and Recreation's Office of Grants and Local Services (OGALS) has announced the next cycle of Land and Water Conservation Fund (LWCF) Grants. The creation or improvement of an existing outdoor park is eligible along with its recreation features and Skate Parks have been identified as an eligible project.

The current cost for the skate park project is estimated at \$1,020,461. Since there is a likelihood that the cost would escalate in material costs and inflation in construction, staff thought it would be prudent provide a contingency for the project to be approximately \$1,200,000. The district has an MOU with the Cambria Community Council (CCC) to share costs of design up to \$178,000 for the project and holds \$21,200 of the CCC funds at the district to cover expenses already contracted for as of this reporting, the Cambria Community Council has \$307,000 fundraised to help support this project.

This type of grant program requires a 50/50 match and is a reimbursement-based grant program. This type of grant program also requires all funding of the project cost to be committed at the time of the application submission. Deadline for submitting application is June 1, 2023. The district would need to restrict approximately \$871,754 of general fund reserves, if applying for this grant. Grant awards are expected in late 2025. Expenses would be reimbursed at an 80% rate during construction and the remaining 20% due upon notice of completion. Construction is expected to take 6 months. As costs are expensed or more fundraising dollars obtained the General Fund reserves could be unrestricted. (Attachment A)

After discussing this grant opportunity with the Acting General Manager Ray Dienzo and the CCSD Board appointed Skate Park Ad hoc Committee, there was consensus that the grant should be considered by the PROS Commission, Finance Committee, in advance of presenting to the Board of Directors.

Attachments:

Engineering cost estimate as of 11/2/2022
 Skate Park Conceptual Plan
 Attachment A – General Fund
 Additional Questions and Answers



CAMBRIA COMMUNITY SERVICES DISTRICT
 PO Box 65 • Cambria CA 93428 • Telephone: (805) 927-6223 • Fax: (805) 927-5584

Parks Recreation and Open Space Commission
 Facilities and Resources Manager: Carlos Mendoza

Land and Water Conservation Fund (LWCF) Grant

The California Department of Parks and Recreation’s Office of Grants and Local Services (OGALS) has announced the next cycle of Land and Water Conservation Fund Grants. There are currently \$30 million available for projects. The maximum grant amount per application is \$6 million.

The CCSD is eligible to apply since we have the authority to acquire, operate and maintain public parks and recreation areas. The creation or improvement of an existing outdoor park is eligible along with its recreation features (restroom, parking lot etc.). Skate Parks have been identified as an eligible project.

The grant requires a 50/50 match. The LWCF grant is a reimbursement only program. The funds for the total project cost must be committed at the time when the application is submitted. Deadline for submitting application is June 1, 2023. Because of the fundraising work from Skate Cambria the matching funds have been acquired.

Project Cost and 50/50 Match Breakdown		
Updated engineering cost <u>\$1,020,461</u>		
50% Match	Skate Cambria	\$535,000 (includes \$178,000 contribution from CCSD)
50% Grant Reimbursement	CCSD	\$485,461

Below is a timeline of the major milestones of the grant. Juli Amodei from Skate Cambria and Facilities and Resources Manager attended the ½ day application webinar to learn the details of the grant. After discussing the grant opportunity with the Acting General Manager Ray Dienzo and the CCSD Board appointed Skate Park Ad hoc Committee, there was consensus that the grant should be considered by the PROS Commission, Finance Committee and the CSD Board.

Land and Water Conservation Fund (LWCF) Competitive Program Timeline

Date	Milestone/Task
January/February 2023	Application Webinars <i>Technical assistance by the Competitive Program Team</i>
June 1, 2023 Before 5:00pm	Application Deadline
Summer 2023	Application review
Winter 2023	Department announces recommended projects
Early 2024	<p style="text-align: center;">Post-Selection Requirements Workshop</p> <ul style="list-style-type: none"> • Section 106 • Application & Revision (A&R) Form (including NEPA analysis) • LWCF Boundary Map • UASFLA appraisal with independent review (for acquisition projects)
2024	Applicants Complete Post-Selection Requirements (average 6-12 months)
2024 – 2025	<p style="text-align: center;">State forwards applications to National Park Service as post-selection requirements are complete, first come-first serve basis</p> <ul style="list-style-type: none"> • FFY 24 – funding certificate rec'd mid-2024; OGALS can enter projects in federal database for funding approval • FFY 25 funding – funding certificate rec'd mid-2025; OGALS can enter projects in federal database for funding approval
Late 2024 through Late 2025	Approximate Start Date
Grant Performance Period	<p style="text-align: center;">Date of NPS Approval - up to 3 years to complete project.</p> <p><i>Pre-award project planning costs (design, planning, Section 106, CEQA, etc.) can be incurred up to three years before the NPS approval date.</i></p>

Please contact your [Competitive Review Project Officer](#) with additional questions.

Attachments:

Engineering cost estimate as of 11/2/2022

Skate Park Conceptual Plan



CIVIL DESIGN STUDIO
 CIVIL ENGINEERING | PLANNING | PERMITTING
 P.O. Box 199
 Cambria, CA 93428
 805.706.0401

Date:
 Job Number:
 Job Name:

11/2/2022
 21-016
 Cambria Skate Park - Preliminary
 11

PRELIMINARY Engineers Estimate

CAT.	ITEM	QUANT	UNIT	\$/UNIT	% REMAIN.	\$	DESCRIPTION
GENERAL PROJECT COSTS							
	MOBILIZATION / OVERHEAD	1	LS	15000.00	100	\$15,000	
	TRAFFIC CONTROL	1	LS	5000.00	100	\$5,000	
	SURVEYING	1	LS	8000.00	100	\$8,000	
	SPECIAL INSPECTION (WALL/SOILS)	1	LS	8000.00	100	\$8,000	
	ENGINEERING	1	LS	7000.00	100	\$7,000	
	OTHER						
GENERAL PROJECT COSTS						SUBTOTAL:	\$43,000

DEMO & EARTHWORK							
	CLEARING & GRUBBING	0.3	AC	7490.00	100	\$2,247	LIGHT DENSITY
	DEMO CONCRETE	550	SY	10.00	100	\$5,500	
	OVEREXCAVATION AND GRADING	1	LS	25000.00	100	\$25,000	
	OTHER						
DEMO & EARTHWORK						SUBTOTAL:	\$32,747

OFFSITE IMPROVEMENTS							
	SAWCUT	460	LF	5.00	100	\$2,300	
	PAVEMENT REMOVAL AND DISPOSAL	2,000	SF	2.00	100	\$4,000	
	CURB AND GUTTER - 18"	290	LF	60.50	100	\$17,545	
	COMMERCIAL DRIVEWAY	230	SF	26.40	100	\$6,072	
	SIDEWALK	660	SF	16.50	100	\$10,890	
	ASPHALT PAVING	96	TN	250.00	100	\$24,000	
	AGGREGATE BASE	123	CY	150.00	100	\$18,450	
	SUBGRADE OVEREXCAVATION	173	CY	50.00	100	\$8,650	
	RELOCATE STREET LIGHT	1	EA	8500.00	100	\$8,500	
	4" SEWER LATERAL	1	EA	4420.00	100	\$4,420	
	1" WATER SERVICE LATERAL	1	EA	3000.00	100	\$3,000	
	STORM DRAIN INLET	1	EA	10000.00	100	\$10,000	
	PREVAILING WAGE RATES	1	EST	30000.00	100	\$30,000	
OFFSITE IMPROVEMENTS						SUBTOTAL:	\$147,827

PRELIMINARY Engineers Estimate

CAT.	ITEM	QUANT	UNIT	\$/UNIT	% REMAIN.	\$	DESCRIPTION
ONSITE IMPROVEMENTS							
	PREMANUFACTURED BATHROOM	1	EA	150000.00	100	\$150,000	MANUFACTURER ESTIMATES \$130-150K
	CLASS 2 AGGREGATE BASE	160	CY	150.00	100	\$24,000	INCLUDES SKATE PARK AREA PREPARATION
	A.C. PAVING	34	TN	250.00	100	\$8,500	PARKING LOT
	CONCRETE PAVING	325	SF	16.50	100	\$5,363	ACCESSIBLE PARKING SPACE
	CURB AND GUTTER - 18"	18	LF	60.50	100	\$1,089	
	CURB - 6"	144	LF	45.00	100	\$6,480	
	CONCRETE V GUTTER	24	LF	85.00	100	\$2,040	
	ROCK LINED SWALE	220	LF	60.00	100	\$13,200	
	ACCESSIBILITY FEATURES	1	EA	2500.00	100	\$2,500	
	RETAINING WALL - 4 FT MAX	60	LF	500.00	100	\$30,000	
	SKATE PARK ALLOWANCE	1	EA	350000.00	100	\$350,000	
	OTHER						
						\$593,172	

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WATER							
	1" WATER PIPE SCHEDULE 80	43	LF	40.00	100	\$1,720	
	OTHER						
						\$1,720	

STORM DRAIN							
	STORM DRAIN INLET 18"	1	EA	750.00	100	\$750	
	STORM DRAIN INLET 12"	1	EA	500.00	100	\$500	
	STORM DRAIN PIPE						
	8" SDR 35 PVC	140	EA	80.00	100	\$11,200	
	6" SDR 35 PVC	18	LF	60.00	100	\$1,080	
	OTHER						
						\$13,550	

PRELIMINARY Engineers Estimate

CAT.	ITEM	QUANT	UNIT	\$/UNIT	% REMAIN.	\$	DESCRIPTION
SEWER							
	SEWER CLEANOUT	1	EA	250.00	100	\$250	
	SEWER LINE						
	4" PVC - SDR 35	43	LF	73.00	100	\$3,139	
	OTHER						
SEWER SUBTOTAL:						\$3,389	

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MISCELLANEOUS:							
	EROSION CONTROL MEASURES	1	LS	15000.00	100	\$15,000	
	OTHER						
MISCELLANEOUS: SUBTOTAL:						\$15,000	

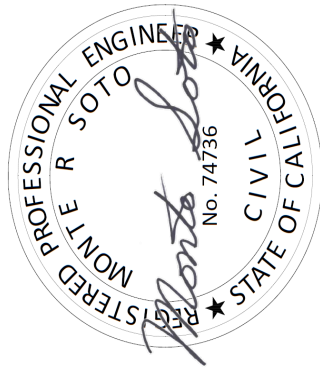
AC ACRE
 CY CUBIC YARD
 EA EACH
 LF LINEAR FOOT
 LS LUMP SUM
 SF SQUARE FOOT
 HR HOUR
 TN TON

SUBTOTAL: 850,385
 170,077

CONTINGENCIES & INFLATION %: 20

ENGINEERING ADMINISTRATION %:

TOTAL: 1,020,461



NOTES:

- 1 This estimate has been prepared for public works bonding purposes only. The contractor / owner is responsible for providing independent cost and quantities.
- 2 The unit prices in this estimate are derived using the 2020 BNI Public Works Cost Book.
- 3 In the event that additional items are encountered during the bidding process, contact the engineer for clarification.



3/14/2023

Skatepark Sources & Uses

Funding Sources		
Multi-year Skatepark Design (Budgeted)	General Fund	21,696
Cambria Community Council	Donations	328,246
CSD Contribution	General Fund	178,000
	Community Funding Sources	527,942
	Grant Funds	600,000
	Total Funding	1,127,942

Estimated Project Costs		
Skatepark Design costs		41,367
Skate Park Application costs		696
Skate Park Engineering Costs		4,105
Skatepark Conceptual Plan		850,385
Additional Project Costs - Permitting, Contingencies, materials, etc)		170,077
Project Inflation & Contingency Estimates		133,370
	Estimated Project Costs	1,200,000
	Total Surplus/(Deficit)	(72,058)

GF Committed @ time of Application	\$	871,754
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Reserve Estimation		
General Fund Reserves Estimated 6/30/2023		2,500,000
Commitment of Reserves for Skate Park- Estimated		(914,174)
General Fund Balance - Estimated		1,585,826

** The reserve estimation is an estimate based upon information known up to this date. It is included to help inform the decision making process and will fluctuate based upon actual activities.



MEMORANDUM OF UNDERSTANDING SKATEPARK FUNDING

This Memorandum of Understanding (“MOU”) is made this 28th day of March, 2022 by and between the Cambria Community Services District (the “District”), a California special district, and the Cambria Community Council (the “Council”), a nonprofit 501(c)3 organization, collectively referred to herein as the “Parties.”

WITNESSETH:

WHEREAS, the District has a public works project underway to design and develop a new skatepark for the community (the “Skatepark,” “Skatepark Project” or “Project”) and contracted with the firm Spohn Ranch to create a conceptual design for the Skatepark; and

WHEREAS, a local community group, Skate Cambria, has been formed with the mission of raising the funds necessary to build the new Skatepark as a modern concrete facility that will last for generations of skaters to come; and

WHEREAS, based upon Spohn Ranch’s conceptual design, the estimated cost for the Skatepark Project is currently \$661,000. On December 9, 2021 the District Board of Directors reaffirmed its commitment to the Skatepark Project and voted to allocate \$178,000 in funding. Skate Cambria has committed to raising the additional funding needed, so that the Skatepark Project can move forward and be constructed; and

WHEREAS, since Skate Cambria is an unincorporated association, the Cambria Community Council, which is a 501(c)(3) non-profit organization, is acting as the entity managing the donations for the Skatepark Project; and

WHEREAS, based upon the Council’s relationship with Skate Cambria, and with Skate Cambria’s concurrence, the District and the Council desire to enter into this Memorandum of Understanding to set forth the manner in which the funds raised for the Skatepark

Project will be disbursed by the Council to the District as the various phases, which include design, permitting, bidding and construction, and operation and maintenance, are undertaken.

NOW THEREFORE, in consideration of the mutual covenants and conditions set forth herein, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. **UNDERSTANDING OF SKATE CAMBRIA AND THE PARTIES REGARDING FUNDING, OWNERSHIP AND OPERATION**. The parties hereby expressly acknowledge the following underlying facts and understandings regarding the Skatepark Project:

a. Skate Cambria, by and through its representatives, has indicated that while it has a commitment to raise the funds necessary for the design, permitting, construction, and operation and maintenance of the Skatepark, it is not otherwise going to become a formal legal entity. Its only role is fundraising and providing observations and input to the District for the Skatepark Project. Otherwise, it has acknowledged that the Skatepark Project will be constructed by the District on District property, and the District has the ultimate authority regarding its design, construction, operation, and maintenance.

b. Other than the \$178,000 that has been committed to the Skatepark Project by the District, and the funds raised by Skate Cambria, as administered by the Council, there are no other funding sources currently available for the Skatepark Project.

c. The representatives of Skate Cambria have agreed that the costs of the design and permitting phases of the Skatepark Project shall be shared equally between the funds committed by the District and the funds raised by Skate Cambria. Skate Cambria also understands that the bidding and construction phase of the Skatepark Project is contingent upon, and will not commence until, all of the funds necessary to construct the Project have been raised and have been deposited with the Council. This shall include funds sufficient to create a reserve fund for operation, maintenance and repair of the Skatepark, in an amount determined by the District's Board of Directors, as recommended by District staff. The reserve funds may be held by the District or the Council, allowing for agreements to meet the needs of the determined reserves.

2. DISBURSEMENT OF FUNDS TO DISTRICT: DESIGN, PERMITTING AND CONSTRUCTION PHASES.

Design Phase: the District will seek proposals for the preparation of construction documents for the Project, which include costs related to structural and civil engineering. The estimated cost by Spohn Ranch for this phase is approximately \$51,000; however, the actual cost may be different once proposals have been solicited and received. Once actual costs have been determined, the Council shall transfer and deposit 50% of the cost with the District.

Permitting Phase: The Skatepark Project will require discretionary permitting approval by San Luis Obispo County ("County"), which will require additional studies and site evaluation, as well as environmental review. Although Spohn Ranch's estimate for permitting and inspections is \$15,000, it is unknown how much additional costs will be incurred for additional studies, site evaluations and environmental review. Initially, the Council will transfer and deposit 50% of the permit fee costs, as determined by the County, with the District. Upon any determination that additional studies or site evaluations are required, the District shall notify the Council of the cost for such studies or site evaluations and Council shall thereupon transfer and deposit 50% of the costs with the District.

Bidding and Construction Phase: As set forth in Section 1 above, the bidding and construction phase of the Skatepark Project is contingent upon, and will not commence until, all of the funds necessary to construct the Project have been raised and have been deposited with the District. Once the required permits have been secured from the County, the District will follow public project bidding requirements as required by law. Prior to the District seeking bids, the Council shall transfer and deposit the full amount of the engineer's final cost estimate to construct the Skatepark Project, including necessary construction reserves, with the District. After bids have been received and a low bidder determined, as provided by law, the District shall inform the Council of the actual construction cost and if the bids are higher than the amount of the engineer's estimate, any additional amounts necessary to award the construction contract and proceed with the Project shall be deposited by the Council with the District. If, during the course of

construction, changes are required that increase the cost of construction of the Project, the District will notify the Council of the additional funds necessary, and the Council will transfer and deposit the additional funds with the District.

In addition, as set forth in Section 1, prior to putting the Project out to bid, there shall be funds sufficient to create a reserve fund for operation, maintenance and repair of the Skatepark, in an amount to be determined by the District's Board of Directors. These funds may be held by the District or the Council, allowing for agreements to meet the needs of the determined reserves.

As set forth in Section 1.b. above, the District's total commitment to the Project is \$178,000. In addition, the District will provide in-kind services needed to bring the project to completion, including the services of the District Engineer and the District Counsel. Therefore, if any additional costs are incurred to fund any phases of the Project, payment for such costs will be provided by the Council from the funds raised by Skate Cambria.

At the end of each of the above phases of the Project, the District will provide to the Council an accounting of all monies spent to-date and a determination of the estimated funding needed to complete the next phase.

3. **AMENDMENT.** This MOU may be amended by the mutual consent of the Parties if such amendment is in written form and executed by the Council and by the District.

4. **ENTIRE MOU.** This MOU supersedes any and all other agreements, either oral or in writing, between and of the parties herein with respect to the subject matter hereof and contains all the agreements between the Parties with respect to such matter. Each party acknowledges that no representations, inducements, promises or agreements, oral or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein, and that no other agreement, statement or promise not contained in this MOU shall be valid or binding.

IN WITNESS WHEREOF, the Parties hereto have caused this MOU to be executed the day and year first above written.

CAMBRIA COMMUNITY SERVICES

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Donn Howell
By: _____
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Donn Howell, President of the Board of Directors

CAMBRIA COMMUNITY COUNCIL

DocuSigned by:
Dick Clark
By: _____
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Dick Clark, President of the Board of Directors

ATTEST:

DocuSigned by:
Ossana Terterian

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Ossana Terterian, Board Secretary

Approved As To Form:

DocuSigned by:
Tim Carmel

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Timothy J. Carmel, District Counsel



AMENDMENT TO MEMORANDUM OF UNDERSTANDING SKATEPARK FUNDING

This Amendment to Memorandum of Understanding (“Amendment”) is made this _____ day of _____, 2023 by and between the Cambria Community Services District (the “District”), a California special district, and the Cambria Community Council (the “Council”), a nonprofit 501(c)3 organization, collectively referred to herein as the “Parties.”

WITNESSETH:

WHEREAS, the District has a public works project underway to design and develop a new skatepark for the community (the “Skatepark,” “Skatepark Project” or “Project”); and

WHEREAS, the Council is acting as the entity managing the donations for the Skatepark Project; and

WHEREAS, the District and the Council entered into a Memorandum of Understanding (“MOU”) on March 28, 2022 to set forth the manner in which the funds raised for the Skatepark Project will be disbursed by the Council to the District as the various phases, which include design, permitting, bidding and construction, and operation and maintenance, are undertaken; and

WHEREAS, the District and Council desire to amend the MOU to address issues related to potential grant funding for the Project.

NOW THEREFORE, in consideration of the mutual covenants and conditions set forth herein, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Section 1.c. of the MOU is hereby amended in its entirety to read as follows:

The representatives of Skate Cambria have agreed that the costs of the design and permitting phases of the Skatepark Project shall be shared equally between the funds committed by the District (until they are

exhausted) and the funds raised by Skate Cambria. Skate Cambria also understands that the bidding and construction phase of the Skatepark Project is contingent upon, and will not commence until, all of the funds necessary to construct the Project have been raised and have been deposited with the Council. This shall include funds sufficient to create a reserve fund for operation and maintenance of the Skatepark, in an amount determined by the District's Board of Directors, as recommended by District staff. The reserve funds may be held by the District or the Council, allowing for agreements to meet the needs of the determined reserves. Should the District apply for and obtain grant funding for the Skatepark Project, as determined by the District Board of Directors, said grant funds shall be used to develop the Project, consistent with the grant terms and conditions. If the grant requires matching funds from the District, those funds may be appropriated from either Skate Cambria funds transferred and deposited with the District by the Council or from any remaining unexpended District funds previously committed to the Project or a combination of either, as determined by the District Board of Directors.

- 2. All other provisions of the MOU shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the Parties hereto have caused this MOU to be executed the day and year first above written.

CAMBRIA COMMUNITY SERVICES

CAMBRIA COMMUNITY COUNCIL

By: _____
Karen Dean, President of the Board of Directors

By: _____
Dick Clark, President of the Board of Directors

ATTEST:

Haley Dodson, Administrative Analyst

Approved As To Form:

Timothy J. Carmel, District Counsel

F. Overhead Allocation

Overhead allocation is a tool to match the costs of administrative functions to the operating activities of the CSD. Administrative functions will be charged to a department or departments that are accounted for in the General Fund. Allocation to the Enterprise Funds, (Water, including the WRF, Wastewater) are necessary to assure that rates will be set to properly reimburse the General Fund for expenses necessary to the delivery of services.

Overhead allocation will consider three criteria:

- Recovery based on equal distribution to all departments. This is the “E” costs in the Allocation of Administration Overhead Calculation
- Recovery based on an estimate of each department’s use of administrative resources and impact on the District’s overall mission. This is the “L” cost in the Allocation of Administration Overhead Calculation.
- Recovery based on relative size of department per the expenditures forecast for the coming year and based on full-time equivalent employees. This is the “R” cost in the Allocation of Administration Overhead Calculation.

Each year, each type of administrative spending will be reviewed to determine the best method, of the four above, to allocate that expense to the operating departments.

As part of the budget process, the charges to each operating department will be the percentage of total overhead budget derived from aggregating the recoveries applied to each spending line item. The amount of the administrative cost to be recovered will be the forecasted expenses for the year. The administrative department will not have a surplus in the final budget. The percentage of overhead spending allocated to each operating department will be set at the beginning of the year and will not be changed unless there is a material change in actual or anticipated overhead spending, or a change in the nature of one or more operating departments that would cause a material change in the recovery methodologies.

“L” Cost Allocation formula based administrative resources used.

Administrative Function	Factor	Fire	F&R	PROS	Water	Wastewater	WRF	Total
General Manager	2	15	5	5	25	25	25	
Billing/ Acct.Recv.	1	10	0	0	50	20	20	
Acct. Payable	1	20	10	0	30	30	10	
Payroll	1	50	10	0	15	20	5	
Finance Manager	2	30	10	0	20	30	10	
Legal	3	5	5	20	40	10	20	
Total Factored %		18.5%	6.5%	7%	31%	21%	17%	100%

Factored percentages: Each percentage impact is factored by the amount of the personnel expenses associated with each function. For the Fire Department factored percentage equals $(.2 \times 15\%) + (.1 \times 10\%) + (.1 \times 20\%) + (.1 \times 50\%) + (.2 \times 30\%) + (.3 \times 5\%) = 18.5\%$

“R” Cost Allocation formula based on expenses and FTE headcount.

Administrative Function	Fire	F&R	PROS	Water	Wastewater	WRF	Total
FTE Headcount	15	3	0	6	8.5	1.5	34
% of total FTE	44%	9%	0%	18%	25%	4%	100%
Expenses	2,323	724	19	2,032	2,468	1,257	8,823
% of Expenses	26%	8%	1%	23%	28%	14%	100%
Total Factored %	35%	8.5%	.5%	20.5%	26.5%	9%	100%

Note: Expenses are total before allocation of administrative expense and do not include capital expenses as those are usually financed and skew the data.

F. Overhead Allocation

Overhead allocation is a tool to match the costs of administrative functions to the operating activities of the CSD. Administrative functions will be charged to a department or departments that are accounted for in the General Fund. Allocation to the Enterprise Funds, (Water, including the WRF, Wastewater) are necessary to assure that rates will be set to properly reimburse the General Fund for expenses necessary to the delivery of services.

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Overhead allocation will ~~take into account~~ consider four ~~three~~ criteria:

- ~~Recovery based on equal distribution to all departments. This is the “E” costs in the Allocation of Administration Overhead Calculation~~
- ~~Recovery based on an~~ Recovery based on relative size of department. The term “relative size” is a subjective determination based on estimates of each department’s use of administrative resources and impact on the District’s overall mission. This is the “L” cost in the Allocation of Administration Overhead Calculation.
- ~~Recovery based on full-time equivalent employees.~~
- Recovery based on relative size of department per the expenditures forecast for the coming year and based on full-time equivalent employees. This is the “R” cost in the Allocation of Administration Overhead Calculation.
- ~~Recovery based on percent of administrative labor applied to departments as determined by interviewing administrative personnel.~~

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~~On a yearly basis~~ Each year, each type of administrative spending will be reviewed to determine the best method, of the four above, to allocate that expense to the operating departments.

As part of the budget process, the charges to each operating department will be the percentage of total overhead budget derived from aggregating the recoveries applied to each spending line item. The amount of the administrative cost to be recovered will be the forecasted expenses for the year. The administrative department will not have a surplus in the final budget. The percentage of overhead spending allocated to each operating department will be set at the beginning of the year and will not be changed unless there is a material change in actual or anticipated overhead spending, or a change in the nature of one or more operating departments that would cause a material change in the recovery methodologies.

"L" Cost Allocation formula based administrative resources used.

Administrative Function	Factor	Fire	F&R	PROS	Water	Wastewater	WRF	Total
General Manager	<u>2</u>	<u>15</u>	<u>5</u>	<u>5</u>	<u>25</u>	<u>25</u>	<u>25</u>	
Billing/ Acct.Recv.	<u>1</u>	<u>10</u>	<u>0</u>	<u>0</u>	<u>50</u>	<u>20</u>	<u>20</u>	
Acct. Payable	<u>1</u>	<u>20</u>	<u>10</u>	<u>0</u>	<u>30</u>	<u>30</u>	<u>10</u>	
Payroll	<u>1</u>	<u>50</u>	<u>10</u>	<u>0</u>	<u>15</u>	<u>20</u>	<u>5</u>	
Finance Manager	<u>2</u>	<u>30</u>	<u>10</u>	<u>0</u>	<u>20</u>	<u>30</u>	<u>10</u>	
Legal	<u>3</u>	<u>5</u>	<u>5</u>	<u>20</u>	<u>40</u>	<u>10</u>	<u>20</u>	
Total Factored %		<u>18.5%</u>	<u>6.5%</u>	<u>7%</u>	<u>31%</u>	<u>21%</u>	<u>17%</u>	<u>100%</u>

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Factored percentages: Each percentage impact is factored by the amount of the personnel expenses associated with each function. For the Fire Department factored percentage equals $(.2 \times 15\%) + (.1 \times 10\%) + (.1 \times 20\%) + (.1 \times 50\%) + (.2 \times 30\%) + (.3 \times 5\%) = 18.5\%$

"R" Cost Allocation formula based on expenses and FTE headcount.

Administrative Function	Fire	F&R	PROS	Water	Wastewater	WRF	Total
FTE Headcount	<u>15</u>	<u>3</u>	<u>0</u>	<u>6</u>	<u>8.5</u>	<u>1.5</u>	<u>34</u>
% of total FTE	<u>44%</u>	<u>9%</u>	<u>0%</u>	<u>18%</u>	<u>25%</u>	<u>4%</u>	<u>100%</u>
Expenses	<u>2,323</u>	<u>724</u>	<u>19</u>	<u>2,032</u>	<u>2,468</u>	<u>1,257</u>	<u>8,823</u>
% of Expenses	<u>26%</u>	<u>8%</u>	<u>1%</u>	<u>23%</u>	<u>28%</u>	<u>14%</u>	<u>100%</u>
Total Factored %	<u>35%</u>	<u>8.5%</u>	<u>.5%</u>	<u>20.5%</u>	<u>26.5%</u>	<u>9%</u>	<u>100%</u>

Note: Expenses are total before allocation of administrative expense and do not include capital expenses as those are usually financed and skew the data.

CAMBRIA COMMUNITY SERVICES DISTRICT FUND BALANCE CASH RESERVE POLICY

PURPOSE

Cambria Community Services District provides public service through three independent financial funds:

- the General Fund,
- the Water Fund, and
- the Wastewater Fund.

Essential components of a prudent fiscal policy for the District include formal provisions for managing cash reserve policies and managing rate volatility. This policy is to allow the District to weather economic uncertainty and unexpected situations such as natural disasters, to provide sufficient cash flow to avoid the need for short-term borrowing, and to provide financial resources to minimize the impact on rates of significant capital projects. This policy establishes the appropriate level of reserves which the District will try to maintain in the General Fund, Water Fund and Wastewater Fund balances; how the target fund balances will be funded; and the conditions under which fund balances can be used.

For purposes of this Policy, the definition of “reserves” is limited to the portion of fund balance that is unreserved. Unreserved is to mean not set aside for existing legal obligations of the District.

AMOUNTS HELD IN RESERVE

General Fund Cash Balance. The District will strive to hold the amounts listed below in the General Fund Cash Balance. The amounts will be expressed as a percentage of the District’s annual operating expenditures of the General Fund using a three year trend to develop the actual amount. These amounts are expressed as goal ranges to recognize that fund balance levels can fluctuate from year to year due to the normal course of District government operations.

- Budget Stabilization Reserve 10-15% to provide for economic uncertainty where revenues are interrupted or otherwise insufficient to offset operating expenditures and to provide for known or unknown future obligations.
- Liability Contingency and Emergency Disaster Reserve 15-20% to provide for major unforeseen liabilities and events such as natural disasters and catastrophic events.
- Working Capital Reserve 10-15% to provide sufficient cash flow.

Water Fund Cash Balance. The District will strive to hold the amounts listed below in the Water Fund Cash Balance. The Budget Stabilization, Liability Contingency/Emergency Disaster and Working Capital Reserves will be expressed as a percentage of the annual operating expenditures of the Water Fund using a three year trend to develop the actual amount. These amounts are expressed as goal ranges to recognize that fund balance levels can fluctuate from year to year due to the normal course of District government operations.

The Rate Stabilization Reserve will be expressed as a fixed amount based on the projected costs of expected impacts that will be mitigated with these funds.

- Budget Stabilization Reserve: 10-15% for economic uncertainty where revenues are interrupted or otherwise insufficient to offset operating expenditures and to provide for known or unknown future obligations.
- Liability Contingency and Emergency Disaster Reserve 15-20% to provide for major unforeseen liabilities and events such as natural disasters and catastrophic events.
- Working Capital Reserve 10-15% to provide sufficient cash flow.
- Rate Stabilization Reserve: To help minimize the impact of potentially significant rate increases necessitated by the need to fund future planned capital improvement projects.

Wastewater Fund Cash Balance. The District will strive to hold the amounts listed below in the Wastewater Fund Cash Balance. The Budget Stabilization, Liability Contingency/Emergency Disaster and Working Capital Reserves will be expressed as a percentage of the annual operating expenditures of the Wastewater Fund using a three year trend to develop the actual amount. These amounts are expressed as goal ranges to recognize that fund balance levels can fluctuate from year to year due to the normal course of District government operations.

The Rate Stabilization Reserve will be expressed as a fixed amount based on the projected costs of expected impacts that will be mitigated with these funds.

- Budget Stabilization Reserve: 10-15% for economic uncertainty where revenues are interrupted or otherwise insufficient to offset operating expenditures and to provide for known or unknown future obligations.
- Liability Contingency and Emergency Disaster Reserve 15-20% to provide for major unforeseen liabilities and events such as natural disasters and catastrophic events.
- Working Capital Reserve 10-15% to provide sufficient cash flow.
- Rate Stabilization Reserve: To help minimize the impact of potentially significant rate increases necessitated by the need to fund future planned capital improvement projects.

FUNDING TARGET FUND CASH BALANCES

General Fund. Funding of General Fund cash balance targets will generally come from excess revenues over expenditures or one-time revenues. The reserves will be funded in the following priority order:

- Working Capital Reserve
- Budget Stabilization Reserve
- Emergency Disaster Reserve
- GASB 45 unfunded post-employment benefits other than pensions (retiree health-care)

Water Fund. Funding of Water Fund Budget Stabilization, Liability Contingency/Emergency Disaster, and Working Capital Reserve targets will generally come from excess revenues over expenditures or one-time revenues. The reserves will be funded in the following priority order:

- Working Capital Reserve
- Budget Stabilization Reserve
- Emergency Disaster Reserve
- Rate Stabilization Reserves

The funding for Water Fund Rate Stabilization Reserves will come from Connection Fee Revenues and specifically designated fees included as part of the normal operating fees charged each bi-monthly billing period.

Wastewater Fund. Funding of Wastewater Fund Budget Stabilization, Liability Contingency/Emergency Disaster, and Working Capital Reserve targets will generally come from excess revenues over expenditures or one-time revenues. The reserves will be funded in the following priority order:

- Working Capital Reserve
- Budget Stabilization Reserve
- Emergency Disaster Reserve
- Rate Stabilization Reserves

The funding for Wastewater Fund Rate Stabilization Reserves will come from Connection Fee Revenues and specifically designated fees included as part of the normal operating fees charged each bi-monthly billing period.

CONDITIONS FOR USE OF RESERVES

The use of Budget Stabilization and Emergency Disaster reserves shall be limited to unanticipated, non-recurring needs, or anticipated future obligations. These Cash Reserves shall not be used for normal or recurring annual operating expenditures. The use of these reserves shall require approval by a majority of the CCSD board of Directors.

The Working Capital Reserve will be used to fund normal or recurring annual operating expenditures in the General Fund when budgeted taxes have not yet been received during a fiscal year. They will be replenished when the taxes are received. The use of these reserves can be authorized by the General Manager.

Rate Stabilization Reserves will be used to minimize the impact to citizens of potentially significant rate increases due to necessary expenditures on capital projects. The use of these reserves shall require approval by a majority of the CCSD board of Directors.

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.

REVIEW

This policy should be reviewed on an annual basis and changed where deemed appropriate to reflect changes in the CCSD's operations. The Board of Directors may at any time make changes to this policy to reflect current CCSD operations.

CAMBRIA COMMUNITY SERVICES DISTRICT

TO: Finance Committee

AGENDA NO. **3.D.**FROM: Pamela Duffield, Administrative Department Manager
Denise Fritz, Finance Manager

Meeting Date: March 28, 2023

Subject: Discussion and Consideration to Amend Wastewater Fund-General Fund Interfund Repayment Agreement, with Recommendation to the Board

RECOMMENDATION:

Staff recommends the Finance Committee discuss and consider amending the Wastewater Fund – General Fund Interfund Repayment Agreement, with recommendation to the Board.

DISCUSSION:

The Board of Directors approved an interfund loan agreement and a repayment schedule, for a loan from the General Fund to the Wastewater Fund, on August 23, 2018, in the amount of \$466,000. This loan was required, due to a funding shortfall in FY 2015/16. The repayment terms and due dates are listed below:

DUE DATE	PAYMENT	INTEREST	PRINCIPAL	BALANCE
June 30, 2019	102,742.90	27,960.00	74,782.90	391,217.10
June 30, 2020	102,742.90	7,824.34	94,918.56	296,298.54
June 30, 2021	102,742.90	5,925.97	96,816.93	199,481.61
June 30, 2022	102,742.90	3,989.63	98,753.27	100,728.34
June 30, 2023	102,742.90	2,014.57	100,728.34	-

An additional interfund loan was also required, from General Fund to Wastewater Fund, in the amount of \$118,229, due to a funding shortfall in FY 2016/17. The total of these loaned funds are \$584,229, as listed below:

LOANED FUNDS REVISED	PAYMENT	INTEREST	PRINCIPAL	BALANCE
6/30/2016 (funding shortfall)			466,000.00	466,000.00
6/30/2017 (funding shortfall)			118,229.00	584,229.00

It is necessary to amend the Interfund Loan Agreement, to recognize the increased loaned funds and to extend the loan repayment terms to June 30, 2025. Due to funding availability of Wastewater, the repayment schedule could not be followed in FY 18/19. The result of additional funding needed and first year's reduced payment, is a remaining balance at the end of the original loan repayment schedule of \$192,434.80. The table below shows the actual repayment history and additional repayment years are highlighted in yellow:

REPAYMENT SCHEDULE - DRAFT AMENDMENT				
DUE DATE	PAYMENT	INTEREST	PRINCIPAL	BALANCE
June 30, 2019	32,412.00	27,960.00	4,452.00	579,777.00
June 30, 2020	102,742.90	7,824.34	94,918.56	484,858.44
June 30, 2021	102,742.90	9,697.16	93,045.74	391,812.70
June 30, 2022	102,742.90	3,989.63	98,753.27	293,059.43
June 30, 2023	102,742.91	2,014.57	100,728.34	192,331.09
June 30, 2024	102,742.91	3,846.62	98,896.29	93,434.80
June 30, 2025	95,303.50	1,868.70	93,434.80	-

Staff recommends the Finance Committee approve amending the Wastewater Fund – General Fund Interfund Repayment Agreement, with recommendation to the Board.

Attachments: Interfund Loan Agreement GF-WW, Approved August 23, 2018



CAMBRIA COMMUNITY SERVICES DISTRICT

INTERFUND LOAN POLICY

PURPOSE

This policy documents requirements and responsibilities to be followed regarding borrowing between funds of the Cambria Community Services District.

The purpose of this policy is to ensure that all interfund loans are appropriate, properly documented, and not established to the detriment of the fund issuing the loan.

POLICY

Interfund loans may not be used to solve ongoing structural budget problems. Interfund loans should be limited to addressing short-term issues within one fund (e.g., a major emergency repair).

Interfund loan recommendations and agreements must include the loan amount, an identified repayment source and the date or timing of repayment. Repayment of all loans will be made within a maximum of seven (7) years of the loan being made.

The term of the interfund loan may continue over a period of more than one year, but must be “temporary” in the sense that no permanent diversion of the lending fund results from the failure to repay by the borrowing fund. Additionally, interfund loans should not hinder the accomplishment of any function or project for which the lending fund was established.

The agreements may include an interest component that equals the investment earnings the fund would have received had the loan not occurred. Loans made from the District General Fund to either the Water or the Wastewater Fund may include interest at the discretion of the Board and as recommended by the General Manager or designee.

The Board of Directors must approve all interfund loans by resolution. The interfund loan agreement will be included as an exhibit to the resolution.

Payments made on outstanding loans shall be reflected in the proposed and adopted operating budget and in the annual financial statements. The annual financial statements will also include the loan amount, term, rate of interest, and amount of interest due on the total amount of the loan.

If the borrowing fund continues to maintain a negative cash balance for periods beyond the term of the loan, scheduled payments should be postponed until the fund has a positive cash balance.

Postponement of any loan payment shall not be for more than one year in duration, unless approved by Board resolution. Interest should continue to accrue and be added to the principal of the loan.

Modifications to existing loans may be made only with Board approval.

DEFINITION

Interfund loans are loans from one District fund to another District fund for a designated purpose.

Interfund loans may be made for the following reasons:

- To offset timing differences in cash flow;
- To provide interim financing in conjunction with obtaining long-term financing;
- For short-term borrowing in place of external financing;
- To provide operating capital for utility funds while the customer base increases;
- For other needs as deemed appropriate by the Board of Directors.

Interfund loan monies may only be used for the purpose identified in the authorizing resolution. Records of interfund loan transactions will be maintained in accordance with generally accepted accounting principles and will reflect the balances of loans in every fund affected by such transactions.

SAMPLE LOAN DOCUMENT

INTERFUND LOAN AGREEMENT

The Cambria Community Services District ("District") hereby adopts this Interfund Loan Agreement ("Agreement") authorizing the transfer of funds by and between the Cambria Community Services District General Fund ("General Fund") and the Cambria Community Services District Wastewater Fund ("Wastewater Fund").

RECITALS

- A. The Wastewater Fund requires an interfund loan in order to fund a shortfall from the _____ Fiscal Year of \$_____ that was the result of unanticipated and necessary repairs at the Wastewater Treatment Plant, and to address deficiencies in the District's wastewater infrastructure and system.
- B. The District desires and has the resources necessary to facilitate an interfund loan from the General Fund to the Wastewater Fund.
- C. This Agreement is executed for the purpose of evidencing the obligation of the Wastewater Fund to the General Fund for the repayment of monies loaned to the Wastewater Fund by the General Fund.

AGREEMENT

1. The District agrees to transfer from the General Fund to the Wastewater Fund the amount of _____ as of _____.
2. The term of this interfund loan shall be for a five (5) year period and shall accrue interest at a simple rate of _____ per annum.

3. The Wastewater Fund shall make annual payments based upon the Repayment Schedule contained in Exhibit "A," attached hereto and incorporated herein by reference. The Wastewater Fund shall repay the General Fund in full by _____.
4. District staff is directed to make necessary appropriation adjustments to effectuate this interfund loan.
5. District staff is directed to appropriately record this loan in the District's ledger system and subsequent financial reports, as necessary.

IN WITNESS WHEREOF, this Agreement is executed by duly authorized officers of the Cambria Community Services District this ___ day of _____, 20__.

CAMBRIA COMMUNITY SERVICES DISTRICT

TO: Finance Committee

AGENDA NO. **3.E.**FROM: Pamela Duffield, Administrative Department Manager
Denise Fritz, Finance Manager

Meeting Date: March 28, 2023

Subject: Discussion and Consideration of Water
Fund-General Fund Interfund
Repayment Agreement, with
Recommendation to the Board**RECOMMENDATION:**

Staff recommends the Finance Committee discuss and consider a Water Fund – General Fund Interfund Repayment Agreement, with recommendation to the Board.

DISCUSSION:

The Board of Directors approved an interfund loan, from the General Fund to the Water Fund, on September 18, 2009, in the amount of \$166,000.00. This loan was required for local matching funds, paid to the Army Corps of Engineering, for the Desalination Project Geotechnical Investigation at the Santa Rosa Creek beach area. A payment was made to the General Fund, from the Water Fund, in the amount of \$8,273.75 on June 30, 2010, reducing the loan balance to \$157,726.25. Interest has accrued from FY 2009/10 to FY 2022/22 and is calculated at a rate of 2% per annum. The proposed repayment terms and due dates are listed below:

DUE DATE	PAYMENT	INTEREST	PRINCIPAL	BALANCE
June 30, 2010	8,273.75	-	8,273.75	157,726.25
June 30, 2023	201,889.60	44,163.35	157,726.25	-

Resolution 43-2029, memorialized the \$166,000 disbursement as a loan, however, staff is unable to locate a previously adopted loan repayment schedule, so the proposed repayment schedule has been developed.

Staff recommends the Finance Committee approve the proposed Water Fund – General Fund Interfund Repayment Agreement, with recommendation to the Board.

Attachments: Agenda Item 3A – Authorize Matching Funds Army Corps Engineering
Resolution 43-2009 – Authorize \$166,000 Expenditure and General Fund-
Water Fund Loan
Interfund Loan Agreement Policy

CAMBRIA COMMUNITY SERVICES DISTRICT

TO: Board of Directors

AGENDA NO. **3.A.**FROM: Tammy Rudock, General Manager
Bob Gresens, District Engineer

Meeting Date: September 18, 2009 Subject: Consider Resolution 43-2009
Authorizing Expenditure of \$166,000 of
CCSD Reserves Required for Local
Matching Funds to Encumber Federal
Appropriations for FY 2008/09 Ending
September 30, 2009 for Desalination
Project Geotechnical Investigation

RECOMMENDATIONS:

Adopt Resolution 43-2009 authorizing an expenditure of \$166,000 from CCSD reserves to transmit to the Army Corps of Engineers by September 22, 2009 for required local matching funds to encumber Federal Appropriations for FY 2008/09 ending September 30, 2009 for Desalination Project geotechnical investigations. Should the water fund have sufficient reserves prior to the end of the current CCSD 09/10 fiscal year for this expenditure, a future transfer of \$166,000 could occur from the water fund to the general fund.

FISCAL IMPACT:

\$166,000 from the CCSD General Fund reserves.

DISCUSSION:

The CCSD executed a March 27, 2006 Project Cooperation Agreement with the Army Corps of Engineers for purposes of completing a desalination project. This agreement includes provisions calling for 75% Federal and 25% local cost sharing. As part of the 2007 Federal Water Resources Development Act (WRDA) amendments, Cambria was further authorized to receive up to a \$3,000,000 local share credit from past project expenditures. However, the same 2007 WRDA amendments also included requirements for the Army Corps to follow in evaluating such credit authorizations. The Army Corps has subsequently developed guidance documents and review procedures to conform to WRDA 2007, which are currently being implemented. Unfortunately, the Corps has not yet completed its review and approval of Cambria's \$3,000,000 local credit. Therefore, they have requested payment of \$166,000 to be applied towards Cambria's local share of project costs, which will include an Environmental Assessment clearance document for the proposed geotechnical investigation activities at the Santa Rosa Creek beach area, and a subsequent geotechnical investigation.

Attachment: Resolution 43-2009

BOARD ACTION: Date _____ Approved: _____ Denied: _____

UNANIMOUS: ___SANDERS___ CHALDECOTT ___ CLIFT ___ DEMICCO ___ MACKINNON___



RESOLUTION 43-2009
SEPTEMBER 18, 2009

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE CAMBRIA COMMUNITY SERVICES DISTRICT
AUTHORIZING EXPENDITURE OF \$166,000 OF CCSD RESERVES
REQUIRED FOR LOCAL MATCHING FUNDS TO ENCUMBER
FEDERAL APPROPRIATIONS FOR FY 2008/2009
ENDING SEPTEMBER 30, 2009, FOR
DESALINATION PROJECT GEOTECHNICAL INVESTIGATION

WHEREAS, the Cambria Community Services District (CCSD or District) and the United States Army Corps of Engineers (Corps) entered into a Project Cooperation Agreement dated March 27, 2006 (Agreement); and

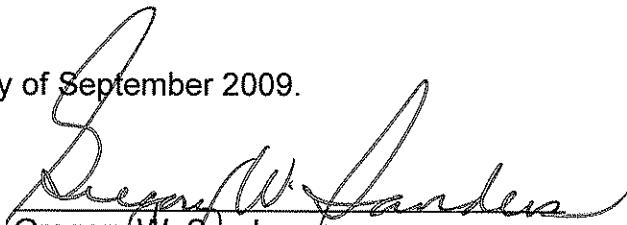
WHEREAS, said Agreement calls for 75% federal and 25% local project cost sharing; and

WHEREAS, the Corps has requested payment of \$166,000 from the CCSD by September 22, 2009, for local share payment to encumber Federal fiscal year 2008/2009 funds to the CCSD's desalination project geotechnical investigation.

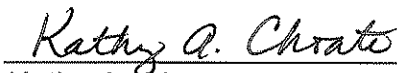
NOW THEREFORE BE IT RESOLVED that the Board of Directors of the Cambria Community Services District does hereby authorize and approve the immediate payment of \$166,000 from CCSD Reserves to the United States Army Corps of Engineers as its required local share payment toward the CCSD's desalination project geotechnical investigation for Federal FY 2008/2009.

BE IT FURTHER RESOLVED, that the \$166,000 will be made from General Fund reserves and treated as a loan to Water Enterprise Fund (capital improvement) and shall be documented.


PASSED AND ADOPTED THIS 18th day of September 2009.


Gregory W. Sanders
President, Board of Directors

ATTEST:


Kathy A. Choate
District Clerk

APPROVED AS TO FORM:


Tim Carmel
District Counsel



CAMBRIA COMMUNITY SERVICES DISTRICT

INTERFUND LOAN POLICY

PURPOSE

This policy documents requirements and responsibilities to be followed regarding borrowing between funds of the Cambria Community Services District.

The purpose of this policy is to ensure that all interfund loans are appropriate, properly documented, and not established to the detriment of the fund issuing the loan.

POLICY

Interfund loans may not be used to solve ongoing structural budget problems. Interfund loans should be limited to addressing short-term issues within one fund (e.g., a major emergency repair).

Interfund loan recommendations and agreements must include the loan amount, an identified repayment source and the date or timing of repayment. Repayment of all loans will be made within a maximum of seven (7) years of the loan being made.

The term of the interfund loan may continue over a period of more than one year, but must be “temporary” in the sense that no permanent diversion of the lending fund results from the failure to repay by the borrowing fund. Additionally, interfund loans should not hinder the accomplishment of any function or project for which the lending fund was established.

The agreements may include an interest component that equals the investment earnings the fund would have received had the loan not occurred. Loans made from the District General Fund to either the Water or the Wastewater Fund may include interest at the discretion of the Board and as recommended by the General Manager or designee.

The Board of Directors must approve all interfund loans by resolution. The interfund loan agreement will be included as an exhibit to the resolution.

Payments made on outstanding loans shall be reflected in the proposed and adopted operating budget and in the annual financial statements. The annual financial statements will also include the loan amount, term, rate of interest, and amount of interest due on the total amount of the loan.

If the borrowing fund continues to maintain a negative cash balance for periods beyond the term of the loan, scheduled payments should be postponed until the fund has a positive cash balance.

Postponement of any loan payment shall not be for more than one year in duration, unless approved by Board resolution. Interest should continue to accrue and be added to the principal of the loan.

Modifications to existing loans may be made only with Board approval.

DEFINITION

Interfund loans are loans from one District fund to another District fund for a designated purpose.

Interfund loans may be made for the following reasons:

- To offset timing differences in cash flow;
- To provide interim financing in conjunction with obtaining long-term financing;
- For short-term borrowing in place of external financing;
- To provide operating capital for utility funds while the customer base increases;
- For other needs as deemed appropriate by the Board of Directors.

Interfund loan monies may only be used for the purpose identified in the authorizing resolution. Records of interfund loan transactions will be maintained in accordance with generally accepted accounting principles and will reflect the balances of loans in every fund affected by such transactions.

SAMPLE LOAN DOCUMENT

INTERFUND LOAN AGREEMENT

The Cambria Community Services District ("District") hereby adopts this Interfund Loan Agreement ("Agreement") authorizing the transfer of funds by and between the Cambria Community Services District General Fund ("General Fund") and the Cambria Community Services District Wastewater Fund ("Wastewater Fund").

RECITALS

- A. The Wastewater Fund requires an interfund loan in order to fund a shortfall from the _____ Fiscal Year of \$_____ that was the result of unanticipated and necessary repairs at the Wastewater Treatment Plant, and to address deficiencies in the District's wastewater infrastructure and system.
- B. The District desires and has the resources necessary to facilitate an interfund loan from the General Fund to the Wastewater Fund.
- C. This Agreement is executed for the purpose of evidencing the obligation of the Wastewater Fund to the General Fund for the repayment of monies loaned to the Wastewater Fund by the General Fund.

AGREEMENT

1. The District agrees to transfer from the General Fund to the Wastewater Fund the amount of _____ as of _____.
2. The term of this interfund loan shall be for a five (5) year period and shall accrue interest at a simple rate of _____ per annum.

3. The Wastewater Fund shall make annual payments based upon the Repayment Schedule contained in Exhibit "A," attached hereto and incorporated herein by reference. The Wastewater Fund shall repay the General Fund in full by _____.
4. District staff is directed to make necessary appropriation adjustments to effectuate this interfund loan.
5. District staff is directed to appropriately record this loan in the District's ledger system and subsequent financial reports, as necessary.

IN WITNESS WHEREOF, this Agreement is executed by duly authorized officers of the Cambria Community Services District this ___ day of _____, 20__.