



## **FINANCE COMMITTEE**

### **REGULAR MEETING**

Thursday, November 29, 2018 - 10:00 AM to 12:00 PM  
1000 Main Street Cambria, CA 93428

### **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 November 1, 2018 Regular Meeting Minutes

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

- A. Discussion Regarding Progress Made on Reserve Fund Policy
- B. Discussion Regarding Progress Made on Inter-fund Loan Policy
- C. Receive an Update on the Army Corps of Engineers Grant and IRMW Grant Process
- D. Discussion Regarding the CCSD Owned Vehicle Policy
- E. Discussion and Status on the Mid-Year Budget Review Format
- F. Receive an Update on the Audit

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

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## FINANCE COMMITTEE

### REGULAR MEETING

Thursday, November 1, 2018 - 10:00 AM to 12:00 PM  
1000 Main Street Cambria, CA 93428

AMENDED ON 11/1/2018 TO INCLUDE 3.C. ATTACHMENTS

### MINUTES

#### A. CALL TO ORDER

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

#### B. ESTABLISH QUORUM

A quorum was established.

Committee members present: David Pierson, Ted Siegler, Cindy Steidel and Dewayne Lee.

Committee member absent: Amanda Rice.

Staff present: Acting General Manager Monique Madrid, Finance Manager Pamela Duffield, District Engineer Bob Gresens and Deputy District Clerk Haley Dodson.

Public present:

Paul Reichardt  
Harry Farmer  
Paul Nugent  
Crosby Swartz  
Laura Swartz  
Donn Howell  
Jim Bahringer

#### C. CHAIRMAN'S REPORT

Chairman Pierson stated my goal for this committee is to get three policies to the full board by the December meeting.

##### 1. PUBLIC COMMENT

Chairman Pierson stated the public may address any item in jurisdiction of this committee that's not on the agenda. We will not be discussing the hiring of the general manager.

Public Comment:

Laura Swartz: Since we got substantial raises as of today, I would love to see Cambria get its financial house and try to refinance the plant loan because I think it will be problematic.

Paul Reichardt: I think having the two committees is the best thing this district has done in 25 years. David, I applaud you for making changes and I trust that you have the best interest of the community in mind. One of the things that bothered me was the rate study. What happened to the \$50k? Why don't we have a rate study sheet that shows what this committee needs?

Paul Nugent: We've had discussions regarding the Infrastructure and Finance Committees being separate. To me, Infrastructure is supposed to focus on Infrastructure and Finance is supposed to focus on the budget.

Mr. Gresens stated he's frustrated about the priority on the bridge pipe. The Infrastructure Committee decided to push it off.

Committee member Lee stated it's difficult trying to prepare for these meetings. I didn't get the green sheets until about 30 minutes before this meeting. We don't have enough time between the two committee meetings to coordinate, review the information and make an intelligent recommendation.

Chairman Pierson agreed. There should be more than two days between meetings.

Ms. Madrid stated we have a 72-hour posting period.

Public Comment:

Donn Howell: I would recommend that the meetings be a week apart and one week before the board meeting.

Chairman Pierson requested that the Infrastructure Committee move their meetings forward.

## **2. CONSENT AGENDA**

### **A. Consideration to Approve the October 11, 2018 Regular Meeting Minutes**

Committee member Lee moved to approve the minutes.

Committee member Steidel seconded the motion.

The motion was approved: 4-Ayes (Lee, Steidel, Pierson, Siegler), 0-Nays, 1-Absent (Rice)

## **3. REGULAR BUSINESS**

### **A. Discussion Regarding Progress Made on Budget, Allocated Overhead and Reserve Fund Policies**

Chairman Pierson introduced the item.

The committee discussed the budget policy and revisions.

Chairman Pierson suggests Ms. Madrid review the personnel policy within the budget policy.

Vice Chair Siegler moved that we recommend the proposed budget policy as amended by adding a table within the organization chart to the full board for adoption.

Committee member Steidel seconded the motion.

The motion was approved: 4-Ayes (Siegler, Steidel, Lee, Pierson), 0-Nays, 1-Absent (Rice)

Chairman Pierson stated the reserve policy was missing in the packet and we won't cover the reserve policy today.

## **B. Discussion Regarding Progress Made on Inter-fund Loan Policy**

Chairman Pierson stated he drafted this policy. The two items in red are draft paragraphs. He asked the committee for any thoughts on the policy.

The committee provided revisions to the policy.

Public Comment:

Paul Nugent: asked a question regarding funds.

Crosby Swartz: read a sentence out of the policy and stated the second sentence doesn't help you at all.

Laura Swartz: if you don't have a time constraint to buy it back, it's kind of a gift.

Donn Howell: beef up the ongoing structure sentence.

Unknown name: asked a question regarding Board policy.

Vice Chair Siegler stated we shouldn't write a policy that we don't adhere to.

Chairman Pierson stated we, the full board, make policies and give guidance to staff and general manager. It gives them a road map of how to run district and they should be adhering to the policy. If they aren't, we should make sure they are.

Chairman Pierson stated he will make the changes and bring it back to the committee for review.

## **C. Discussion and Consideration Regarding the Infrastructure Committee's CIP Priorities**

Chairman Pierson introduced the item and stated we haven't had a great deal of time to review the priorities. I'm not sure exactly what we want to do.

Mr. Gresens stated staff was tasked with finding out which projects could be completed with the rate study being approved. He discussed the memo and the attached green sheet. The Infrastructure Committee approved what is outlined on 3B as far as the Wastewater projects, with no changes. As far as SWF recommendations, they asked to move forward with no changes. The Water recommendation was to reduce the bridge from \$120k to \$20k and add in all other gray areas (lines 5,6,16, 20 and 25) with the exception of moving line 26 and reducing it to \$20k instead of \$50k. The committee also added on the Wastewater CIP sheet a line asking for two additional positions because there's no funds set aside for personnel and asked that the Finance Committee please consider that. This sums up what the Infrastructure Committee wanted the Finance Committee to consider.

Vice Chair Siegler stated there's a question from Elizabeth Bettenhausen about the influent screen replacement. Are the associated projects within the plan?

Mr. Gresens stated some are operating costs. We are working with PG&E. We don't have the personnel to run equipment.

Chairman Pierson stated the SSMP has the requirement to clean those pipes. Are we going to do the inspecting and cleaning? Are we going to hire someone? Do we need to purchase a Vactor truck?

Mr. Gresens stated the Vactor truck needs to be purchased. It's a critical piece of equipment. We don't have the staff to clean and tv lines. We had Pro Pipe do it before. We should do 10% a year and make some progress.

Chairman Pierson stated why are we buying a tv camera if we don't have the staff to use it?

Mr. Gresens stated we have the tv truck and reels. Historically, they had a panel truck and the tv camera got damaged. The staff gets calls for blockages and this camera would be used on a routine basis. We need to think about additional staffing.

Vice Chair Siegler stated the discussion of CIP is completely out of context. Pam has a lot of work to do with the revised budget. This starts with what are the plans, what we are trying to do, what are the costs and what capital items are necessary. I can't sit here and make any kind of intelligent comment about whether there should be two more operators in Wastewater or not because there's no context to put that into. We spent a full day in July going through CIP plan and context of the rate increases and it would be a shame if we have shortfalls that weren't fully discussed. If we can't do what we said we were going to do in July with a rate increase, that's a problem.

Committee member Lee stated the rate increase puts us in a whole new ball park. I think what we need to step back and get the information from staff. The five of us don't know what you need in each department and what you need first. Our recommendations to the Board are basically based on the recommendations we receive from staff. We don't want to buy a piece of equipment that we don't have staff to operate or a camera they can't use.

Chairman Pierson agreed.

Public Comment:

Crosby Swartz: Why is the water meter replacement program number one? Why do you have to spend a million dollars replacing meters at this point in time? I don't think it should be a priority item.

Committee member Steidel said we are not spending a million dollars, we will spend money replacing them over time. This was discussed in depth at the Infrastructure Committee meeting. The meters are not recording the water usage volumes. With new meters, we can recognize water leaks. There's a potential for expanding the technology.

Ms. Madrid stated it helps with water conservation, reduces staff time and helps identify leaks.

Mr. Gresens stated meters are beginning to fail because they are at the end of their life.

Committee member Lee stated now is the time to start looking at what's available and implementing the new meters. We don't want them to fail.

Ms. Madrid stated it's easy to point fingers and to say we are doing less than an adequate job. Our staff deserves to be commended, not criticized. We have new staff and this rate increase was just approved on October 4<sup>th</sup> and we are trying to do the best job we can. We've taken on additional committees with the same staff. I request we step back and figure out how much money we have and what we can do with that money. We are scrambling around to get the information to the committees. We are working at lightning speed every day and we are doing the best we can, but we are still getting criticized. Most staff work hard every day.

Public Comment:

Paul Reichardt: I never said anything discriminatory against any staff members. What did we get with the \$50k rate study? This district needs a true capital infrastructure program. This sheet isn't a capital improvement program. This is a wish list. I agree to step back and put a capital improvement plan together.

Ms. Madrid stated we need to look at what we need to do operationally and decide what is required so we have a CIP list to maintain assets and see what we need to do regulatory wise. We work at lightning speed and that's why we have high turnover.

Committee member Lee stated you need a planning department that can come up with a plan from staff and departments and make a recommendation on the board.

Public Comment:

Laura Swartz: I have empathy towards Ms. Madrid and I know you're working really hard. I think we are overwhelmed with the plant.

Committee member Steidel stated it appears to me that we are caught in a growing pains cycle. We have the opportunity for revenue and resources that we haven't had in a long time. We are in a mode where we need to recognize that and try to do be aware of it as we are going through the process and make recommendations to the Board that can be acted on.

Chairman Pierson would like to move along.

Public Comment:

Paul Reichardt: I'm a resource. I can help make a difference right now. It seems like there isn't a plan. We need to come up with a capital improvement plan and move forward.

Ms. Madrid stated I agree we need to plan our plan.

Vice Chair Siegler suggests we need the pickup truck with crane and let's propose to purchase that. The Vactor truck is a critical item and we shouldn't be dysfunctional any longer.

Committee member Lee stated if staff says we need this piece of equipment, then let's find the money.

Public Comment:

Donn Howell: This reminds me of the Infrastructure meeting where we tended to flow into financing.

Committee member Lee stated we need to stop and take a breather and let staff do the work, let the Infrastructure Committee do their work, and present it to us to review.

Vice Chair Siegler stated the green sheets have no context for us without a plan and budget. It's too early for us to be able to make intelligent comments about what we should be doing financially.

Chairman Pierson stated we need a plan and then we need a budget to implement the plan and that's what we are looking for in February. Staff needs to bring forward items needed immediately. The Vactor truck and truck with crane makes sense. I think you need to look at maintenance and emergency funding and see if you have any money left. In February, the committee would like a plan on how to start moving forward on the issues in front of the community and district and how to spend the money the rest of year. Then in May, come back with a continued plan and what we need to spend in 2019-2020. This is the general consensus of the committee. I also expect to have a plan in February as to what we plan to do with the Vactor truck, with the tv and why we need more people. Why do you need two more people in Wastewater? I know why, but the community needs to know why. What are the employees going to do for us? If they are going to do the tv work, then great, we need to find that out. This needs to come to the committee in February and then we will make a recommendation to the board.

Committee member Steidel agrees with the outline of specifics but i just wanted to take a couple steps back and understand the process. There was no requirement or definition associated with the resources. I want to acknowledge Bob's process and staff has responded each time.

Public Comment:

Donn Howell: Is this committee passing the Infrastructure Committee's committee suggestion?

Chairman Pierson stated we are passing it on and seeing if we'll have the money for it.

#### **D. Discussion and Consideration of Development of a Debt Policy**

Chairman Pierson introduced the item and asked the committee to look at TCSD's policy. It was brought to our attention that in order for us to get loans, we have to have a Debt Management Policy in place. We are looking at TCSD's policy because we need to get it done ASAP and to the full Board for approval, so we can adopt the policy to get loans for things we need right away.

Committee member Lee stated we haven't had enough time to adequately say this is good or bad. It needs to go to a subcommittee.

Ms. Madrid stated if we want to get loan for the truck, we need a Debt Management Policy in place. I agree it's rushed. We could adopt the same policy and revise it based on the needs.

Vice Chair Siegler stated I'd be willing to take TCSD's policy and change to CCSD. I'd like to spend a few minutes on the phone with district counsel to make sure it covers necessary needs for the immediate future. I can have it ready for the November board meeting.

Chairman Pierson would like to establish an Ad Hoc Committee to move forward with revising the Debt Management Policy. This committee would also be tasked with revising the policy early next year.

The committee agreed.

Chairman Pierson asked for volunteers for the Ad Hoc Committee.

Vice Chair Siegler and Committee member Steidel volunteered to be on the Ad Hoc Committee.

Public Comment:

Crosby Swartz: shouldn't there be an acknowledgement made saying it's copied from the TCSD?

Committee member Lee motioned that we task Vice Chair Siegler and Committee member Steidel with revising the Debt Management Policy, work with district counsel and staff to finalize the wording and have it ready for the meeting in two weeks.

Vice Chair Siegler seconded the motion.

The motion was approved: 4-Ayes (Lee, Siegler, Pierson, Steidel), 0-Nays, 1-Absent (Rice)

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

The committee would like the following items on the next agenda:

- A discussion item for a plan for budget revision
- Review the reserve fund policy
- Get an Update from Bob on the IRWN grant and Civil Engineers grant

Public Comment:

Paul Nugent: I would like the committee to review the district vehicle fuel tracking. The verbiage is vague. Employees are not getting taxed on that properly.

The committee would like to add the vehicle policy to the next agenda.



**5. ADJOURN**

Chairman Pierson adjourned the meeting at 11:48 a.m.

DRAFT

## Attachment to 11/1/2018 Regular Meeting Minutes

## FINANCE COMMITTEE

## REGULAR MEETING

Thursday, October 11, 2018

**REGULAR BUSINESS ITEM 3. C. DISCUSSION AND CONSIDERATION REGARDING NEW BUDGET BASED ON RATES PASSING OR NOT PASSING**

If none of the rate increases called for in the current Proposition 218 process are passed, there will be no effect on the Water/Wastewater/SWF revenue as no revenue related to the proposed rate increases were included in the Fiscal Year 2018/2019 (FY 18/19) Final Budget. However, due to their being projected deficits in Wastewater (\$27,722) and the SWF Operating Department (\$414,751), which the CCSD Board of Directors requested that staff address in their August 23, 2018 meeting, there is still a need for the Uses of Funds to be reviewed and adjusted in a Mid-Year Budget even if none of the proposed rate increases take effect. In addition, there are areas of the Final Budget that have been identified as needing to be addressed, such as line item deficits as well as an error in the Allocated Overhead that necessitate budget revisions. At this time, while the revenue generated by the July-August, 2018 billing cycle slightly exceeded expectation, it is too early to project a revenue increase for the entire fiscal year. However, depending on the timing of the preparation of a Mid-Year Budget, there may be enough information to warrant a review of the Revenue section of the budget.

If the rates are passed, the budget effects would be as follows:

**WATER-**The proposed rate increase should generate additional revenue of \$320,000 for the 8 months that it would be in effect for in FY 18/19. While the Water Department is not projected to have a deficit in the current fiscal year, it has no reserves at this time, but it does have approximately \$6,000,000 in identified priority Water projects per the Capital Improvement Program. In addition, it has need for additional staffing and reserves should be built up for other purposes besides the projects on the Capital Improvement Program list.

**WASTEWATER-** The proposed rate increase should generate additional revenue of \$240,000 for the 8 months that it would be in effect for in FY 18/19. Although Wastewater's potential deficit of \$27,722 is well under the amount of additional revenue that would be generated, it should be noted that approximately \$1,000,000 was deleted from Wastewater's requested budgeted expenditures to reduce the projected deficit to that amount. In addition, Wastewater is understaffed, has no reserves, has approximately \$9,000,000 in identified priority Wastewater projects per the Capital Improvement Program and owes the General Fund \$466,000 plus interest. There are \$970,000 in Wastewater Capital Improvement Program projects for FY 18/19 identified as being dependent on the rate increase. Obviously, Wastewater has significant and varied needs to address if the proposed rate increase takes effect.

**SWF-** The proposed rate increase should generate additional revenue of \$76,000 for the 8 months that it would be in effect for in FY 18/19. With a projected deficit of \$414,751, any additional revenue would be applied to the deficit.

Regular Business Item 3.A. Attachment

## Reserve Policy

### 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.

Regular Business Item 3.A. Attachment

**Fund Associations:**

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

**1) Water Enterprise**

**Sinking Fund**

**Min \$ \_\_\_\_\_ Max \$ \_\_\_\_\_**

The Sinking Fund will be accrued to pay for future upgrades, improvements, and major repairs to any depreciated asset. The fund may be used as matching funds to secure grants or loans to make such expenditures.

**Emergency Response Reserves Min \$ \_\_\_\_\_ Max \$ \_\_\_\_\_**

Emergency reserves are set aside for use in a major emergency or system failure not budgeted or in the CIP. Emergency may be activated by a catastrophic event (i.e. earthquake) or by a major system failure (i.e. major water main break, well failure).

**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**

**Sinking Fund**

**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

Regular Business Item 3.A. Attachment

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.

**Sinking Fund**

**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.

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## 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 i.e. 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 seven 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. Amounts loaned from the Water and Wastewater funds to other District funds must include an interest component. The amount of interest to be charged for these loans will be calculated using the rate investment rate earned by the San Luis Obispo County Treasury. 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 Finance Manager.

The Board of Directors must approve by resolution all interfund loans. The interfund loan agreement will be included as an addendum 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 negative cash balance for periods beyond the term of the loan, scheduled payments should be postponed until the fund has a positive cash balance.

**INTERFUND LOAN POLICY (continued)**

Postponement of loan payment shall not be 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 financing for 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****INTER-FUND LOAN AGREEMENT**

The Cambria Community Services District (“District”) hereby adopts this Inter-Fund 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 inter-fund loan in order to fund a shortfall from the 2015/16 Fiscal Year of \$466,000 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 inter-fund 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. As the District agreed to transfer from the General Fund to the Wastewater Fund the amount of four hundred sixty-six thousand dollars (\$466,000) as of June 1, 2016.

2. The term of this inter-fund loan shall be for a five (5) year period and shall accrue interest at a simple rate of four percent (4%) 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 June 30, 2028.

4. District staff is directed to make necessary appropriation adjustments to effectuate this inter-fund 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 23rd day of August, 2018.





## **CAMBRIA COMMUNITY SERVICES DISTRICT**

P.O. Box 65 • Cambria, CA 93428 • Telephone: (805) 927-6223 • Fax: (805) 927-5584

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### **CCSD OWNED VEHICLE POLICY**

#### **I. PURPOSE**

- A. This policy of the Board of Directors for the Cambria Community Services District ("CCSD") establishes policies and procedures for the use of CCSD owned vehicles. For the purpose of this policy, vehicles leased or rented by the CCSD are considered CCSD Owned vehicles.

#### **II. VEHICLE USAGE-GENERAL**

- A. All CCSD employees are required to have and maintain a valid California Driver's License. Employees shall follow all laws, rules, and regulations of all jurisdictions while operating a vehicle on CCSD business. Any fines or other penalties incurred by an employee shall be the responsibility of the employee.
- B. Individuals not employed by the CCSD or working for the CCSD as a private contractor shall not travel in CCSD vehicles unless approved by the General Manager. Individuals not employed by the CCSD shall never operate CCSD vehicles except for individuals performing approved maintenance/repair services on the vehicle.
- C. If a motor vehicle accident occurs while on CCSD business, the appropriate law enforcement agency shall be contacted immediately and every attempt shall be made to have a report completed. If the law enforcement agency declines to prepare a report, the employee shall record the name of the party contacted at the law enforcement agency, the time that they were contacted, and a written report of the facts and circumstances surrounding the accident shall be completed by the employee at the earliest opportunity. The employee's report will include the contact information of all parties involved in the accident, including vehicle descriptions, and insurance coverage. The employee's supervisor shall be notified of the accident at the earliest opportunity, but in any event no later than by the next business day. The supervisor is responsible for having the accident being reported to the Risk Manager or his/her designee at the earliest opportunity, but in any event no later than by the end of the next business day.
- D. Smoking is not permitted in any CCSD vehicles.

- E. All CCSD vehicles shall be appropriately marked with CCSD identification unless otherwise approved by the General Manager.
- F. No CCSD vehicle shall be driven if it is known to be in an unsafe condition. Any mechanical problems related to a CCSD vehicle shall be immediately reported. When using CCSD vehicles, employees shall not abuse the vehicle in any way.
- G. Use of a CCSD vehicle is prohibited while on vacation or on other leave. Transporting family members, except where such persons are also CCSD employees or are otherwise on official CCSD business, in CCSD owned vehicles is also prohibited, except in emergency situations. Transporting friends or other persons, except where such persons are also CCSD employees or are otherwise on official CCSD business, in CCSD owned vehicles is also prohibited.
- H. When utilizing a CCSD or privately-owned vehicle for Travel, the vehicle may be used to attend meals and other activities directly related to the training, conference or other Travel function.

### **III. VEHICLE USAGE-COMMUTING**

- A. In order to provide as prompt of a response as possible for emergency situations, CCSD employees on Standby and whenever else it is deemed necessary by a Department Manager shall use a CCSD vehicle for travel between the employee's home and place of work. In cases where a Department Manager uses a CCSD owned vehicle for personal use, approval from the General Manager is required. During times of such use, the employee's personal use of the vehicle is limited to direct commuting and de minimis personal use. Such use is limited to necessary tasks of short duration and shall be minimized to the fullest extent possible.
- B. The personal use of a CCSD owned vehicle is a taxable fringe benefit subject to income and employment taxes. Personal use includes commuting to and from work. The value of the fringe benefit must be included in the employee's wages or reimbursed by the employee to the CCSD. The CCSD has determined that it is in the CCSD's and employees' best interest to use the Commuting Rule to determine the value provided to employees. Under this rule, the value of the commuting cost of the vehicle provided to the employee is determined by multiplying each one-way commute (that is, from home to work or work to home) by \$1.50. If more than one employee commutes in the vehicle, this value applies to each employee. A control employee cannot use the Commuting Rule. Control employees for government employers are either elected officials or an employee whose compensation equals or exceeds the amount for a Federal Government Executive-Level V. For these employees, the Annual Lease Value (if the employee is provided a vehicle for 30 or more days of continuous use) or Daily Lease Value (if the employee is provided a vehicle for less than 30 days of continuous use) methodology shall be used.

- C. Use of qualified nonpersonal-use vehicles is considered a working condition benefit and is not taxable to the employee under any circumstances. The CCSD's vehicles considered to be qualified nonpersonal-use vehicles include:
- Clearly marked fire vehicles.
  - Any vehicle designed to carry cargo with a loaded gross weight over 14,000 pounds.
  - Tractors and other special purpose farm vehicles.
- D. The value of personal use of CCSD owned vehicles will be included in an employee's bi-weekly pay if the Commuting Rule is to be used to arrive at the value. If the Annual Lease Value or Daily Lease Value method is being used for valuation purposes, the value of personal use of CCSD owned vehicles will be included in the employee's second bi-weekly pay in each month for the previous month.
- E. For employees that are on Standby status, the value of personal use of CCSD owned vehicles shall be computed by multiplying the number of days on Standby plus the number of times while on Standby that the employees are paid overtime per their bi-weekly timesheet. For all other employees, the number of days that a CCSD owned vehicle is used by an employee where personal use is involved shall be noted on the employee's biweekly timesheet.
- F. If an employee is eligible to use the Commuting Rule to arrive at the value of personal use and they elect to reimburse the CCSD for the personal use rather than have it added to their wages, reimbursement must be submitted with their bi-weekly timesheet.