CAYUCOS SANITARY DISTRICT

200 Ash Avenue / PO Box 333
Cayucos, CA 93430
(805) 995-3290
www.CayucosSanitaryDistrict.gov

BOARD OF DIRECTORS
REGULAR MEETING AGENDA
THURSDAY, AUGUST 20, 2026 AT 5:00PM
200 ASH AVE. CAYUCOS, CA 93430

1. ESTABLISH QUORUM AND CALL TO ORDER

2. PUBLIC COMMENT

At this time the public may address the Board on items other than those scheduled on this agenda that are within the jurisdiction of the Board (persons wishing to speak on any item scheduled on this agenda will be given the opportunity at the time that agenda item is being considered). When recognized by the Board President, please state your name for the record (though not required). While the Board encourages public comment, in the interest of time and to facilitate orderly conduct of the meeting, the Board reserves the right to limit individual comments to three minutes. By conditions of the Brown Act, the Board is prohibited from discussing issues not posted on this agenda, but may set items for future agendas.

3. ITEMS TO BE DEFERRED

4. CONSENT CALENDAR

Consent Calendar items are considered routine and therefore do not require separate discussion, however, any item may be removed from the Consent Calendar by a member of the Board of Directors for separate consideration. Individual items on the Consent Calendar are approved by the same vote that approves the Consent Calendar, unless an item is pulled for separate consideration.

A. Meeting Minutes Pg. 1

1. Approval of minutes for the June 18, 2026 Board of Directors Regular Meeting

B. Financial Reports: June 2026 Pg. 5

1. Cash, Savings, and Investment Report
2. Check Registers – Wells Fargo (General & CIP Checking Accounts)
3. Budget vs. Actual Status Report
4. Capital Improvement Projects Report
5. Annual Disclosure and Employee Reimbursement Report

C. Financial Reports: July 2026 Pg. 13

1. Cash, Savings, and Investment Report
2. Check Registers – Wells Fargo (General & CIP Checking Accounts)
3. Budget vs. Actual Status Report
4. Capital Improvement Projects Report

5. STAFF COMMUNICATIONS AND INFORMATIONAL ITEMS

A. District Manager's Report: June & July 2026 Pg. 19

B. Will-Serve Activity: June & July 2026

1. **New Will-Serves**
   - 1335 Cass Ave. / Hench / 064-172-001 / SFR Remodel
   - 3526 Gilbert Ave. / Singh-Kaler / 064-407-008 / SFR Remodel
   - 198 H St. / Roberts / 064-127-001 / ADU New
   - 395 Old Creek Rd. / Minetti / 064-261-020 / SFR Remodel, ADU New
   - 2720 Richard Ave. / Randazzo / 064-204-062 / SFR New, ADU New
   - 3400 Studio Dr. / Heskett / 064-422-004 / SFR New
2. **Extended Will-Serves**
   - 3510, 3512 Gilbert Ave. / O'Shea / 064-407-017 / ADU New
   - 125 S Ocean Ave. / Cayucos Inc. / 064-125-030 / CMMCL Remodel
3. **Finaled Will-Serves:** None

6. DISCUSSION AND CONSIDERATION TO ADOPT RESOLUTION 2026-09 APPROVING AMENDMENTS TO CAYUCOS SANITARY DISTRICT'S CONFLICT OF INTEREST CODE AS PART OF THE REQUIRED BIENNIAL REVIEW **Pg. 23**

7. DISCUSSION AND CONSIDERATION OF THE DISTRICT-OFFERED HMO HEALTH PLAN COST AND REVIEW OF THE PLAN CHANGES FOR 2027 **Pg. 39**

8. DISCUSSION AND CONSIDERATION TO ADOPT A CALPERS UNFUNDED ACCRUED LIABILITY POLICY AND TO APPROVE A PAYMENT TO CALPERS IN THE AMOUNT OF $431,750 **Pg. 41**

9. DISCUSSION AND CONSIDERATION TO APPROVE A MITIGATION AGREEMENT AND A LANDOWNER ACCESS AGREEMENT RELATED TO THE TORO CREEK RESTORATION PROJECT AND TO AUTHORIZE THE DISTRICT MANAGER TO EXECUTE SAID AGREEMENTS **Pg. 48**

10. DISCUSSION AND CONSIDERATION TO APPROVE AN AMENDMENT TO THE DISTRICT MANAGER'S EMPLOYMENT AGREEMENT APPROVING A COST OF LIVING SALARY ADJUSTMENT **Pg. 69**

11. DISCUSSION AND CONSIDERATION TO ADJUST THE SALARY RANGE FOR THE ADMINISTRATIVE ACCOUNTING MANAGER POSITION **Pg. 71**

12. DISCUSSION AND CONSIDERATION TO ADOPT RESOLUTION 2026-10 AMENDING THE DISTRICT SALARY SCHEDULE **Pg. 74**

13. DISCUSSION AND DIRECTION REGARDING OUTREACH FOR UNCONTESTED/VACANT BOARD SEATS SUBJECT TO COUNTY APPOINTMENT **Pg. 78**

14. BOARD MEMBER COMMENTS

This item provides the opportunity for Board members to make brief announcements and/or briefly report on their own activities related to District business.

15. FUTURE SCHEDULED MEETINGS

A. September 17, 2026 – Regular Board Meeting
B. October 15, 2026 – Regular Board Meeting
C. November 19, 2026 – Regular Board Meeting

16. ADJOURNMENT

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AGENDA ITEM:
4.A.1

BOARD OF DIRECTORS
REGULAR MEETING MINUTES
THURSDAY, JUNE 18, 2026 AT 5:00PM
200 ASH AVE. CAYUCOS, CA 93430

1. ESTABLISH QUORUM AND CALL TO ORDER

President Enns called the meeting to order at 5:00 p.m.

Directors Present: President Robert Enns, Vice-President John Curti, Director Justin Smith, and Director Joe Clark

Directors Absent: Director Shirley Lyon

Staff Present: District Manager David Athey and Administrative Services Manager/Board Secretary Amy Lessi

2. PUBLIC COMMENT

None

3. ITEMS TO BE DEFERRED

None

4. CONSENT CALENDAR

Director Curti requested clarification on payments to N. Brent Knowles Construction and REC Solar, and Manager Athey elaborated.

Public Comment: None

Motion: By Director Curti to approve items on the Consent Calendar as prepared
Second: By Director Clark
Vote: 4-0 Motion passed

5. STAFF COMMUNICATIONS AND INFORMATIONAL ITEMS

Manager Athey gave a summary of the previous month's activities and discussed potential projects to optimize resources at the Treatment Plant.

Public Comment: None

Item 5 was received and accepted (no Board action necessary).

6. **DISCUSSION AND CONSIDERATION TO ADOPT RESOLUTION 2026-04 APPROVING THE FISCAL YEAR 2026/27 CAYUCOS SANITARY DISTRICT BUDGET**

Manager Athey presented the revised Fiscal Year 2026/2027 Operating and Capital Improvement Project Budgets, highlighting budget refinements made in response to Board feedback, proposed funding for District operations, capital improvements, employee compensation adjustments, and long-term financial planning.

Public Comment: None

Motion: By Director Smith to adopt Resolution 2026-04 approving the Fiscal Year 2026/27 Cayucos Sanitary District Budget
Second: By Director Clark
Rollcall Vote: Smith-yes, Clark-yes, Curti-yes, Enns-yes
Vote: 4-0 Motion passed

7. **DISCUSSION AND CONSIDERATION TO ADOPT RESOLUTION 2026-05 AMENDING CAYUCOS SANITARY DISTRICT'S SALARY SCHEDULE**

The Board considered the District's recent Cost of Living Adjustment ("COLA") history, evaluated the financial and administrative impacts of implementing a $2.00 COLA versus a percentage-based adjustment, and noted disparities in the District's Standby Pay and Lead Collection Worker compensation relative to peer agencies.

Public Comment: None

Motion: By Director Smith to adopt Resolution 2026-05 amending Cayucos Sanitary District's Salary Schedule, and to modify the resolution to implement a 2.5% COLA (as opposed to a $2.00/hour COLA)
Second: By Director Clark
Rollcall Vote: Smith-yes, Clark-yes, Curti-yes, Enns-yes
Vote: 4-0 Motion passed

8. **DISCUSSION AND CONSIDERATION TO ADOPT RESOLUTION 2026-06 ESTABLISHING CAYUCOS SANITARY DISTRICT'S FISCAL YEAR 2026/2027 APPROPRIATIONS LIMIT**

Manager Athey relayed that establishing the District's Fiscal Year 2026/2027 Appropriations Limit is required by Article XIII B of the California Constitution and is based on the annual calculation of the District's limit on appropriations of tax proceeds.

Public Comment: None

Motion: By Director Curti to adopt Resolution 2026-06 establishing Cayucos Sanitary District's fiscal year 2026/2027 Appropriations Limit
Second: By Director Smith
Rollcall Vote: Curti-yes, Smith-yes, Clark-yes, Enns-yes
Vote: 4-0 Motion passed

9. **DISCUSSION AND CONSIDERATION TO APPROVE THE SECOND AMENDMENT TO THE CONSULTANT SERVICES AGREEMENT WITH WATER SYSTEMS CONSULTING, INC. (WSC) IN THE AMOUNT OF $66,000 FOR THE CHANEY-TO-TORO PIPELINE REPLACEMENT PROJECT**

The Board considered the need for additional funding to complete design modifications, address ongoing Caltrans permit requirements, and provide bid phase support for the Chaney-to-Toro Pipeline Replacement Project.

Public Comment: None

Motion: By Director Curti to approve the second amendment to the Consultant Services Agreement with WSC in the amount of $66,000 for the Chaney-to-Toro Pipeline Replacement Project and to authorize staff to allocate $66,000 of existing FY25/26 Professional Services funds to the Project
Second: By Director Smith
Vote: 4-0 Motion passed

10. **DISCUSSION AND CONSIDERATION TO APPROVE A CONTRACTOR SERVICES AGREEMENT WITH N. BRENT KNOWLES CONSTRUCTION, INC. IN THE AMOUNT OF $40,000.00 FOR REPAIR, PAVING AND SLURRY SERVICES ASSOCIATED WITH DISTRICT EMERGENCIES FOR FISCAL YEAR 2026/2027**

Manager Athey relayed that establishing an agreement with Knowles Construction in advance of emergency situations would allow the District to respond more efficiently to any unforeseen sewer system repairs needed in the coming fiscal year.

Public Comment: None

Motion: By Director Smith to approve a Contractor Services Agreement with N. Brent Knowles Construction, Inc. in the amount of $40,000.00 for repair, paving and slurry services associated with District emergencies for fiscal year 2026/2027, direct the District Manager to sign the agreement on the Board's behalf, and allow the District Manager to approve contract amendments of up to $10,000
Second: By Director Clark
Vote: 4-0 Motion passed

11. **DISCUSSION AND CONSIDERATION TO ADOPT RESOLUTION 2026-07 CONFIRMING THE ITEMIZED REPORT TO COLLECT DELINQUENT SEWER SERVICE CHARGES ON THE FISCAL YEAR 2026/2027 COUNTY TAX ROLL**

Manager Athey summarized the tax lien process regarding delinquent customer accounts.

Public Comment: None

Motion: By Director Curti to adopt Resolution 2026-07 confirming the itemized report to collect delinquent sewer service charges on the fiscal year 2026/2027 County Tax Roll and direct staff to submit the list of delinquent sewer accounts to the Tax Collector
Second: By Director Smith
Rollcall Vote: Curti-yes, Smith-yes, Clark-yes, Enns-yes
Vote: 4-0 Motion passed

12. **DISCUSSION AND CONSIDERATION TO ADOPT RESOLUTION 2026-08 CONFIRMING THE ITEMIZED REPORT TO COLLECT DELINQUENT SOLID WASTE COLLECTION AND DISPOSAL CHARGES ON THE FISCAL YEAR 2026/2027 COUNTY TAX ROLL**

Manager Athey summarized the tax lien process regarding Mission Country Disposal's delinquent customer accounts.

Public Comment: None

Motion: By Director Smith to adopt Resolution 2026-08 confirming the itemized report to collect delinquent solid waste collection and disposal charges on the fiscal year 2026/2027 County Tax Roll
Second: By Director Clark
Rollcall Vote: Smith-yes, Clark-yes, Curti-yes, Enns-yes
Vote: 4-0 Motion passed

13. DISCUSSION AND CONSIDERATION TO APPROVE CAYUCOS SANITARY DISTRICT'S 2026 SEWER SYSTEM MANAGEMENT PLAN (SSMP)

Manager Athey presented the audit, reporting that the District's sewer maintenance and overflow prevention programs have remained effective, and recommended minor updates to staff and contact information as required by the General Order. Director Curti pointed out an error to be corrected.

Public Comment: None

Motion: By Director Curti to approve Cayucos Sanitary District's 2026 SSMP and to direct staff to finalize the proposed changes
Second: By Director Clark
Vote: 4-0 Motion passed

14. CLOSED SESSION

At 6:34 p.m., President Enns announced that the Board would transition to Closed Session.

Public Comment: None

Directors Present During Closed Session: President Enns, Vice-President Curti, Director Smith, and Director Clark

Staff Present During Closed Session: District Manager David Athey

15. RECONVENE TO OPEN SESSION & REPORT FROM CLOSED SESSION

Open Session reconvened at 8:09 p.m.

Items to report from Closed Session: None

16. BOARD MEMBER COMMENTS

Director Smith announced that he will not run for election in 2026.

17. FUTURE SCHEDULED MEETINGS

18. ADJOURNMENT

The meeting adjourned at 8:10 p.m.

Minutes Respectfully Submitted By:

X AmyLessi

Amy Lessi
Administrative Services Manager/Board Secretary

AGENDA ITEM: 4.B.1

CAYUCOS SANITARY DISTRICT
Monthly Financial Report
FY 2025/2026

Cash, Savings and Investments
June 2026

Bank Accounts	Current Balance
Wells Fargo - General Checking	$401,433
Wells Fargo - USDA	$1,000,034
Petty Cash	$175
Total	**$1,401,642**

Investment Accounts	
CalTrust	$4,091,674
US Bank	$74,997
LAIF	$130,378
Total	**$4,297,049**

Grand Total	**$5,698,691**

MCD Wells Fargo Deposit CD (Franchise Deposit)	$25,000

AGENDA ITEM: 4.B.2

Check Registers - Checks Issued
June 2026

Date	Num	Name	Amount
06/05/2026	25406	ENNS, R	-91.05
06/05/2026	25407	LYON, S	-91.05
06/09/2026	25408	PATHIAN ADMINISTRATORS	-253.90
06/09/2026	25409	COLLINS, J - tuition reimbursement	-1,220.00
06/09/2026	25410	AMAZON - janitorial, lab & office supplies	-557.69
06/09/2026	25411	BREZDEN PEST CONTROL	-270.00
06/09/2026	25412	CARMEL & NACCASHA, LLP	-4,539.00
06/09/2026	25413	COASTAL ROLL OFF SERVICE	-3,889.11
06/09/2026	25414	CULLIGAN OF MORRO BAY	-98.75
06/09/2026	25415	CWEA - staff training	-450.00
06/09/2026	25416	FIRSTNET (AT&T)	-694.60
06/09/2026	25417	MINER'S ACE HARDWARE	-577.44
06/09/2026	25418	MISSION UNIFORM SERVICE	-1,126.72
06/09/2026	25419	MORRO ROCK MUTUAL WATER CO. UTILITY 782	-160.19
06/09/2026	25420	N. BRENT KNOWLES CONSTRUCTION	-12,500.00
06/09/2026	25421	NELSON'S GARAGE	-398.94
06/09/2026	25422	NEW TIMES	-28.50
06/09/2026	25423	OPTIMIZED INVESTMENT PARTNERS, LLC	-734.50
06/09/2026	25424	SPICE INTEGRATION CORP.	-3,168.00
06/09/2026	25425	STREAMLINE	-4,401.60
06/18/2026	25426	LESSI, A - mileage	-24.36
06/18/2026	25427	POSTMASTER	-780.00
06/18/2026	25428	CALNET3	-502.75
06/18/2026	25429	COASTAL COPY, INC	-114.03
06/18/2026	25430	CSA 10A SLO CO PW LS#3	-217.79
06/18/2026	25431	CSA 10A SLO CO PW LS#4	-217.79
06/18/2026	25432	CWEA - staff training	-114.00
06/18/2026	25433	FAMILY & INDUSTRIAL MEDICAL CENTER	-185.00
06/18/2026	25434	SCOTT O'BRIEN FIRE & SAFETY CO.	-57.00
06/18/2026	25435	SOLVE CONSULTING AND MEDIATION, LLC	-7,500.00
06/18/2026	25436	SPEEDY COASTAL MESSENGER, INC.	-665.00
06/23/2026	25437	COLLINS, J - boots	-203.78
06/23/2026	25438	PETTY CASH	-61.03
06/26/2026	25439	B&K VALVES & EQUIPMENT, INC.	-1,244.39
06/26/2026	25440	BUSINESS CARD - shipping of equipment	-469.28
06/26/2026	25441	BUSINESS CARD - staff training	-140.07
06/26/2026	25442	COUNTY OF SLO - PUBLIC WORKS DEPT.	-360.00
06/26/2026	25443	EXXONMOBIL	-833.69
06/26/2026	25444	FIIX (ROCKWELL)	-566.76
06/26/2026	25445 (CIP)	GENOA VISUAL GROUP	-4,525.95
06/26/2026	25446	INDUSTRIAL SCIENTIFIC CORP.	-1,536.50
06/26/2026	25447	SAN LUIS POWERHOUSE	-9,851.40

Date	Num	Name	Amount
06/26/2026	25448	SOCAL GAS	-35.19
06/26/2026	25449	SOLVE CONSULTING AND MEDIATION, LLC	-1,260.00
06/26/2026	25450	TECHNICAL SYSTEMS, INC.	-5,807.04
06/30/2026	25451	GOOD, G - mileage	-76.13
06/30/2026	25452	COASTAL COPY, INC	-107.09
06/30/2026	25453	CWEA - staff training	-410.00
06/30/2026	25454	HAAKER EQUIPMENT	-550.88
06/30/2026	25456	AMAZON - lab, office & janitorial supplies	-369.29
06/30/2026	25457	CULLIGAN OF MORRO BAY	-104.50
06/30/2026	25458	HACH	-1,726.88
06/30/2026	25459	MINER'S ACE HARDWARE	-460.46
06/30/2026	25460	MISSION COUNTRY DISPOSAL - WRRF	-294.62
06/30/2026	25461	MISSION UNIFORM SERVICE	-574.51
06/30/2026	25462	POOR RICHARD'S PRESS	-136.10
06/30/2026	25463	RIDGELINE MUNICIPAL STRATEGIES	-243.75
06/30/2026	25464	SPEEDY COASTAL MESSENGER, INC.	-725.00
06/30/2026	25465	TRI-COUNTY OFFICE FURNITURE, INC.	-1,143.04
06/30/2026	25466 (CIP)	WATER SYSTEMS CONSULTING, INC.	-33,252.75
		Total Issued Checks	**-$112,698.84**

AGENDA ITEM:
4.B.2

Check Registers - ACH/EFT Payments
June 2026

Date	Num	Name	Amount
06/01/2026	EFT060126	POSTMASTER	-699.19
06/04/2026		QuickBooks Payroll Service	-26,390.80
06/05/2026	HLTH060526	CALPERS (HEALTH)	-18,996.09
06/05/2026	EDD060526	EDD	-2,222.34
06/05/2026	FED060526	US TREASURY	-10,020.18
06/05/2026	B2615411022	ALLIED ADMINISTRATORS FOR DELTA DENTAL	-914.10
06/05/2026	EFT060526	CALPERS (RETIREMENT)	-2,108.00
06/05/2026	PERS060526	CALPERS (RETIREMENT)	-7,153.59
06/14/2026	EFT061426	INTUIT (QUICKBOOKS)	-70.00
06/16/2026	EFT154101	PG&E LS#1	-686.69
06/16/2026	EFT155401	PG&E LS#2	-1,483.73
06/16/2026	EFT155591	PG&E LS#3	-255.54
06/16/2026	EFT155851	PG&E LS#4	-734.00
06/16/2026	EFT156091	PG&E LS#5	-2,932.03
06/16/2026	EFT156431	PG&E OFFICE	-437.02
06/16/2026	EFT156801	PG&E WELL	-24.74
06/16/2026	EFT157201	PG&E WRRF	-3,532.28
06/16/2026	EFT70806	WELLS FARGO VENDOR FIN SERV	-176.96
06/18/2026		QuickBooks Payroll Service	-29,698.53
06/18/2026	FED061926	US TREASURY	-11,538.16
06/19/2026	EDD061926	EDD	-2,711.23
06/19/2026	DEF061926	CALPERS (RETIREMENT)	-2,108.00
06/19/2026	PERS061926	CALPERS (RETIREMENT)	-7,430.84
06/26/2026	29237401	ABALONE COAST ANALYTICAL, INC.	-2,813.00
06/26/2026	29237402	CHARTER INTERNET	-952.39
06/26/2026	29237403	EXECUTIVE JANITORIAL	-225.00
06/26/2026	29237404	REC SOLAR	-15,107.88
06/30/2026	EFT692119	COLONIAL LIFE INSURANCE PREMIUMS	-52.58
		Total Issued ACH	**-$151,474.89**

AGENDA ITEM: 4.B.2

Transfers Between Accounts
June 2026

Date	Num	Description	Amount
06/12/2026		Tfr from General to USDA Savings	-77,907.72
		Total Transfers	**-$77,907.72**

AGENDA ITEM:
4.B.3

Budget vs. Actual
June 2026

	Current Month	YTD Actual Rev/Exp	Approved Budget 25/26	% of Budget
Ordinary Income/Expense				
Income				
Sewer Income	279,674	3,272,241	3,214,300	102%
Will Serve Income	475	21,150	88,200	24%
Rental Income	48,087	54,902	39,800	138%
Solid Waste Income	24,209	166,304	161,500	103%
SLOCO Tax Assessments	15,099	1,325,249	1,256,500	105%
Banking Interest Income	41	2,822	9,600	29%
Investment Interest	13,537	119,703	80,000	150%
Other Income	-	4,577	4,600	99%
Total Income	381,122	4,966,948	4,854,500	102%
Expenses				
Payroll Expenses				
Administrative Payroll	32,035	357,283	396,600	90%
Collections Payroll	14,863	203,849	220,700	92%
WRRF Payroll	40,187	438,042	478,100	92%
Director Payroll	500	7,650	8,000	96%
Vested Benefits	324	3,840	4,000	96%
Admin Payroll Taxes & Benefits	12,291	143,353	163,600	88%
Collections Payroll Taxes & Benefits	6,612	132,726	135,500	98%
WRRF Payroll Taxes & Benefits	14,816	175,041	216,300	81%
Director Payroll Taxes & Benefits	38	585	600	98%
Total Payroll & Benefits	121,666	1,462,369	1,623,400	90%
Operating Expenses				
Special Projects	-	14,431	12,500	115%
Administrative Operating Expenses	23,746	691,860	764,000	91%
Collections Operating Expenses	9,934	149,388	273,650	55%
Treatment Operating Expenses	98,392	1,110,785	1,738,700	64%
Total Operating Expenses	132,072	1,966,464	2,788,850	71%
Total Expenses	253,738	3,428,833	4,412,250	78%
Net Income	**127,384**	**1,538,114**	**442,250**	

Month 12 of 12; Target 100% of Budget

Capital Improvement Projects Budget
June 2026

AGENDA ITEM: 4.B.4

	Current Month	YTD Actual Rev/Exp	Approved Budget 25/26	% of Budget
Collection Improvements				
Sewer Main Repairs	0	46,361	50,000	93%
Chaney to Lift Station 5 Main Replacement	33,253	63,336	40,000	158%
Main Admin				
IT Security Upgrades	0	30,593	30,000	102%
BigBelly Trash & Recycling Containers	4,526	45,849	50,000	92%
WRRF Improvements				
UV Bulb Replacement	560	48,297	55,000	88%
Davit & Winch for Confined Space Entry	0	10,050	10,000	101%
Backup Permeate Pump for MBR	0	62,643	65,000	96%
Portable Generator Replacement	0	0	30,000	0%
Total Capital Improvements	**$ 38,339**	**$ 307,129**	**$ 330,000**	93%

AGENDA ITEM:
4.B.5

CAYUCOS SANITARY DISTRICT
STAFF REPORT

TO: BOARD OF DIRECTORS

FROM: GAYLE GOOD, ADMINISTRATIVE ACCOUNTING MANAGER

DATE: AUGUST 20, 2026

SUBJECT: ANNUAL REIMBURSEMENT DISCLOSURE REPORT, FY 25/26

DISCUSSION

In accordance with Government Code 53065.5:
"Each special district, as defined by subdivision (a) of Section 56036, shall, at least annually, disclose any reimbursement paid by the district within the immediately preceding fiscal year of at least one hundred dollars ($100) for each individual charge for services or product received. "Individual charge" includes, but is not limited to, one meal, lodging for one day, transportation, or a registration fee paid to any employee or member of the governing body of the district. The disclosure requirement shall be fulfilled by including the reimbursement information in a document published or printed at least annually by a date determined by that district and shall be made available for public inspection."

I have reviewed the Accounts Payable records for the fiscal year ended 6/30/2026, and found the following charges are subject to disclosure:

Date	Check No.	Individual	Description	Amount
10/15/2025	25035	G. Good	Mileage and Parking for Conf.	203.94
11/05/2025	25059	A. Lessi	Hotel & Mileage for Conf.	1036.26
12/01/2025	25122	J. Collins	Tuition Reimbursement	1220.00
12/18/2025	25142	S. Hooper	Work Boots	146.40
01/06/2026	25172	G. Good	Mileage	187.04
01/15/2026	25193	J. Collins	Tuition Reimbursement	1220.00
01/29/2026	25212	N. Lakey	Mileage & Testing	523.11
02/18/2026	25246	J. Collins	Tuition Reimbursement	1,220.00
02/25/2026	25251	G. Good	TV & Mount for Conf. Room	692.38
03/10/2026	25274	T. Hunt	Work Boots	250.00
03/26/2026	25296	J. Collins	Tuition Reimbursement	1,220.00
04/14/2026	25338	M. Arias	Meals & Mileage for Conf.	537.30
04/28/2026	25352	J. Collins	Tuition Reimbursement	1,220.00
06/09/2026	25409	J. Collins	Tuition Reimbursement	1,220.00
06/23/2026	25437	J. Collins	Work Boots	203.78

RECOMMENDATION

No action necessary.

AGENDA ITEM: 4.C.1

CAYUCOS SANITARY DISTRICT
Monthly Financial Report
FY 2026/2027

Cash, Savings and Investments
July 2026

Bank Accounts	Current Balance
Wells Fargo - General Checking	$350,160
Wells Fargo - USDA	$1,077,942
Petty Cash	$175
Total	**$1,428,277**

Investment Accounts	
CalTrust	$3,846,158
US Bank	$74,829
LAIF	$3,995,652
Total	**$7,916,640**
Grand Total	**$9,344,917**

MCD Wells Fargo Deposit CD (Franchise Deposit)	$25,000

AGENDA ITEM:
4.C.2

Check Registers - Checks Issued
July 2026

Date	Num	Name	Amount
07/03/2026	25455	ENNS, ROBERT	-91.05
07/06/2026	25467	MISSION COUNTRY DISPOSAL - WRRF	-339.56
07/06/2026	25468	SDRMA (insurance)	-184,989.73
07/16/2026	25469	PATHIAN ADMINISTRATORS	-240.15
07/16/2026	25470	BOB'S CRANE SERVICE	-1,500.00
07/16/2026	25471	CALNET3	-502.55
07/16/2026	25472	CALPERS (RETIREMENT) (unfunded liability)	-88,247.00
07/16/2026	25473	CARMEL & NACCASHA, LLP	-6,451.50
07/16/2026	25474	CAYUCOS LIONESS CLUB	-250.00
07/16/2026	25475	COASTAL ROLL OFF SERVICE	-3,541.70
07/16/2026	25476	DEEP BLUE INTEGRATION, INC.	-195.00
07/16/2026	25477	FAMILY & INDUSTRIAL MEDICAL CENTER	-120.00
07/16/2026	25478	FIRSTNET (AT&T)	-605.30
07/16/2026	25479	MORRO ROCK MUTUAL WATER CO. UTILITY 782	-84.68
07/16/2026	25480	MOSS, LEVY & HARTZHEIM LLP	-6,000.00
07/16/2026	25481	SPICE INTEGRATION CORP.	-3,168.00
07/16/2026	25482	WALLACE PLUMBING (office water heater)	-2,300.00
07/16/2026	25483	WATER SYSTEMS CONSULTING, INC.	-1,426.25
07/16/2026	25484	COLLINS, J (tuition reimbursement)	-1,220.00
07/30/2026	25485	BRENNTAG PACIFIC, INC.	-2,873.85
07/30/2026	25486	BUSINESS CARD (office supplies)	-100.00
07/30/2026	25487	BUSINESS CARD (UV lamp disposal, equip repair)	-775.05
07/30/2026	25488	CAYUCOS BEACH MUTUAL WATER CO. #1	-106.72
07/30/2026	25489	CAYUCOS BEACH MUTUAL WATER CO. #2	-106.72
07/30/2026	25490	COASTAL COPY, INC	-30.29
07/30/2026	25491	CWEA	-250.00
07/30/2026	25492	EXXONMOBIL	-750.92
07/30/2026	25493	LAFCO	-14,642.27
07/30/2026	25494	NELSON'S GARAGE	-1,145.18
07/30/2026	25495	SOCAL GAS	-26.37
07/30/2026	25496	UNDERGROUND SERVICE ALERT	-399.30
07/30/2026	25497	XYLEM WATER SOLUTIONS U.S.A., INC.	-4,494.77
07/30/2026	25498	ROBEN, P (CWEA Membership reimbursement)	-259.00
		Total Issued Checks	**-$327,232.91**

AGENDA ITEM:
4.C.2

Check Registers - ACH/EFT Payments
July 2026

Date	Num	Name	Amount
07/01/2026	EFT010726	POSTMASTER	-709.96
07/02/2026		QuickBooks Payroll Service	-27,484.97
07/03/2026	DEF070326	CALPERS (RETIREMENT)	-2,108.00
07/03/2026	PERS070326	CALPERS (RETIREMENT)	-7,430.84
07/03/2026	EDD070326	EDD	-2,258.87
07/03/2026	FED070326	US TREASURY	-10,297.82
07/05/2026	HLTH070526	CALPERS (HEALTH)	-20,049.82
07/05/2026	B2618311190	ALLIED ADMINISTRATORS FOR DELTA DENTAL	-1,004.64
07/14/2026	117178737	INTUIT (QUICKBOOKS)	-105.00
07/16/2026		QuickBooks Payroll Service	-28,794.69
07/17/2026	EDD071726	EDD	-2,490.54
07/17/2026	FED071726	US TREASURY	-10,994.14
07/17/2026	EFT810641	PG&E LS#1	-844.94
07/17/2026	EFT825671	PG&E LS#2	-1,542.13
07/17/2026	EFT832781	PG&E LS#3	-234.55
07/17/2026	EFT837001	PG&E LS#4	-791.32
07/17/2026	EFT899221	PG&E LS#5	-3,897.45
07/17/2026	EFT904701	PG&E OFFICE	-409.80
07/17/2026	EFT908031	PG&E WELL	-35.73
07/17/2026	EFT911331	PG&E WRRF	-4,057.89
07/17/2026	PERS071726	CALPERS (RETIREMENT)	-7,591.95
07/17/2026	DEF071726	CALPERS (RETIREMENT)	-2,108.00
07/20/2026	EFT793385	WELLS FARGO VENDOR FIN SERV	-176.96
07/27/2026	EFT2415101	ABALONE COAST ANALYTICAL, INC.	-2,975.20
07/27/2026	EFT2415102	CHARTER INTERNET	-955.19
07/27/2026	EFT2415103	EXECUTIVE JANITORIAL	-225.00
07/27/2026	EFT2415104	REC SOLAR	-14,365.20
07/30/2026		QuickBooks Payroll Service	-28,089.99
07/31/2026	FED073126	US TREASURY	-10,595.12
07/31/2026	EDD073126	EDD	-2,364.24
07/31/2026	DEF073126	CALPERS (RETIREMENT)	-2,108.00
07/31/2026	PERS073126	CALPERS (RETIREMENT)	-7,634.80
07/31/2026	EFT062437	COLONIAL LIFE INSURANCE PREMIUMS	-78.87
		Total Issued ACH	**-$204,811.62**

AGENDA ITEM:
4.C.2

Transfers Between Accounts
July 2026

Date	Description	Amount
07/07/2026	Tfr from General Checking to LAIF	-3,864,000.00
07/31/2026	Tfr from General Checking to USDA	-77,907.72
07/31/2026	Tfr from CalTrust to General Checking	-250,000.00
	Total Transfers	**-$4,191,907.72**

AGENDA ITEM: 4.C.3

Budget vs. Actual
July 2026

	Current Month	YTD Actual Rev/Exp	Approved Budget 26/27	% of Budget
Ordinary Income/Expense				
Income				
Sewer Income	272,645	272,645	3,235,900	8%
Will Serve Income	1,000	1,000	88,200	1%
Rental Income	-	-	3,600	0%
Solid Waste Income	1,111	1,111	169,500	1%
SLOCO Tax Assessments	33,570	33,570	1,367,600	2%
Banking Interest Income	81	81	2,500	3%
Investment Interest	14,820	14,820	90,000	16%
Other Income	-	-	-	0%
Total Income	323,226	323,226	4,957,300	7%
Expenses				
Payroll Expenses				
Administrative Payroll	47,740	47,740	422,990	11% *
Collections Payroll	26,363	26,363	267,300	10% *
WRRF Payroll	56,595	56,595	545,000	10% *
Director Payroll	400	400	8,000	5%
Vested Benefits	324	324	4,400	7%
Admin Payroll Taxes & Benefits	44,625	44,625	194,700	23% **
Collections Payroll Taxes & Benefits	38,815	38,815	157,500	25% **
WRRF Payroll Taxes & Benefits	47,556	47,556	242,300	20% **
Director Payroll Taxes & Benefits	31	31	700	4%
Total Payroll & Benefits	262,449	262,449	1,842,890	14%
Operating Expenses				
Administrative Operating Expenses	148,752	148,752	728,150	20% ***
Collections Operating Expenses	11,790	11,790	262,800	4%
Treatment Operating Expenses	154,764	154,764	1,468,600	11% ***
Total Operating Expenses	315,306	315,306	2,459,550	13%
Total Expenses	577,755	577,755	4,302,440	13%
Net Income	**(254,529)**	**(254,529)**	**654,860**	

* There were three payroll cycles in July
** Unfunded liability is payable in July
*** Insurance and LAFCO payments are payable in July

Month 1 of 12; Target 8% of Budget

AGENDA ITEM: 4.C.4

Capital Improvement Projects Budget
July 2026

	Current Month	YTD Actual Rev/Exp	Approved Budget 26/27	% of Budget
Collection Improvements				
Sewer Main Repairs	0	0	50,000	0%
Chaney to Lift Station 5 Main Replacement	0	0	100,000	0%
Spare Pump - Lift Station 2	0	0	50,000	0%
Main Admin				
Capital Improvements Plan	0	0	60,000	0%
WRRF Improvements				
Replacement Vehicle	0	0	65,000	0%
Ocean Outfall & Diffuser Inspection	0	0	65,000	0%
Total Capital Improvements	**$ -**	**$ -**	**$ 390,000**	0%

AGENDA ITEM: 5

CAYUCOS SANITARY DISTRICT
STAFF REPORT

TO: BOARD OF DIRECTORS

FROM: DAVID ATHEY, DISTRICT MANAGER

DATE: AUGUST 20, 2026

SUBJECT: MONTHLY MANAGER'S REPORT: JUNE & JULY 2026

ADMINISTRATIVE

- A warm congratulations goes out to Amy Lessi who will have completed 10 years of employment at the District as of August 22nd. Amy is an invaluable member of our team handling critical tasks including Board agenda preparation, Board Secretary, billing, payments, Grants of License, and sewer connection reviews. Importantly, Amy is the day-to-day face of the District, handling customer service in a professional and courteous manner. Please join me in congratulating Amy on her very successful 10 years with the District.
- The District and County staff were unable to agree on a tax increment for the Steinmann Annexation after six months of negotiations. County staff subsequently presented a 0% tax increment share to the Board of Supervisors (BOS) meeting on July 28th. County staff's position is that the District is not assuming an active County service and therefore the District should not get a share of the tax increment. The District Manager and Mr. Steinmann's representatives spoke against County staff's 0% tax increment share at the BOS meeting. The BOS eventually decided to adopt the 0% tax share, despite the District's and Steinmann's representative's objections. District staff is currently considering options and will come back to the Board with a recommendation in a future meeting.
- Representative Salud Carbajal is scheduled to tour the Water Resource Recovery Facility (WRRF) on August 20th.
- The Board President and District Manager attended the Morro Bay City Council meeting on June 23rd. The Morro Bay City Council voted to move forward with the purchase of the District's share of the Morro Bay Wastewater Treatment Plant property.
- The District Manager and Chief Plant Operator provided Jim Dantona with a tour of the WRRF on Wednesday June 24th.
- The District Manager assisted the City of Morro Bay with Public Works Director job interviews on June 29th.
- The Wastewater Treatment Plant property sale to Morro Bay closed escrow on July 2nd at 11:00 am. The property sale closed out the District's long involvement with the property and Joint Powers Agreement. The final sale price after expenses is $3,864,779.80.

CAPITAL PROJECTS

- Caltrans issued the encroachment permit for the Toro to Chaney Main Line Replacement Project on July 3rd. WSC is currently value engineering the project to ensure that the goals of the project are being achieved within the District's fiscal constraints. The Permit is valid till July 30, 2027. The results of the WSC analysis will help determine how the project will be constructed and funded.
- The Marine Mammal Center modified its proposed grading to soften the fill slope along Toro Creek Road at the Board's request. The new pad is 1.5' lower and the fill slope along Toro Creek Road is now reduced. In addition, the MMC is proposing a monument sign for the facility. Staff will present the new plans at a later meeting for review and feedback.

OPERATIONS & MAINTENANCE: JUNE 2026

CIP: None

Daily Operations of Note:

- Pumped down, scraped, and bleached wet wells; cleaned probes and tested generators
- Conducted weekly alarm testing at all lift stations
- Jetted 5,425 feet of main lines
- Participated in Vector Training Solutions for SDRMA
- Responded to and marked 28 USAs
- CCTV inspection of main line to prioritize for repairs, including a section of Bakersfield Ave., E St., and Cypress Ave.
- Performed grease trap inspections downtown
- Compiled list of manholes to be upgraded from old style to new, hinged style
- Cleaned check valves for both lines at Lift Stations 1, 2, and 4
- Pulled pump #1 at Lift Station 2, inspected impeller, drained and replaced fluid in the cooling jacket
- Tested both pumps at Lift Station 2 electrically to check for any signs of leaks
- Obtained quote and negotiated discount for spare pump at Lift Station 2
- Brought on a new trainee, Patrick, and began training him in the Collections field
- Removed older green trash cans from the Ocean Front Ave. area and cleaned up the areas for new can deployment
- Deployed 10 additional sets of recycling and trash bins along Ocean Front Ave. and N Ocean Ave.
- Finalized work on the SSMP audit

Call Outs:

- 6/16/26, 3:25AM, JO: Lift Station 5 Low-Low Float Alarm – acknowledged alarm and verified with the tablet that the station was running under normal conditions; cleaned float when we came in the next workday

WATER RESOURCE RECOVERY FACILITY: JUNE 2026

Daily Operations of Note:

- Completed all quarterly, monthly, weekly, and daily maintenance tasks
- Exercised generator and fire pump
- Calibrated on-line meters
- Checked eyewash stations and fire extinguishers
- Completed all daily and weekly lab tests
- Completed all Monthly Reports

- Continued weed abatement activities throughout the month
- June 1: Acid cleaned both UV vessels
- June 4: Force Main Flush
- June 16: MOS 1 Hypochlorite Clean in Place started
- June 16: Fixed various irrigation leaks
- June 17: Completed Hypo Clean in Place MOS 1
- June 18: Force Main Flush
- June 24: San Luis Powerhouse replaced all hoses and coolant in Emergency Generator
- June 26: Received new 4 gas meter for confined space work
- June 29: Battery fault on UPS at plant, reset OK
- June 29: Fixed float wiring at Equalization Basin Pump Station
- June 30: SPICE updated SCADA system

Call Outs: None

WRRF Influent

- Highest flow day June 27: **277,283 gallons**
- Average influent for June: **247,012 gallons per day**
- Total influent for June: **7.41 million gallons**

WRRF Effluent

- Highest flow day June 27: **307,194 gallons**
- Average effluent for June: **265,430 gallons per day**
- Total effluent for June: **7.96 million gallons**
- Average recycled water use (in-plant): **66,700** gallons per day

OPERATIONS & MAINTENANCE: JULY 2026

CIP: Purchased a new model 3202 Flygt pump for Lift Station 2

Daily Operations of Note:

- Pumped down, scraped, and bleached wet wells; cleaned probes and tested generators
- Conducted weekly alarm testing at all lift stations
- Jetted 5,265 feet of main lines
- Participated in Vector Training Solutions for SDRMA
- Responded to and marked 32 USAs
- Landscaped at all lift stations and the shop area
- CCTV inspection of mainline to prioritize for repairs, including a section of 15th Street, I Street, and Studio Dr.
- Performed grease trap inspections downtown
- Cleaned check valves at Lift Station 5
- Repaired underside of Lift Station 2 generator with epoxy
- Barricaded all lift stations and the parking lot in preparation for the holiday; removed and returned them to Lift Station 5 after the holiday
- Cleaned up algae buildup with wire brush to prevent fall hazard in front of Lift Station 1
- Did some clean up at Lift Station 5, throwing away old pallets, metal barrels, etc.
- Coordinated with Souza construction during their pumping of the creek water into the field next to Lift Station 5

Call Outs: None

WATER RESOURCE RECOVERY FACILITY: JULY 2026

Daily Operations of Note:

- Completed all quarterly, monthly, weekly, and daily maintenance tasks
- Exercised generator and fire pump
- Calibrated on-line meters
- Checked eyewash stations and fire extinguishers
- Completed all daily and weekly lab tests
- Completed all Monthly Reports
- Continued weed abatement activities throughout the month
- July 2: Force Main Flush
- July 6: sent used UV bulbs back for recycling
- July 8 & 9: J. Collins and N. Lakey attended CWEA Collections Training in San Luis Obispo
- July 13: Hypochlorite Clean in Place started on MOS #2
- July 14:Hypochlorite Clean in Place completed on MOS #2
- July 15: Pulled membranes for inspection on MOS #2; all looked good with normal wear
- July 15: Solids Meter sent back to Hach for biannual service
- July 16: Recalibrated level sensors in all 3 MOS tanks
- July 20: Received load of 700 gallons Sodium Hypochlorite
- July 23: Force Main Flush
- July 27: Thrust Nut failed on MOS tank 1, making MOS 1 influent gate non-operational
- July 28: Replaced Thrust Nut on MOS Influent Gate #1
- July 29: Started Acid Clean in Place on MOS #3
- July 30: MOS #3 out of Acid Clean in Place, transitioned to Hypo Clean in Place
- July 31: Negranti delivered approximately 24 tons of ¾ inch rock for erosion control
- July 31: Installed new display on Chlorine Tank Level Indicator

Call Outs: None

WRRF Influent

- Highest flow day July 4: **452,820 gallons**
- Average influent for July: **286,626 gallons per day**
- Total influent for July: **8.89 million gallons**

WRRF Effluent

- Highest flow day July 4: **452,022 gallons**
- Average effluent for July: **305,845 gallons per day**
- Total effluent for July: **9.48 million gallons**
- Average recycled water use (in-plant): **67,100 gallons per day**

AGENDA ITEM: 6

CAYUCOS SANITARY DISTRICT
STAFF REPORT

TO: BOARD OF DIRECTORS

FROM: DAVID ATHEY, DISTRICT MANAGER

DATE: AUGUST 20, 2026

SUBJECT: DISCUSSION AND CONSIDERATION TO ADOPT RESOLUTION 2026-09 APPROVING AMENDMENTS TO CAYUCOS SANITARY DISTRICT'S CONFLICT OF INTEREST CODE AS PART OF THE REQUIRED BIENNIAL REVIEW

DISCUSSION

The District has adopted the Fair Political Practices Commission's (FPPC) model Conflict of Interest Code, which includes a list of "designated positions" that make decisions or participate in the making of decisions that may foreseeably have a material effect on their financial interests, as defined in state law and FPPC regulations.

The Political Reform Act requires every local government agency to review its Conflict of Interest Code ("Code") biennially to determine whether it is accurate or whether the Code must be amended. The FPPC model Code requires that the list of designated positions be updated to reflect new, reclassified, or eliminated positions resulting from organizational changes since the last biennial review.

Once the review of the Code is complete, any changes must be submitted to the code reviewing body, the County of San Luis Obispo Board of Supervisors, using a "red line/strike out" format.

Staff completed its review of the Code and determined that only one revision is necessary: the "Administrative Services Manager" position has been renamed "Administrative Services Manager/Board Secretary." This change has been completed and the Conflict of Interest Code and can now be sent to the County.

OPTIONS

1. Adopt Resolution 2026-09 approving amendments to Cayucos Sanitary District's Conflict of Interest Code as part of the required biennial review
2. Return this item back to staff for further consideration

RECOMMENDATION

Staff recommends that the Board of Directors adopt Resolution 2026-09 approving amendments to Cayucos Sanitary District's Conflict of Interest Code as part of the required biennial review and direct staff to submit the amended Code to the County.

ATTACHMENTS

1. Resolution 2026-09

RESOLUTION 2026-09
AUGUST 20, 2026

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CAYUCOS SANITARY DISTRICT REGARDING THE BIENNIAL REVIEW OF ITS CONFLICT OF INTEREST CODE AND AMENDING THE LIST OF DESIGNATED POSITIONS AND DISCLOSURE CATEGORIES SUBJECT TO THE CONFLICT OF INTEREST CODE

WHEREAS, the Cayucos Sanitary District adopted, by Resolution No. 92-7 dated September 21, 1992, the Fair Political Practices Commission's model Conflict of Interest Code (hereafter "the model code"); and

WHEREAS, pursuant to Government Code Section 87306.5 the District is required to review its Conflict of Interest Code and, if a change is needed, submit an amended Conflict of Interest Code to the Board of Supervisors of the County of San Luis Obispo, which is the designated code reviewing body; and

WHEREAS, the Board of Directors of the Cayucos Sanitary District has determined that the list of designated positions subject to the provisions of the Conflict of Interest Code should be amended to reflect organizational changes.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Cayucos Sanitary District as follows:

1. Exhibit "A" to Resolution No. 2022-21, entitled "Designated Positions and Disclosure Categories Subject to the Provisions of the District's Conflict of Interest Code" is hereby amended as follows and as set forth in Exhibit A, attached hereto and incorporated herein by this reference:

    a. The position title of Administrative Services Manager has been renamed to Administrative Services Manager/Board Secretary.

2. Those officers and employees required to file Statements of Economic Interest pursuant to the District's code are directed to ensure that they review the most current version of the model code set forth in section 18730 of Title 2 of the California Code of Regulations prior to the time of filing their statements to ensure compliance with any updated provisions of the code.

3. Other than the amendments contained herein, the Board of Directors has determined that no other changes to the District's Conflict of Interest Code are required.

4. In accordance with Government Code Sections 87303 and 87306.5, this Resolution amending the Cayucos Sanitary District's Conflict of Interest Code shall be submitted to the Board of Supervisors of the County of San Luis Obispo, as the designated code reviewing body, along with the executed "2026 Local Agency Biennial Notice."

On motion of Director________________, second by Director____________, and on the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

The foregoing Resolution is hereby adopted this 20th day of August, 2026.

ATTEST:

___________________________	___________________________
Amy Lessi	Robert B. Enns,
Administrative Services Manager/Board Secretary	Board President

EXHIBIT A TO RESOLUTION No. 2026-09

CAYUCOS SANITARY DISTRICT
CONFLICT OF INTEREST CODE

APPENDIX A

DESIGNATED POSITIONS AND DISCLOSURE CATEGORIES SUBJECT TO THE PROVISIONS OF THE DISTRICT'S

CONFLICT OF INTEREST CODE

Designated positions contained in the list below shall comply with the District's Conflict of Interest Code. Disclosure of financial interest shall be required for the indicated category.

DISCLOSURE CATEGORY

1. All sources of income, interests in real property, and investments and business positions in business entities located in or doing business in the District's jurisdiction.

DESIGNATED POSITIONS	DISCLOSURE CATEGORY
Officials:	
Board member (Director)	1
Employees:	
District Manager	1
Lead Collection Worker	1
Administrative Services Manager/Board Secretary	1
Administrative Accounting Manager	1
Chief Plant Operator	1
Consultants:	
District Counsel	1
Engineering Advisor to Board of Directors	1

California Code of Regulations

Title 2

§ 18730. Provisions of Conflict of Interest Codes.

(Current through 9/25/20 Register 2020, No. 39)

(a) Incorporation by reference of the terms of this regulation along with the designation of employees and the formulation of disclosure categories in the Appendix referred to below constitute the adoption and promulgation of a conflict of interest code within the meaning of Section 87300 or the amendment of a conflict of interest code within the meaning of Section 87306 if the terms of this regulation are substituted for terms of a conflict of interest code already in effect. A code so amended or adopted and promulgated requires the reporting of reportable items in a manner substantially equivalent to the requirements of article 2 of chapter 7 of the Political Reform Act, Sections 81000, et seq. The requirements of a conflict of interest code are in addition to other requirements of the Political Reform Act, such as the general prohibition against conflicts of interest contained in Section 87100, and to other state or local laws pertaining to conflicts of interest.

(b) The terms of a conflict of interest code amended or adopted and promulgated pursuant to this regulation are as follows:

(1) Section 1. Definitions.

The definitions contained in the Political Reform Act of 1974, regulations of the Fair Political Practices Commission (Regulations 18110, et seq.), and any amendments to the Act or regulations, are incorporated by reference into this conflict of interest code.

(2) Section 2. Designated Employees.

The persons holding positions listed in the Appendix are designated employees. It has been determined that these persons make or participate in the making of decisions which may foreseeably have a material effect on economic interests.

(3) Section 3. Disclosure Categories.

This code does not establish any disclosure obligation for those designated employees who are also specified in Section 87200 if they are designated in this code in that same capacity or if the geographical jurisdiction of this agency is the same as or is wholly included within the jurisdiction in which those persons must report their economic interests pursuant to article 2 of chapter 7 of the Political Reform Act, Sections 87200, et seq.

In addition, this code does not establish any disclosure obligation for any designated employees who are designated in a conflict of interest code for another agency, if all of the following apply:

(A) The geographical jurisdiction of this agency is the same as or is wholly included within the jurisdiction of the other agency;

(B) The disclosure assigned in the code of the other agency is the same as that required under article 2 of chapter 7 of the Political Reform Act, Section 87200; and

(C) The filing officer is the same for both agencies.1

Such persons are covered by this code for disqualification purposes only. With respect to all other designated employees, the disclosure categories set forth in the Appendix specify which kinds of economic interests are reportable. Such a designated employee shall disclose in his or her statement of economic interests those economic interests he or she has which are of the kind described in the disclosure categories to which he or she is assigned in the Appendix. It has been determined that the economic interests set forth in a designated employee's disclosure categories are the kinds of economic interests which he or she foreseeably can affect materially through the conduct of his or her office.

(4) Section 4. Statements of Economic Interests: Place of Filing.

The code reviewing body shall instruct all designated employees within its code to file statements of economic interests with the agency or with the code reviewing body, as provided by the code reviewing body in the agency's conflict of interest code.2

(5) Section 5. Statements of Economic Interests: Time of Filing.

(A) Initial Statements. All designated employees employed by the agency on the effective date of this code, as originally adopted, promulgated and approved by the code reviewing body, shall file statements within 30 days after the effective date of this code. Thereafter, each person already in a position when it is designated by an amendment to this code shall file an initial statement within 30 days after the effective date of the amendment.

(B) Assuming Office Statements. All persons assuming designated positions after the effective date of this code shall file statements within 30 days after assuming the designated positions, or if subject to State Senate confirmation, 30 days after being nominated or appointed.

(C) Annual Statements. All designated employees shall file statements no later than April 1. If a person reports for military service as defined in the Servicemember's Civil Relief Act, the deadline for the annual statement of economic interests is 30 days following his or her return to office, provided the person, or someone authorized to represent the person's interests, notifies the filing officer in writing prior to the applicable filing deadline that he or she is subject to that federal statute and is unable to meet the applicable deadline, and provides the filing officer verification of his or her military status.

(D) Leaving Office Statements. All persons who leave designated positions shall file statements within 30 days after leaving office.

(5.5) Section 5.5. Statements for Persons Who Resign Prior to Assuming Office.

Any person who resigns within 12 months of initial appointment, or within 30 days of the date of notice provided by the filing officer to file an assuming office statement, is not deemed to have assumed office or left office, provided he or she did not make or participate in the making of, or use his or her position to influence any decision and did not receive or become entitled to receive any form of payment as a result of his or her appointment. Such persons shall not file either an assuming or leaving office statement.

(A) Any person who resigns a position within 30 days of the date of a notice from the filing officer shall do both of the following:

(1) File a written resignation with the appointing power; and

(2) File a written statement with the filing officer declaring under penalty of perjury that during the period between appointment and resignation he or she did not make, participate in the making, or use the position to influence any decision of the agency or receive, or become entitled to receive, any form of payment by virtue of being appointed to the position.

(6) Section 6. Contents of and Period Covered by Statements of Economic Interests.

(A) Contents of Initial Statements.

Initial statements shall disclose any reportable investments, interests in real property and business positions held on the effective date of the code and income received during the 12 months prior to the effective date of the code.

(B) Contents of Assuming Office Statements.

Assuming office statements shall disclose any reportable investments, interests in real property and business positions held on the date of assuming office or, if subject to State Senate confirmation or appointment, on the date of nomination, and income received during the 12 months prior to the date of assuming office or the date of being appointed or nominated, respectively.

(C) Contents of Annual Statements. Annual statements shall disclose any reportable investments, interests in real property, income and business positions held or received during the previous calendar year provided, however, that the period covered by an employee's first annual statement shall begin on the effective date of the code or the date of assuming office whichever is later, or for a board or commission member subject to Section 87302.6, the day after the closing date of the most recent statement filed by the member pursuant to Regulation 18754.

(D) Contents of Leaving Office Statements.

Leaving office statements shall disclose reportable investments, interests in real property, income and business positions held or received during the period between the closing date of the last statement filed and the date of leaving office.

(7) Section 7. Manner of Reporting.

Statements of economic interests shall be made on forms prescribed by the Fair Political Practices Commission and supplied by the agency, and shall contain the following information:

(A) Investment and Real Property Disclosure.

When an investment or an interest in real property3 is required to be reported,4 the statement shall contain the following:

1. A statement of the nature of the investment or interest;

2. The name of the business entity in which each investment is held, and a general description of the business activity in which the business entity is engaged;

3. The address or other precise location of the real property;

4. A statement whether the fair market value of the investment or interest in real property equals or exceeds $2,000, exceeds $10,000, exceeds $100,000, or exceeds $1,000,000.

(B) Personal Income Disclosure. When personal income is required to be reported,5 the statement shall contain:

1. The name and address of each source of income aggregating $500 or more in value, or $50 or more in value if the income was a gift, and a general description of the business activity, if any, of each source;

2. A statement whether the aggregate value of income from each source, or in the case of a loan, the highest amount owed to each source, was $1,000 or less, greater than $1,000, greater than $10,000, or greater than $100,000;

3. A description of the consideration, if any, for which the income was received;

4. In the case of a gift, the name, address and business activity of the donor and any intermediary through which the gift was made; a description of the gift; the amount or value of the gift; and the date on which the gift was received;

5. In the case of a loan, the annual interest rate and the security, if any, given for the loan and the term of the loan.

(C) Business Entity Income Disclosure. When income of a business entity, including income of a sole proprietorship, is required to be reported,6 the statement shall contain:

1. The name, address, and a general description of the business activity of the business entity;

2. The name of every person from whom the business entity received payments if the filer's pro rata share of gross receipts from such person was equal to or greater than $10,000.

(D) Business Position Disclosure. When business positions are required to be reported, a designated employee shall list the name and address of each business entity in which he or she is a director, officer, partner, trustee, employee, or in which he or she holds any position of management, a description of the business activity in which the business entity is engaged, and the designated employee's position with the business entity.

(E) Acquisition or Disposal During Reporting Period. In the case of an annual or leaving office statement, if an investment or an interest in real property was partially or wholly acquired or disposed of during the period covered by the statement, the statement shall contain the date of acquisition or disposal.

(8) Section 8. Prohibition on Receipt of Honoraria.

(A) No member of a state board or commission, and no designated employee of a state or local government agency, shall accept any honorarium from any source, if the member or employee would be required to report the receipt of income or gifts from that source on his or her statement of economic interests.

(B) This section shall not apply to any part-time member of the governing board of any public institution of higher education, unless the member is also an elected official.

(C) Subdivisions (a), (b), and (c) of Section 89501 shall apply to the prohibitions in this section.

(D) This section shall not limit or prohibit payments, advances, or reimbursements for travel and related lodging and subsistence authorized by Section 89506.

(8.1) Section 8.1. Prohibition on Receipt of Gifts in Excess of $500.

(A) No member of a state board or commission, and no designated employee of a state or local government agency, shall accept gifts with a total value of more than $500 in a calendar year from any single source, if the member or employee would be required to report the receipt of income or gifts from that source on his or her statement of economic interests.

(B) This section shall not apply to any part-time member of the governing board of any public institution of higher education, unless the member is also an elected official.

(C) Subdivisions (e), (f), and (g) of Section 89503 shall apply to the prohibitions in this section.

(8.2) Section 8.2. Loans to Public Officials.

(A) No elected officer of a state or local government agency shall, from the date of his or her election to office through the date that he or she vacates office, receive a personal loan from any officer, employee, member, or consultant of the state or local government agency in which the elected officer holds office or over which the elected officer's agency has direction and control.

(B) No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office, receive a personal loan from any officer, employee, member, or consultant of the state or local government agency in which the public official holds office or over which the public official's agency has direction and control. This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.

(C) No elected officer of a state or local government agency shall, from the date of his or her election to office through the date that he or she vacates office, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has been elected or over which that elected officer's agency has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status.

(D) No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has been elected or over which that elected officer's agency has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status. This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.

(E) This section shall not apply to the following:

1. Loans made to the campaign committee of an elected officer or candidate for elective office.

2. Loans made by a public official's spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such persons, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section.

3. Loans from a person which, in the aggregate, do not exceed $500 at any given time.

4. Loans made, or offered in writing, before January 1, 1998.

(8.3) Section 8.3. Loan Terms.

(A) Except as set forth in subdivision (B), no elected officer of a state or local government agency shall, from the date of his or her election to office through the date he or she vacates office, receive a personal loan of $500 or more, except when the loan is in writing and clearly states the terms of the loan, including the parties to the loan agreement, date of the loan, amount of the loan, term of the loan, date or dates when payments shall be due on the loan and the amount of the payments, and the rate of interest paid on the loan.

(B) This section shall not apply to the following types of loans:

1. Loans made to the campaign committee of the elected officer.

2. Loans made to the elected officer by his or her spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such person, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section.

3. Loans made, or offered in writing, before January 1, 1998.

(C) Nothing in this section shall exempt any person from any other provision of Title 9 of the Government Code.

(8.4) Section 8.4. Personal Loans.

(A) Except as set forth in subdivision (B), a personal loan received by any designated employee shall become a gift to the designated employee for the purposes of this section in the following circumstances:

1. If the loan has a defined date or dates for repayment, when the statute of limitations for filing an action for default has expired.

2. If the loan has no defined date or dates for repayment, when one year has elapsed from the later of the following:

a. The date the loan was made.

b. The date the last payment of $100 or more was made on the loan.

c. The date upon which the debtor has made payments on the loan aggregating to less than $250 during the previous 12 months.

(B) This section shall not apply to the following types of loans:

1. A loan made to the campaign committee of an elected officer or a candidate for elective office.

2. A loan that would otherwise not be a gift as defined in this title.

3. A loan that would otherwise be a gift as set forth under subdivision (A), but on which the creditor has taken reasonable action to collect the balance due.

4. A loan that would otherwise be a gift as set forth under subdivision (A), but on which the creditor, based on reasonable business considerations, has not undertaken collection action. Except in a criminal action, a creditor who claims that a loan is not a gift on the basis of this paragraph has the burden of proving that the decision for not taking collection action was based on reasonable business considerations.

5. A loan made to a debtor who has filed for bankruptcy and the loan is ultimately discharged in bankruptcy.

(C) Nothing in this section shall exempt any person from any other provisions of Title 9 of the Government Code.

(9) Section 9. Disqualification.

No designated employee shall make, participate in making, or in any way attempt to use his or her official position to influence the making of any governmental decision which he or she knows or has reason to know will have a reasonably foreseeable material financial effect, distinguishable from its effect on the public generally, on the official or a member of his or her immediate family or on:

(A) Any business entity in which the designated employee has a direct or indirect investment worth $2,000 or more;

(B) Any real property in which the designated employee has a direct or indirect interest worth $2,000 or more;

(C) Any source of income, other than gifts and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating $500 or more in value provided to, received by or promised to the designated employee within 12 months prior to the time when the decision is made;

(D) Any business entity in which the designated employee is a director, officer, partner, trustee, employee, or holds any position of management; or

(E) Any donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating $500 or more provided to, received by, or promised to the designated employee within 12 months prior to the time when the decision is made.

(9.3) Section 9.3. Legally Required Participation.

No designated employee shall be prevented from making or participating in the making of any decision to the extent his or her participation is legally required for the decision to be made. The fact that the vote of a designated employee who is on a voting body is needed to break a tie does not make his or her participation legally required for purposes of this section.

(9.5) Section 9.5. Disqualification of State Officers and Employees.

In addition to the general disqualification provisions of section 9, no state administrative official shall make, participate in making, or use his or her official position to influence any governmental decision directly relating to any contract where the state administrative official knows or has reason to know that any party to the contract is a person with whom the state administrative official, or any member of his or her immediate family has, within 12 months prior to the time when the official action is to be taken:

(A) Engaged in a business transaction or transactions on terms not available to members of the public, regarding any investment or interest in real property; or

(B) Engaged in a business transaction or transactions on terms not available to members of the public regarding the rendering of goods or services totaling in value $1,000 or more.

(10) Section 10. Disclosure of Disqualifying Interest.

When a designated employee determines that he or she should not make a governmental decision because he or she has a disqualifying interest in it, the determination not to act may be accompanied by disclosure of the disqualifying interest.

(11) Section 11. Assistance of the Commission and Counsel.

Any designated employee who is unsure of his or her duties under this code may request assistance from the Fair Political Practices Commission pursuant to Section 83114 and Regulations 18329 and 18329.5 or from the attorney for his or her agency, provided that nothing in this section requires the attorney for the agency to issue any formal or informal opinion.

(12) Section 12. Violations.

This code has the force and effect of law. Designated employees violating any provision of this code are subject to the administrative, criminal and civil sanctions provided in the Political Reform Act, Sections 81000-91014. In addition, a decision in relation to which a violation of the disqualification provisions of this code or of Section 87100 or 87450 has occurred may be set aside as void pursuant to Section 91003.

____

1 Designated employees who are required to file statements of economic interests under any other agency's conflict of interest code, or under article 2 for a different jurisdiction, may expand their statement of economic interests to cover reportable interests in both jurisdictions, and file copies of this expanded statement with both entities in lieu of filing separate and distinct statements, provided that each copy of such expanded statement filed in place of an original is signed and verified by the designated employee as if it were an original. See Section 81004.

2 See Section 81010 and Regulation 18115 for the duties of filing officers and persons in agencies who make and retain copies of statements and forward the originals to the filing officer.

3 For the purpose of disclosure only (not disqualification), an interest in real property does not include the principal residence of the filer.

4 Investments and interests in real property which have a fair market value of less than $2,000 are not investments and interests in real property within the meaning of the Political Reform Act. However, investments or interests in real property of an individual include those held by the individual's spouse and dependent children as well as a pro rata share of any investment or interest in real property of any business entity or trust in which the individual, spouse and dependent children own, in the aggregate, a direct, indirect or beneficial interest of 10 percent or greater.

5 A designated employee's income includes his or her community property interest in the income of his or her spouse but does not include salary or reimbursement for expenses received from a state, local or federal government agency.

6 Income of a business entity is reportable if the direct, indirect or beneficial interest of the filer and the filer's spouse in the business entity aggregates a 10 percent or greater interest. In addition, the disclosure of persons who are clients or customers of a business entity is required only if the clients or customers are within one of the disclosure categories of the filer.

Note: Authority cited: Section 83112, Government Code. Reference: Sections 87103(e), 87300-87302, 89501, 89502 and 89503, Government Code.

HISTORY

1. New section filed 4-2-80 as an emergency; effective upon filing (Register 80, No. 14). Certificate of Compliance included.

2. Editorial correction (Register 80, No. 29).

3. Amendment of subsection (b) filed 1-9-81; effective thirtieth day thereafter (Register 81, No. 2).

4. Amendment of subsection (b)(7)(B)1. filed 1-26-83; effective thirtieth day thereafter (Register 83, No. 5).

5. Amendment of subsection (b)(7)(A) filed 11-10-83; effective thirtieth day thereafter (Register 83, No. 46).

6. Amendment filed 4-13-87; operative 5-13-87 (Register 87, No. 16).

7. Amendment of subsection (b) filed 10-21-88; operative 11-20-88 (Register 88, No. 46).

8. Amendment of subsections (b)(8)(A) and (b)(8)(B) and numerous editorial changes filed 8-28-90; operative 9-27-90 (Reg. 90, No. 42).

9. Amendment of subsections (b)(3), (b)(8) and renumbering of following subsections and amendment of Note filed 8-7-92; operative 9-7-92 (Register 92, No. 32).

10. Amendment of subsection (b)(5.5) and new subsections (b)(5.5)(A)-(A)(2) filed 2-4-93; operative 2-4-93 (Register 93, No. 6).

11. Change without regulatory effect adopting Conflict of Interest Code for California Mental Health Planning Council filed 11-22-93 pursuant to title 1, section 100, California Code of Regulations (Register 93, No. 48). Approved by Fair Political Practices Commission 9-21-93.

12. Change without regulatory effect redesignating Conflict of Interest Code for California Mental Health Planning Council as chapter 62, section 55100 filed 1-4-94 pursuant to title 1, section 100, California Code of Regulations (Register 94, No. 1).

13. Editorial correction adding History 11 and 12 and deleting duplicate section number (Register 94, No. 17).

14. Amendment of subsection (b)(8), designation of subsection (b)(8)(A), new subsection (b)(8)(B), and amendment of subsections (b)(8.1)-(b)(8.1)(B), (b)(9)(E) and Note filed 3-14-95; operative 3-14-95 pursuant to Government Code section 11343.4(d) (Register 95, No. 11).

15. Editorial correction inserting inadvertently omitted language in footnote 4 (Register 96, No. 13).

16. Amendment of subsections (b)(8)(A)-(B) and (b)(8.1)(A), repealer of subsection (b)(8.1)(B), and amendment of subsection (b)(12) filed 10-23-96; operative 10-23-96 pursuant to Government Code section 11343.4(d) (Register 96, No. 43).

17. Amendment of subsections (b)(8.1) and (9)(E) filed 4-9-97; operative 4-9-97 pursuant to Government Code section 11343.4(d) (Register 97, No. 15).

18. Amendment of subsections (b)(7)(B)5., new subsections (b)(8.2)-(b)(8.4)(C) and amendment of Note filed 8-24-98; operative 8-24-98 pursuant to Government Code section 11343.4(d) (Register 98, No. 35).

19. Editorial correction of subsection (a) (Register 98, No. 47).

20. Amendment of subsections (b)(8.1), (b)(8.1)(A) and (b)(9)(E) filed 5-11-99; operative 5-11-99 pursuant to Government Code section 11343.4(d) (Register 99, No. 20).

21. Amendment of subsections (b)(8.1)-(b)(8.1)(A) and (b)(9)(E) filed 12-6-2000; operative 1-1-2001 pursuant to the 1974 version of Government Code section 11380.2 and Title 2, California Code of Regulations, section 18312(d) and (e) (Register 2000, No. 49).

22. Amendment of subsections (b)(3) and (b)(10) filed 1-10-2001; operative 2-1-2001. Submitted to OAL for filing pursuant to Fair Political Practices Commission v. Office of Administrative Law, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements) (Register 2001, No. 2).

23. Amendment of subsections (b)(7)(A)4., (b)(7)(B)1.-2., (b)(8.2)(E)3., (b)(9)(A)-(C) and footnote 4. filed 2-13-2001. Submitted to OAL for filing pursuant to Fair Political Practices Commission v. Office of Administrative Law, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements) (Register 2001, No. 7).

24. Amendment of subsections (b)(8.1)-(b)(8.1)(A) filed 1-16-2003; operative 1-1-2003. Submitted to OAL for filing pursuant to Fair Political Practices Commission v. Office of Administrative Law, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements) (Register 2003, No. 3).

25. Editorial correction of History 24 (Register 2003, No. 12).

26. Editorial correction removing extraneous phrase in subsection (b)(9.5)(B) (Register 2004, No. 33).

27. Amendment of subsections (b)(2)-(3), (b)(3)(C), (b)(6)(C), (b)(8.1)-(b)(8.1)(A), (b)(9)(E) and (b)(11)-(12) filed 1-4-2005; operative 1-1-2005 pursuant to Government Code section 11343.4 (Register 2005, No. 1).

28. Amendment of subsection (b)(7)(A)4. filed 10-11-2005; operative 11-10-2005 (Register 2005, No. 41).

29. Amendment of subsections (a), (b)(1), (b)(3), (b)(8.1), (b)(8.1)(A) and (b)(9)(E) filed 12-18-2006; operative 1-1-2007. Submitted to OAL pursuant to Fair Political Practices Commission v. Office of Administrative Law, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements) (Register 2006, No. 51).

30. Amendment of subsections (b)(8.1)-(b)(8.1)(A) and (b)(9)(E) filed 10-31-2008; operative 11-30-2008. Submitted to OAL for filing pursuant to Fair Political Practices Commission v. Office of Administrative Law, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements and not subject to procedural or substantive review by OAL) (Register 2008, No. 44).

31. Amendment of section heading and section filed 11-15-2010; operative 12-15-2010. Submitted to OAL for filing pursuant to Fair Political Practices Commission v. Office of Administrative Law, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements and not subject to procedural or substantive review by OAL) (Register 2010, No. 47).

32. Amendment of section heading and subsections (a)-(b)(1), (b)(3)-(4), (b)(5)(C), (b)(8.1)-(b)(8.1)(A) and (b)(9)(E) and amendment of footnote 1 filed 1-8-2013; operative 2-7-2013. Submitted to OAL for filing pursuant to Fair Political Practices Commission v. Office of Administrative Law, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements and not subject to procedural or substantive review by OAL) (Register 2013, No. 2).

33. Amendment of subsections (b)(8.1)-(b)(8.1)(A), (b)(8.2)(E)3. and (b)(9)(E) filed 12-15-2014; operative 1-1-2015 pursuant to section 18312(e)(1)(A), title 2, California Code of Regulations. Submitted to OAL for filing and printing pursuant to Fair Political Practices Commission v. Office of Administrative Law, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements) (Register 2014, No. 51).

34. Redesignation of portions of subsection (b)(8)(A) as new subsections (b)(8)(B)-(D), amendment of subsections (b)(8.1)-(b)(8.1)(A), redesignation of portions of subsection (b)(8.1)(A) as new subsections (b)(8.1)(B)-(C) and amendment of subsection (b)(9)(E) filed 12-1-2016; operative 12-31-2016 pursuant to Cal. Code Regs. tit. 2, section 18312(e). Submitted to OAL for filing pursuant to Fair Political Practices Commission v. Office of Administrative Law, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements and not subject to procedural or substantive review by OAL) (Register 2016, No. 49).

35. Amendment of subsections (b)(8.1)-(b)(8.1)(A) and (b)(9)(E) filed 12-12-2018; operative 1-11-2019 pursuant to Cal. Code Regs., tit. 2, section 18312(e). Submitted to OAL for filing and printing pursuant to Fair Political Practices Commission v. Office of Administrative Law, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements and not subject to procedural or substantive review by OAL) (Register 2018, No. 50).

CAYUCOS SANITARY DISTRICT
STAFF REPORT

AGENDA ITEM: 7

TO: BOARD OF DIRECTORS

FROM: DAVID ATHEY, DISTRICT MANAGER

DATE: AUGUST 20, 2026

SUBJECT: DISCUSSION AND CONSIDERATION OF THE DISTRICT-OFFERED HMO HEALTH PLAN COST AND REVIEW OF THE PLAN CHANGES FOR 2027

DISCUSSION

Each year the Board reviews the costs of the medical insurance premiums for the following calendar year and selects the amount the District wishes to contribute. For the past several years, the Board has approved full premium coverage for the employee and one dependent under the Blue Shield Access+ HMO plan (Access+).

At the December 18, 2014 meeting, the Board determined that the District would cover the employee's plus one dependent's medical/dental/vision premium with the maximum amount equal to the monthly premium of the lowest cost HMO/PPO plan. In August 2025, the Board expressed its desire to continue to pay for Access+ as an incentive to retain staff and provide continuity of care with existing health professionals.

The premium amount for the Access+ plan is increasing 11.86% from $2,105.78 to $2,355.54 for two people per month. This is not the least expensive Health plan in 2027. The least expensive HMO + 1 plan for 2027 is currently Blue Shield Trio HMO at $1,942.48 per month. All but two employees utilize the Blue Shield Access+ HMO plan.

Budget Impact: The adopted 2026-2027 Budget includes funding for healthcare premium increases. The fiscal year 2026-2027 health insurance premium budget amount is $277,000. The proposed rate increase for Blue Shield Access+ will cost $240,000. Therefore, a budget augmentation would not be required.

OPTIONS

1. Continue authorization of full premium support for Blue Shield Access+ HMO at the new rate of $2,355.54 for the employee and one dependent per month
2. Authorize the least expensive HMO plan at a rate of $1,942.48 per employee and one dependent
3. Authorize a different premium amount

RECOMMENDATION

Staff recommends that the Board of Directors authorize full premium support for Blue Shield Access+ HMO.

ATTACHMENTS

1. 2027 Region 2 Premiums Per Subscriber Per Month (PSPM)

2027 Region 2 Premiums Per Subscriber Per Month (PSPM)

Public Agency & School Members

Region 2							
Fresno, Imperial, Inyo, Kern, Kings, Madera, Orange, San Diego, San Luis Obispo, Santa Barbara, Tulare and Ventura							
	2026			2027			
Basic Plans (B)	Single	2-Party	Family	Single	2-Party	Family	Percent Change
HMO							
Anthem Blue Cross Select HMO	$1,016.32	$2,032.64	$2,642.43	$1,140.20	$2,280.40	$2,964.52	12.19%
Anthem Blue Cross Traditional HMO	$1,158.26	$2,316.52	$3,011.48	$1,263.81	$2,527.62	$3,285.91	9.11%
Blue Shield Access+ HMO	$1,052.89	$2,105.78	$2,737.51	$1,177.77	$2,355.54	$3,062.20	11.86%
Blue Shield EPO	$1,052.89	$2,105.78	$2,737.51	$1,177.77	$2,355.54	$3,062.20	11.86%
Blue Shield Trio HMO	$936.58	$1,873.16	$2,435.11	$971.24	$1,942.48	$2,525.22	3.70%
Health Net Salud y Más	$879.57	$1,759.14	$2,286.88	$953.15	$1,906.30	$2,478.19	8.37%
Kaiser Permanente	$987.69	$1,975.38	$2,567.99	$1,030.94	$2,061.88	$2,680.44	4.38%
Sharp Performance Plus	$916.20	$1,832.40	$2,382.12	$975.21	$1,950.42	$2,535.55	6.44%
PPO							
PERS Gold	$956.28	$1,912.56	$2,486.33	$1,010.12	$2,020.24	$2,626.31	5.63%
PERS Platinum	$1,426.24	$2,852.48	$3,708.22	$1,538.57	$3,077.14	$4,000.28	7.88%

	2026			2027			
Medicare Plans (M)	Single	2-Party	Family	Single	2-Party	Family	Percent Change
Medicare Advantage							
Anthem Medicare Preferred PPO	$571.70	$1,143.40	$1,715.10	$619.25	$1,238.50	$1,857.75	8.32%
Blue Shield Medicare Advantage PPO	$539.43	$1,078.86	$1,618.29	$619.36	$1,238.72	$1,858.08	14.82%
Kaiser Permanente Senior Advantage	$356.83	$713.66	$1,070.49	$333.93	$667.86	$1,001.79	-6.42%
Kaiser Permanente Senior Advantage Summit	$426.31	$852.62	$1,278.93	$391.74	$783.48	$1,175.22	-8.11%
Sharp Direct Advantage HMO	$291.38	$582.76	$874.14	$320.22	$640.44	$960.66	9.90%
UnitedHealthcare Group Medicare Advantage PPO	$481.29	$962.58	$1,443.87	$534.00	$1,068.00	$1,602.00	10.95%
Medicare Supplement							
PERS Gold Medicare Supplement	$597.57	$1,195.14	$1,792.71	$597.57	$1,195.14	$1,792.71	0.00%
PERS Platinum Medicare Supplement	$665.50	$1,331.00	$1,996.50	$665.50	$1,331.00	$1,996.50	0.00%

Available Plans

Current BOD Authorized Plan

CAYUCOS SANITARY DISTRICT
STAFF REPORT

AGENDA ITEM: 8

TO: BOARD OF DIRECTORS

FROM: DAVID ATHEY, DISTRICT MANAGER

DATE: AUGUST 20, 2026

SUBJECT: DISCUSSION AND CONSIDERATION TO ADOPT A CALPERS UNFUNDED ACCRUED LIABILITY POLICY AND TO APPROVE A PAYMENT TO CALPERS IN THE AMOUNT OF $431,750

DISCUSSION

The District's Unfunded Accrued Liability (UAL) is the gap between the total future pension benefits owed to employees under their CalPERS plan and the current assets (plus expected investment returns) available to cover those benefits. Staff updated the Board about the CalPERS UAL at the May 21, 2026, Board Meeting, where a series of options to address the District's UAL were presented and it was determined that staff would return to discuss paying off the UAL and adoption of a UAL Policy.

CalPERS released its estimated returns for the 2024-2025 and 2025-2026 fiscal years and non-investment related debt last month. CalPERS estimates that the 2024-2025 return will be 12.1% and the 2025-2026 return will be 15%. This is good news for the District. These returns will reduce the District's UAL from $940,963 to $555,000. This significantly reduces the interest the District will pay over the next year. While the reduction is very positive, the UAL continues to be subject to increases when CalPERS experiences investment and non-investment losses.

The Board expressed interest in paying down the UAL debt at the May 21 Board meeting. Staff has investigated the Board's direction and has procured an estimate from CalPERS (Attachment 1) for an 85% payment, or $431,750. This will reduce the District's overall debt to $53,000. In addition, the District will save $10,000 in interest if the $431,750 payment is made in August. Staff is recommending an 85% paydown as the 2025-2026 return is an estimate and could be even greater, which will lower the UAL even further. However, the Board can choose to pay a greater amount as the District has available funding.

Staff has also developed a UAL Policy (Attachment 2) for Board consideration and adoption. A UAL Policy would establish a reasonable and consistent approach to managing the District's UAL debt. The Policy will provide for an adaptive and flexible response to changes in the District's UAL caused by market volatility and CalPERS non-investment losses. The proposed UAL Policy is intended to provide the Board and staff with the following guidance and direction:

- Maintain a funded Pension Plan balance of 100%, with the goal of always keeping it above 80%.
- Review the annual CalPERS actuarial valuation reports within 90 days of their release to determine appropriate pension cost management steps.
- Payment of the yearly UAL payment before July 31st to save 3.2% on the annual payment.

- Pay off additional debt (called “bases”) when added to the UAL.
- Prioritize payment of UAL from reserves, one-time revenues, and fund surpluses.
- Consider borrowing for major equipment purchases with low-interest rate funding and use District cash to pay off UAL rather than incur more expensive UAL debt (currently 6.8%).
- Ensure that all fees, rates, and charges consider pension costs when established or modified to ensure pension costs are captured.

This proposed UAL Policy is intended to demonstrate that the District intends to fully fund its CalPERS pension obligations. In adopting a UAL Policy, the District aims to proactively manage and reduce its UAL and associated interest costs in the most cost-effective and fiscally responsible manner. The proposed UAL Policy provides actions that will allow the Board and staff to manage the District’s UAL efficiently and consistently into the future.

OPTIONS

1. Authorize a one-time payment of $431,750 from reserves to pay down the District’s Unfunded Accrued Liability and adopt the UAL Policy.
2. Authorize a different payment amount and adopt the UAL Policy.
3. Provide alternative direction to staff.
4. Return this item to staff for further consideration.

RECOMMENDATION

1. Staff recommends that the Board of Directors authorize a one-time payment of $431,750 from reserves to pay down the District’s Unfunded Accrued Liability and adopt the UAL Policy.

ATTACHMENTS

1. Unfunded liability projections
2. Proposed Unfunded Accrued Liability Policy

CAYUCOS SANITARY DISTRICT
MISCELLANEOUS; RATE PLAN ID: 26402

Investment Return Assumptions		
Fiscal Year	Investment Return:	Discount Rate:
2024 - 2025	12.1%	6.80%
2025 - 2026	15.00%	6.80%
2026 - 2056	6.80%	6.80%
Press to turn Risk Mitigation (RM) ON/OFF:		

Calculated Paydown Options	
Fresh Start Period:	12
Select Start of Fresh Start:	2026-27

Only Press "Run Scenario" button if you'd like to rearrange paydown order to *"Longest to Shortest" or "Shortest to Longest" scenarios.*

Longest to Shortest

Order of Payoff	Base Name and FULL/PARTIAL Payoff	Balance as of June 30, 2026	Remaining Period
5	Investment (Gain)/Loss 2025	$ (151,000)	
3	Investment (Gain)/Loss with ADP 2026	(244,000)	
22	Share of Pre-2013 Pool UAL 2013	$ 176,187	10
7	**Investment (Gain)/Loss 2013 PARTIAL**	**205,539**	19
23	Assumption Change 2014	74,170	10
4	**Investment (Gain)/Loss 2015 FULL**	**101,476**	21
2	**Investment (Gain)/Loss 2016 FULL**	**131,483**	22
21	Assumption Change 2016	34,736	12
20	Assumption Change 2017	42,701	13
1	**Non-Investment (Gain)/Loss 2018 FULL**	**11,853**	24
18	Assumption Change 2018	75,145	14
19	Method Change 2018	20,714	14
16	Investment (Gain)/Loss 2019	10,002	15
17	Non-Investment (Gain)/Loss 2019	9,146	15
14	Investment (Gain)/Loss 2020	50,731	16
15	Non-Investment (Gain)/Loss 2020	7,975	16
13	Assumption Change 2021	10,522	17
10	Investment (Gain)/Loss 2022	362,045	18
11	Non-Investment (Gain)/Loss 2022	41,533	18
8	Investment (Gain)/Loss 2023	18,530	19
9	Non-Investment (Gain)/Loss 2023	57,315	19
12	Fresh Start 2022	41,446	18
6	**Non-Investment (Gain)/Loss 2024 FULL**	**50,901**	20

Total Payments	$	727,198
Interest Paid	$	172,198

25-26 ADP Amount			
	Total Payments	$	576,948
25 - 26 Payment Date	Interest Paid	$	21,948
	Total Savings	**$**	**150,250**

$2,670,924
Funded Ratio 2024 val
73.9%

Fiscal Year	Projected Schedule with Investment Return Estimates: BOY Balance	Projected Schedule with Investment Return Estimates: Mid-Year Payment	Total ADP (Valued Mid-year)	Alternate Projected Schedule: BOY Balance	Alternate Projected Schedule: Mid-Year Payment	Contribution Difference	Projected Funded Ratio End of Year
2024-25	$ 940,963	$ 72,316		$ 940,963	$ 72,316		79.4%
2025-26	$ 829,000	$ 83,000	$ -	$ 829,000	$ 83,000	$ -	86.4%
2026-27	$ 555,000	**$ 91,198**	$ 431,750	$ 555,000	**$ 91,198**	***$ 431,750***	98.8%
2027-28	$ 499,000	$ 95,000	$ -	$ 53,000	$ 54,000	$ *(41,000)*	100.0%
2028-29	$ 435,000	$ 93,000	$ -	$ -	$ -	$ *(93,000)*	100.0%
2029-30	$ 368,000	$ 84,000	$ -	$ -	$ -	$ *(84,000)*	100.0%
2030-31	$ 306,000	$ 75,000	$ -	$ -	$ -	$ *(75,000)*	100.0%
2031-32	$ 250,000	$ 68,000	$ -	$ -	$ -	$ *(68,000)*	100.0%
2032-33	$ 196,000	$ 61,000	$ -	$ -	$ -	$ *(61,000)*	100.0%
2033-34	$ 146,000	$ 61,000	$ -	$ -	$ -	$ *(61,000)*	100.0%
2034-35	$ 94,000	$ 59,000	$ -	$ -	$ -	$ *(59,000)*	100.0%
2035-36	$ 39,000	$ 40,000	$ -	$ -	$ -	$ *(40,000)*	100.0%
2036-37	$ -	$ -	$ -	$ -	$ -	$ -	100.0%
2037-38	$ -	$ -	$ -	$ -	$ -	$ -	100.0%
2038-39	$ -	$ -	$ -	$ -	$ -	$ -	100.0%
2039-40	$ -	$ -	$ -	$ -	$ -	$ -	100.0%
2040-41	$ -	$ -	$ -	$ -	$ -	$ -	100.0%
2041-42	$ -	$ -	$ -	$ -	$ -	$ -	100.0%
2042-43	$ -	$ -	$ -	$ -	$ -	$ -	100.0%
2043-44	$ -	$ -	$ -	$ -	$ -	$ -	100.0%
2044-45	$ -	$ -	$ -	$ -	$ -	$ -	100.0%
2045-46	$ -	$ -	$ -	$ -	$ -	$ -	100.0%
2046-47	$ -	$ -	$ -	$ -	$ -	$ -	100.0%
2055-56	$ -	$ -	$ -	$ -	$ -	$ -	100.0%

Breakdown of UAL Debt

Years Until Payoff with Current Payment Schedule

Current Payment Schedule - Payoff by 2035-2036.

Revised Payment Schedule with $431,750 Payment

Cayucos Sanitary District

POLICY HANDBOOK Financial Management

POLICY TITLE: **Pension Liability Management Policy**
POLICY NUMBER: **4172**
ADOPTION DATE:

4172.1 Policy

This Pension Liability Management Policy ("Policy") is intended to reflect a reasonable and conservative approach to managing the existing and future Unfunded Accrued Liability ("UAL") costs associated with the District's California Public Employees' Retirement System ("CalPERS") pension plans. The UAL is the shortfall in funding that needs to be addressed to meet future pension obligations. Pension plan investments are subject to market volatility, and their actual economic and demographic experience will differ from CalPERS' investment return assumptions. Thus, this Policy allows for adaptive and flexible responses to changes in the UAL caused by market volatility.

4172.2 Purpose

The District is committed to maintaining fiscal sustainability through long-term financial planning, appropriate reserve levels, and prudent governance, management, budgeting, and financial reporting practices. This Policy is designed to make relevant information available to the District staff ("staff") and Board of Directors ("Board") to help manage the UAL.

Adherence to this Policy demonstrates that the District intends to fully fund its CalPERS pension obligations. In adopting this Policy, the District aims to proactively manage and reduce its UAL and associated interest costs in the most cost-effective and fiscally responsible manner.

4172.3 Goals and Objectives

The key goals and objectives of this Policy are:

- Establish, attain, and maintain targeted pension plan funding levels
- Allocate sufficient financial resources for the payment of all benefits under the pension plans
- Manage and control the volatility of future contributions to the extent reasonably possible
- Develop the discretionary payments decision framework to accelerate UAL repayment, reduce interest costs, and stabilize the District's future pension contributions
- Maintain the District's sound financial position and creditworthiness
- Provide guidance for annual budget practices related to pension contributions
- Implement and maintain prudent financial management practices
- Ensure that pension funding decisions protect both current and future stakeholders
- Create transparency around pension plan funding needs and practices

4172.4 Background and Discussion

Each pension plan is a multiple-employer defined benefit pension plan administered by CalPERS. All full-time and certain part-time District employees are eligible for CalPERS retirement and disability benefits, annual retirement cost of living adjustments, and death benefits offered to plan members and their beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities in California. Benefit provisions and other requirements are established by State statute.

The objective of a defined benefit pension plan is to fund the long-term cost of benefits for plan participants. To assure the District's financial sustainability and availability of sufficient resources for the provision of pension benefits, the plans should accumulate adequate investment assets in a systematic and disciplined manner. This Policy outlines the practices the District will utilize to fund the long-term cost of benefits for the pension plans' participants and annuitants.

4172.4.1 Pension Costs and Liabilities

The District must make contributions to CalPERS to fund its employees' pension benefits. A portion of these contributions come from the District employees. CalPERS invests these contributions to generate investment returns to help fund the pension benefits.

The regular required pension plan contributions, known as the "normal cost," are calculated as a percentage of payroll and represent the annual cost of benefit accrual for the upcoming fiscal year for active employees.

If CalPERS' investment performance falls short of the actuarial assumptions (the then-current CalPERS discount rate, which is 6.8% as of the date this Policy was prepared), the pension plans can become underfunded. This means that the amount needed to fully fund the District's employees' pensions has fallen lower than the amount of assets securing those pensions. This shortfall is known as the Unfunded Accrued Liability ("UAL"). The shortfall is covered by the District through UAL payments, which are payments that are in addition to normal District pension contributions. UAL payments are calculated as a fixed dollar amount and are independent of the payroll.

The UAL can result from many factors, including changes to CalPERS' actuarial amortization policy, pension benefit enhancements, investment underperformance, actuarial assumption changes, non-investment related losses, demographic factors, discount rate reductions, and other reasons.

4172.4.2 Unfunded Accrued Liability as a Long-Term Financial Obligation

The UAL balance is a financial obligation the District owes to CalPERS. It is amortized over time with interest accruing at the then-current CalPERS discount rate. This obligation can be prepaid at any time without penalties or restrictions. Recognizing the UAL as debt helps the District identify appropriate steps to address it and minimize the associated interest costs.

4172.4.3 Ongoing CalPERS Practices

CalPERS provides annual actuarial valuation reports for each pension plan. The Annual Actuarial Valuation Report calculates the District's total accrued pension liability as of the end of the prior fiscal year. New debt or credits, referred to as "UAL amortization bases" ("bases") are added to the plan and change the UAL balance. UAL changes are affected by the investment performance during the prior fiscal year if the performance was different from the discount rate, if CalPERS made any changes to its actuarial assumptions, or if the actual demographic or compensation experience within the pension plans and across the pool of participating agencies was different from the actuarial assumptions. The bases may be positive (indicating funding decrease) or negative (indicating funding increase). Since new bases are added each year, the pension plans must be periodically monitored and managed as UAL increases or decreases will occur on an annual basis. Unfortunately, there is no one-time solution to the UAL as CalPERS investment and non-investment gains or losses will occur in perpetuity.

CalPERS has adopted UAL amortization methods that are meant to help public agencies “ease into” paying for the UAL increases. New bases are implemented incrementally, typically with no required payments during the initial two years followed by a five-year ramp-up period. At times, annual payments may include additional small increases. This incremental practice, while reducing the cash flow impact in the near term, increases the overall UAL repayment costs for the District by delaying repayment and producing negative amortization during the first several years. Negative amortization occurs when a borrower pays less than the interest due, causing the unpaid amount to be added to the loan balance and increasing what they owe. Since the UAL balances accrue interest at the discount rate (6.8% in 2026), the delayed and reduced payments do not fully cover the annual interest costs and result in negative amortization, further increasing the UAL balance.

4172.5 Funding

4172.5.1 Funding Level Objective

The District’s long-term objective is to achieve and maintain a funded level of 100% for its pension plans and to take reasonable steps to maintain each plan above 80% funded when fiscally practicable. If a funded ratio falls below 80%, staff shall evaluate the cause of the decline and present the Board with an action plan or recommended response..

Achieving and maintaining the funding level objective ensures that the ongoing contributions of the District and its employees, and therefore District service rates, are funding the retirement benefits as intended.

4172.5.2 Guidance

To achieve the funding level objective, this Policy provides the following guidance:

1. **Pre-Pay Entire Annual UAL Payment by July 31st.** On or before July 1st of each year, the District receives its annual CalPERS UAL invoice. The invoice can be paid in equal monthly installments or fully pre-paid at the beginning of the fiscal year by July 31st. Prepaying the entire invoice amount by July 31st saves approximately 3.2% of the annual payment amount compared to the monthly payments.
2. **Eliminate Negative Amortization.** When new bases are added to the UAL, the District should take the following steps:

   a. Make additional discretionary payments (“ADP”) in the amount of interest accrued on such new base in the first two years following the base’s addition. The interest amount is calculated by multiplying the amount of the new base by the discount rate. The ADPs to be applied to the corresponding base should be made within the first 90 days of the following fiscal year. For example, for the 2025 bases added to the UAL in the valuation report published in August of 2026, the District should make ADPs by September 30, 2026 and 2027.

   b. Request conversion from ramp-up to flat-line amortization. If a new base includes a ramp-up period, the District should contact CalPERS and request a conversion from base to flat-line amortization.

   The prior two steps only apply to positive bases, which increase the UAL balance. Negative bases, which decrease the UAL balance, should be allowed to follow the CalPERS’ standard amortization structure, as it is more beneficial for the District.

3. **Pre-pay UAL from Reserves, One-time Revenues, and Fund Surpluses.** Reserves typically do not earn returns that can offset the interest rate CalPERS charges on the outstanding UAL balance. Supplemental pension contributions (ADPs) from available reserves, one-time revenues, and fund surpluses can generate significant long-term cash flow savings. Each ADP reduces the UAL balance, the Annual Required Contributions ("ARC") for future years, and the total UAL interest costs. Therefore, during each budget cycle, staff shall review reserves, one-time revenues, and fund surpluses to determine whether funds are sufficient to be allocated for ADPs to pay down the UAL. Such ADP decisions should consider operational, capital, and budgetary constraints, and adequacy of any potential earnings on reserves. ADPs should not adversely affect the general operations and fiscal stability and soundness of the District.. Any ADP shall be subject to Board approval, budget authority, and consistency with applicable reserve, debt, capital, and rate-setting policies. Staff may recommend the optimal timing, amount, and application of an ADP, including the specific UAL base or bases to which the payment should be applied, to achieve the funding level objective as well as desired budgetary outcomes.
4. **Consider Capital Financing.** In deciding whether to pay cash or to borrow for capital projects and major equipment purchases, staff should assess the state of the financial market to determine if it is more cost effective to fund such projects with tax-exempt debt and use the District's cash to make ADPs to CalPERS.
5. **Sources of Revenue.** To the extent legally permissible and supported by the District's cost-of-service analyses, fees, rates, and charges should include an appropriate allocation of pension costs, including UAL costs, attributable to employees providing the associated services. Staff shall review the calculation of pension costs included in District's fees, rates, and charges to ensure maximum recapture of the pension cost burden.
6. **Annual Review of Valuation Reports.** Staff shall review the annual CalPERS actuarial valuation reports within 90 days of their release, which usually takes place in August. The review should focus on identifying annual changes to each pension plan's UAL, determining impacts on the funded ratio, quantifying associated costs, and determining appropriate pension cost management steps.

4172.6 Transparency and Reporting

Funding of the pension plans should be transparent to all stakeholders, including Plan participants, annuitants, the Board, and District ratepayers. To achieve this objective, copies of the annual actuarial valuation reports for the pension plans shall be made available to the Board. The District's audited financial statements shall be posted on the District's website as they include, among other things, information on the District's current and future annual pension plan contributions and the funded status of each pension plan.

4172.7 Review of Policy

Funding a defined benefit pension plan requires a long-term planning approach. This Policy is intended to provide general objectives and guidelines, which will require periodic review and updates to accommodate changes in the District's financial position and pension plan funded status. Staff shall review this Policy at least annually in connection with review of the CalPERS actuarial valuation reports and budget preparation, and shall recommend amendments to the Board when warranted.

AGENDA ITEM:

9

CAYUCOS SANITARY DISTRICT
STAFF REPORT

TO:	**BOARD OF DIRECTORS**
FROM:	**DAVID ATHEY, DISTRICT MANAGER**
DATE:	**AUGUST 20, 2026**
SUBJECT:	**DISCUSSION AND CONSIDERATION TO APPROVE A MITIGATION AGREEMENT AND A LANDOWNER ACCESS AGREEMENT RELATED TO THE TORO CREEK RESTORATION PROJECT AND TO AUTHORIZE THE DISTRICT MANAGER TO EXECUTE SAID AGREEMENTS**

DISCUSSION

Caltrans recently relocated a section of Highway 1 near Piedras Blancas Light Station. The Coastal Commission is requiring Caltrans to restore creek riparian habitat and coastal grasslands as project mitigation. Caltrans is unable to complete the restoration at the highway relocation site. Therefore, Caltrans approached the District in 2025 with a proposal to restore a section of Toro Creek on the Lift Station 5 property (Attachment 1).

Caltrans is partnering with the Upper Salinas Las Tablas Resource Conservation District (RCD), who will perform the restoration work. Caltrans, the RCD, and District staff have negotiated an agreement that allows restoration of the property and limits District liability (Attachment 2). In addition, the District and RCD have negotiated a Right of Entry Agreement to allow access to District property during work and maintenance periods (Attachment 3). The area will be fenced with barbed wire once the work is completed to restrict cattle access. In addition, Caltrans will be reimbursing the District for its review costs including applicable attorney fees. Both Caltrans and the RCD will be responsible for maintaining the site. The District will not have any ongoing responsibility for the restoration work.

OPTIONS

1. Authorize Caltrans to perform work on District property and direct the District Manager to sign the agreements on the Board's behalf
2. Take no action
3. Send the agreements back to staff for further negotiation

RECOMMENDATION

Authorize Caltrans and the RCD to perform vegetative hand restoration work on District property and direct the District Manager to sign the 126.1 Restoration and Right of Entry Agreements.

ATTACHMENTS

1. Restoration Location Map
2. 126.1 Agreement, Toro Creek Restoration Project *Note: Exhibits are not attached due to large volume but may accessed via the following link:* https://www.cayucossanitarydistrict.gov/2026-08-20-board-of-directors-meeting
3. RCD Right of Entry Agreement *Note: Appendix 1 is not attached due to large size but may be accessed via the link above.*

VICINITY MAP

Toro Creek Restoration Project
Piedras Blancas Realignment
SLO-46 (PM 32.2/54.7)
EA No. 05-49286
EFIS No. 05-2200-0106
SHC 126.2 Agreement No. 05-0467

SHC 126.1 AGREEMENT

This AGREEMENT ("AGREEMENT"), ENTERED INTO EFFECTIVE on ____________________, is between the STATE OF CALIFORNIA, acting by and through its Department of Transportation, referred to herein as "CALTRANS," and the

UPPER SALINAS-LAS TABLAS RESOURCE CONSERVATION DISTRICT, referred to herein as "US-LT RCD" and the

County of San Luis Obispo DEPARTMENT OF PARKS AND RECREATION, referred to herein as "COUNTY" and the

CAYUCOS SANITARY DISTRICT, referred to herein as "CSD".

CALTRANS, US-LT RCD, COUNTY, and CSD may be referred to hereafter individually as "PARTY" or collectively as "PARTIES."

RECITALS

1. CALTRANS, US-LT RCD, COUNTY, and CSD are authorized to enter this AGREEMENT pursuant to Streets and Highways Code Section 126.1 and Government Code Section 65965 et seq.

2. CALTRANS completed the Piedras Blancas Highway 1 Realignment in San Luis Obispo County, California, referred to herein as "PROJECT." The PROJECT resulted in impacts to wetlands and coastal prairie habitat, referred to herein as "IMPACTS."

3. CALTRANS is owner and operator of State Route 1 and the CEQA/NEPA Lead Agency for the PROJECT. The following permits have been issued in relation to the PROJECT and are referred to herein collectively as "PERMITS."

   a. Pursuant to Clean Water Act Section 401, the Regional Water Quality Control Board ("RWQCB") issued to CALTRANS a Water Quality Certification No. 34013WQ14, dated October 29, 2014, for PROJECT, attached hereto as **Exhibit A**, and made a part of this AGREEMENT.

   b. Pursuant to the California Coastal Act, the California Coastal Commission ("CCC") approved Coastal Development Permit (CDP) No. 3-13-012 dated November 20, 2014, attached hereto this as **Exhibit B**, and Amendment 9 to

CDP No. 3-13-012 dated October 15, 2025, attached hereto as **Exhibit C**, and made part of this AGREEMENT.

4. PERMITS requires CALTRANS to mitigate for wetland and coastal prairie impacts by providing 11.1 acres of wetland mitigation, referred herein as WETLAND MITIGATION REQUIRMENT and 16.2 acres of coastal prairie mitigation, referred herein as COASTAL PRAIRIE MITIGATION REQUIRMENT.

5. CALTRANS has already satisfied a total of 2.85 acres of the WETLAND MITIGATION REQUIREMENT and 10.48 acres of the COASTAL PRAIRIE MITIGATION REQUIRMENT through on-site mitigation projects and proposes to develop an additional 3.25 acres of the WETLAND MITIGATION REQUIREMENT and 3.69 acres of the COASTAL PRAIRIE MITIGATION REQUIRMENT on-site at the Sani-Welsh properties. However, additional off-site mitigation acres are still required to fulfill PERMITS.

6. The RWQCB and CCC each provided a letter dated December 2021, acknowledging that the originally proposed off-site mitigation is no longer feasible, and that the remaining required off-site mitigation for the IMPACTS can be located at the Toro Creek Preserve, referred to herein as **Exhibit D** attached hereto and made a part of this AGREEMENT.

7. The Toro Creek Preserve consists of multiple parcels with different owners. APN 073-075-019 is currently owned by COUNTY, referred to herein as COUNTY PARCEL. APNs 065-022-010, 073-075-018 and 073-077-035 are owned by CSD, referred to herein as CSD PARCELS. Collectively, COUNTY PARCEL and CSD PARCELS are referred to herein as PRESERVE delineated in **Exhibit E** attached hereto and made part of this AGREEMENT.

8. CALTRANS, in order to compensate for remaining outstanding off-site mitigation acres from PROJECT impacts, intends to satisfy the RWQCB and CCC mitigation obligations by partnering with US-LT RCD and fund construction and 10 years of monitoring and maintenance on the PRESERVE, as detailed in the Scope of Work ("SOW"), attached hereto as **Exhibit F** and made a part of this AGREEMENT.

9. CALTRANS and US-LT RCD agree that the estimated cost of completing the SOW is TWO MILLION SEVEN HUNDRED THOUSAND EIGHT HUNDRED TWENTY-THREE AND 78/100 DOLLARS ($2,700,823.78).

10. Access agreements between US-LT RCD and CSD and US-LT RCD and COUNTY will be finalized to permit US-LT RCD to implement SOW on the CSD PARCELS and the COUNTY PARCEL respectively. The implementation of the SOW on CSD PARCELS or the COUNTY PARCEL may not occur until these access agreements are

finalized. These access agreements shall be referred to hereafter as the CSD ACCESS AGREEMENT and the COUNTY ACCESS AGREEMENT, respectively.

11. A payment for SEVEN THOUSAND FIVE HUNDRED TEN AND 00/100 DOLLARS ($7,510.00) will be provided to CSD to facilitate the CSD ACCESS AGREEMENT.

12. The terms of this AGREEMENT shall supersede any inconsistent terms of any prior Memorandum of Understanding (MOU) or agreement relating to the SOW or PRESERVE.

NOW and THEREFORE the PARTIES agree as follows:

SECTION I

US-LT RCD AGREES:

1. All work performed by US-LT RCD, or performed on US-LT RCD's behalf, shall be performed in accordance with all state and federal laws, regulations, policies, procedures, and standards.

2. To obtain any and all necessary property rights and/or rights of entry required prior to the implementation of SOW and for full compliance with any terms and conditions thereof. Said rights of entry shall also include rights for CALTRANS, the RWQCB, and the CCC personnel.

3. To negotiate in good faith and finalize the CSD ACCESS AGREEMENT with CSD that is necessary for US-LT RCD to implement the SOW on the CSD PARCELS.

4. To negotiate in good faith and finalize the COUNTY ACCESS AGREEMENT with the COUNTY that is necessary for US-LT RCD to implement the SOW on the COUNTY PARCEL.

5. To oversee the performance of all work to assure compliance with all permits, applicable covenants and restrictions and applicable law.

6. To implement the SOW for the construction and 10 years of monitoring and maintenance of the Toro Creek Restoration Project in accordance with the PERMITS, the RWQCB and CCC approved Mitigation and Monitoring Plans ("MMPs"), as described in Attachments F and G to the SOW, and the 100% Design Plans and Specs, attached hereto as **Exhibit G** and made a part of this AGREEMENT.

7. To submit draft annual monitoring reports to CALTRANS for ten (10) years (with monitoring anticipated to begin in the year 2027 and end ten (10) years later, currently anticipated to be year 2037) by September 15 of each year. Said reports shall contain all of the information described in Attachments F and G to the SOW.

8. To address CALTRANS' comments on the draft monitoring report and thereafter submit a final draft annual monitoring report to CALTRANS by November 15 for ten (10) years (with monitoring anticipated to begin in the year 2027 and end ten (10) years later, currently anticipated to be year 2037) for CALTRANS' review and approval, if appropriate.

9. If at any time during the ten (10) year monitoring period (with monitoring anticipated to begin in the year 2027 and end ten (10) years later currently anticipated to be year 2037) CALTRANS determines that progress towards the success criteria, as described in Attachments F and G to the SOW, is not being achieved then US-LT RCD shall implement any remedial or adaptive management measures necessary to meet the success criteria.

10. To use one hundred percent (100%) of CALTRANS' funds provided through this AGREEMENT to satisfy US-LT RCD's obligations and responsibilities set forth in this AGREEMENT.

11. To submit an initial invoice in the amount of ONE HUNDRED EIGHTY-SEVEN THOUSAND TWO HUNDRED FIFTY-SEVEN AND 00/100 DOLLARS ($187,257.00) to CALTRANS within thirty (30) days of execution of this AGREEMENT and prior to commencement of any work performed by US-LT RCD. The initial invoice shall represent the estimated costs for the first month of the SOW, as set forth in **Exhibit F** of this AGREEMENT. This advanced payment is necessary to enable US-LT RCD, a self-funded not-for-profit organization without sufficient reserve funds to pre-finance project costs, to cover expenditures required to initiate and perform the work under this AGREEMENT, including labor, consultant services, materials, and other allowable project-related costs.

12. Thereafter, to prepare and submit to CALTRANS monthly billing statements in arrears for US-LT RCD's 's actual expenditures incurred by US-LT RCD pursuant to this AGREEMENT.

13. To submit a final report of all expenditures within ninety (90) days upon completion of SOW and all work incidental thereto. US-LT RCD thereafter shall refund to CALTRANS any funds remaining on deposit within thirty (30) days after completion of US-LT RCD's final accounting of SOW costs and any amount of CALTRANS' payments remaining after actual costs to be borne by CALTRANS have been deducted. US-LT RCD may also bill CALTRANS within these thirty (30) days after final report of expenditures for any additional amount, subject to the funding limits expressed in Section IV, Article 1 below, required to complete CALTRANS' financial obligations pursuant to this AGREEMENT.

14. All invoices submitted by US-LT RCD shall meet the format and content requirements specified by CALTRANS and shall be submitted to the contract person identified in Section V, Article 4 below.

15. To repair any damage, excluding reasonable wear and tear, to the PRESERVE or the improvements located thereon, including, but not limited to, the roads, fences, and signs caused by US-LT RCD activities under this AGREEMENT and to put them in as good of condition as of the Effective Date of this AGREEMENT. US-LT RCD shall not be responsible for damages caused by parties other than US-LT RCD or those working on US-LT RCD's behalf.

16. If the work performed under this AGREEMENT is done under contract and falls within the Labor Code section 1720(a)(1) definition of "public works" in that it is construction, alteration, demolition, installation, or repair; or maintenance work under Labor Code section 1771, US-LT RCD must conform to the provisions of Labor Code sections 1720 through 1815, and all applicable provisions of California Code of Regulations found in Title 8, Chapter 8, Subchapter 3, Articles 1-7.

17. US-LT RCD shall require its contractors to include prevailing wage requirements in all subcontracts funded by this AGREEMENT when the work to be performed falls within Labor Code sections 1720(a)(1) definition of "public works" or maintenance work under Labor Code section 1771. Subcontracts shall include all prevailing wage requirements set forth in US-LT RCD's contracts.

18. If work performed under this AGREEMENT is done under contract, is paid for in whole or part with federal funds and is of the type of work subject to federal prevailing wage requirements, US-LT RCD must conform to the provisions of the Davis-Bacon and Related Acts, 40 U.S.C. § 276(a) in addition to Labor Code provisions.

19. US-LT RCD agrees to include federal prevailing wage requirements in its contracts for public work. Work performed by US-LT RCD's own forces is exempt from federal prevailing wage requirements.

20. To retain all books, documents, papers, accounting records, and other evidence pertaining to costs incurred, including support data for cost proposals, and to make such materials available at the respective offices of CALTRANS at all reasonable times for three (3) years after the termination date of this AGREEMENT. CALTRANS and the Federal Highway Administration, or any duly authorized representative of the Federal Government, shall have access to any books, records, and documents of US-LT RCD that are pertinent to this AGREEMENT for audits, examinations, excerpts, transactions, and copies thereof shall be furnished when requested.

SECTION II

CSD AGREES:

1. To negotiate in good faith with US-LT RCD to finalize the CSD ACCESS AGEEMENT that is necessary for US-LT RCD to implement the SOW on the CSD PARCELS.

2. To submitting monthly invoices to CALTRANS within thirty (30) days of the execution date of the CSD ACCESS AGREEMENT. All invoices submitted by CSD shall meet the format and content requirements specified by CALTRANS and shall be submitted to the contract person identified in Section V, Article 4 below.

3. CALTRANS' total financial obligation to CSD as set forth in this AGREEMENT shall not exceed $7,510.00.

4. To allow CALTRANS and US-LT RCD to implement the SOW on the CSD PARCELS as mitigation pursuant to WETLAND MITIGATION REQUIREMENT and COASTAL PRAIRIE MITIGATION REQUIRMENT and in accordance with this AGREEMENT.

5. To work with PARTIES to grant access and coordinate with grazing lease tenant with respect to CSD PARCELS.

6. To allow CALTRANS, US-LT RCD, and resource agency personnel access to CSD PARCELS pursuant to the CSD ACCESS AGREEMENT to be obtained by US-LT RCD.

7. CALTRANS and US-LT RCD are not responsible for the management of any HM-2 found within the limits of CSD PARCELS, unless it was caused by CALTRANS or the US-LT RCD, respectively.

SECTION III

COUNTY AGREES:

1. To negotiate in good faith with US-LT RCD to finalize the COUNTY ACCESS AGREEMENT that is necessary for US-LT RCD to implement the SOW on the COUNTY PARCEL.

2. To allow CALTRANS and US-LT RCD to implement the SOW on the COUNTY PARCEL as mitigation pursuant to WETLAND MITIGATION REQUIREMENT and COASTAL PRAIRIE MITIGATION REQUIRMENT and in accordance with this AGREEMENT.

3.

4. To work with PARTIES to grant access and, if applicable, coordinate with grazing lease tenant with respect to COUNTY PARCEL.

5. To allow CALTRANS, US-LT RCD, and resource agency personnel access to the COUNTY PARCEL pursuant to the COUNTY ACCESS AGREEMENT to be obtained by US-LT RCD.

6. If ownership of one or more CSD PARCELS is transferred from CSD to the COUNTY prior to AGREEMENT termination, the COUNTY agrees to take responsibility from CSD for articles 1, 4, and 5 in Section II, above.

7. CALTRANS and US-LT RCD are not responsible for the management of any HM-2 found within the limits of COUNTY PARCEL, unless it was caused by CALTRANS or the US-LT RCD, respectively.

SECTION IV

CALTRANS AGREES:

1. To pay US-LT RCD up to and not to exceed TWO MILLION SEVEN HUNDRED THOUSAND EIGHT HUNDRED TWENTY-THREE AND 78/100 DOLLARS ($2,700,823.78) in exchange for US-LT RCD satisfying its obligations and responsibilities set forth in this AGREEMENT.

2. To pay US-LT RCD within forty-five (45) calendar days of receiving any invoice properly submitted by US-LT RCD under the terms of the AGREEMENT.

3. To pay CSD up to and not to exceed SEVEN THOUSAND FIVE HUNDRED TEN AND 00/100 DOLLARS ($7,510.00) in exchange for CSD finalizing the CSD ACCESS AGREEMENT with US-LT RCD and providing access to the CSD PARCELS.

4. To pay CSD within forty-five (45) days of receiving any invoice properly submitted by CSD under the terms of the AGREEMENT.

5. To ensure CEQA/NEPA compliance, and that species and aquatic permits are acquired for all mitigation work on PRESERVE: EIR/EA, Biological Opinion (BO), Coastal Development Permit (CDP), 401 Waters Certification, and 1600 Lake and Streambed Alteration Agreement.

SECTION V

IT IS MUTUALLY AGREED:

1. All obligations of CALTRANS under the terms of this AGREEMENT are subject to the appropriation of resources by the Legislature, State Budget Act authority and the allocation of funds by the California Transportation Commission (CTC).

2. All applicable laws, rules and policies relating to the use of federal or state funds shall apply notwithstanding other provisions of this AGREEMENT.

3. All payments from CALTRANS are contingent on the PARTY seeking payment having a current Payee Data Record (STD 204 form) on file with CALTRANS and submitting an invoice to CALTRANS. The PARTY seeking payment shall submit all invoices on that PARTY's letterhead and the invoices shall contain the following information:

   a. Reference to State contract number
   b. Company's current billing address
   c. Invoice number
   d. Invoice date
   e. Company's remittance address, if different than company's billing address
   f. Payment terms, if offered
   g. Sales tax and/or use tax, if required

4. All reports, invoices or other correspondence shall be sent to the contacts listed in this Section V, Article 4. The PARTIES agree to notify each other in writing of any personnel or address changes. It is further agreed that a change in contact information shall not require an amendment to this AGREEMENT.

   CALTRANS:
   Jennifer Moonjian, Environmental Specialist Supervisor
   50 Higuera St.
   San Luis Obispo, CA 93401

Office Phone: (805) 779-0756
Email: jennifer.moonjian@dot.ca.gov

US-LT RCD:
Drew Loganbill Executive Director
5905 Capistrano Ave, Suite F,
Atascadero, CA 93422 Office
Phone: (805) 460-7272
Email: drew@us-ltrcd.org

COUNTY:
Tanya M. Richardson, Director of San Luis Obispo County Parks & Recreation
1144 Monterey Street, Ste. A
San Luis Obispo, CA 93408
Office Phone: (805) 781-5930
Email: tmrichardson@co.slo.ca.us

CSD:
David Athey, District Manager
PO Box 333
Cayucos CA 93430
Office Phone: (805) 995-3290
Email: D.Athey@CayucosSanitaryDistrict.gov

5. Any PARTY that discovers hazardous material (HM) shall immediately notify all other PARTIES to this AGREEMENT. HM-1 is defined as hazardous material (including but not limited to hazardous waste) that may require removal and disposal pursuant to federal or state law, whether it is disturbed by SOW or not. HM-2 is defined as hazardous material (including but not limited to hazardous waste) that may require removal and disposal pursuant to federal or state law, only if disturbed by SOW. Management activities associated with either HM-1 or HM-2 include, without limitation, any necessary manifest requirements and designation of disposal facility.

6. CALTRANS has no responsibility for management activities or costs associated with HM-1 found outside the existing State Highway System (SHS) right of way. If HM-1 is found outside existing SHS right of way, under state and federal law responsibility for such HM-1 rests with the owner(s) of the parcel(s) on which the HM-1 is found. If

HM-1 is found outside the existing SHS right of way, PARTIES will reassess the feasibility of the SOW and mutually agree on a course of action prior to the commencement of any additional work.

7. Neither US-LT RCD nor any officer or employee thereof is responsible for any injury, damage, or liability occurring by reason of anything done or omitted to be done by COUNTY, CSD, CALTRANS, and/or the agents thereof under or in connection with any work, authority, or jurisdiction conferred upon COUNTY, CSD, and/or CALTRANS under this AGREEMENT. It is understood and agreed that COUNTY and/or CALTRANS, to the extent permitted by law, will defend, indemnify, and save harmless US-LT RCD and all of its officers and employees from all claims, suits, or actions of every name, kind, and description brought forth under, but not limited to, tortious, contractual, inverse condemnation, or other theories or assertions of liability occurring by reason of anything done or omitted to be done by COUNTY, CSD, CALTRANS, and/or the agents thereof under this AGREEMENT.

8. Neither COUNTY nor any officer or employee thereof shall be responsible for any injury, damage, or liability caused by the negligence, willful misconduct, breach of this AGREEMENT, or creation or maintenance of dangerous conditions on property owned or controlled by US-LT RCD, CSD, or CALTRANS. To the extent permitted by law, US-LT RCD, CSD, and CALTRANS shall indemnify, defend, and hold harmless COUNTY and its officers and employees solely for claims arising out of their own negligence, willful misconduct, breach of the AGREEMENT, or dangerous conditions of property they own or control. COUNTY will be only be responsible for it, or its officers, agents and employees negligence, willful misconduct, breach of this AGREEMENT or creation or maintenance of a dangerous condition on its property.

9. Neither CSD nor any officer or employee thereof shall be responsible for any injury, damage, or liability caused by the negligence, willful misconduct, breach of this AGREEMENT, or creation or maintenance of dangerous conditions on property owned or controlled by US-LT RCD, COUNTY, or CALTRANS. To the extent permitted by law, US-LT RCD, COUNTY, and CALTRANS shall indemnify, defend, and hold harmless CSD and its officers and employees solely for claims arising out of their own negligence, willful misconduct, breach of the AGREEMENT, or dangerous conditions of property they own or control. CSD will be only be responsible for it, or its officers, agents and employees negligence, willful misconduct, breach of this AGREEMENT or creation or maintenance of a dangerous condition on its property.

10. Neither CALTRANS, nor any officer or employee thereof is responsible for any injury, damage, or liability occurring by reason of anything done or omitted to be done by US-LT RCD, COUNTY, CSD and/or the agents thereof under or in connection with any work, authority, or jurisdiction conferred upon US-LT RCD, COUNTY, and/or CSD under this AGREEMENT. It is understood and agreed that US-LT RCD and/or

COUNTY, to the extent permitted by law will defend, indemnify, and save harmless CALTRANS, and all of its officers and employees from all claims, suits, or actions of every name, kind, and description brought forth under, but not limited to, tortious, contractual, inverse condemnation, or other theories or assertions of liability occurring by reason of anything done or omitted to be done by US-LT RCD, COUNTY, CSD, and/or the agents thereof under this AGREEMENT.

11. In the event of any breach of this AGREEMENT by any PARTY, the other PARTIES may enforce this AGREEMENT by any means available at law or in equity. In the event of litigation, mediation, or arbitration to resolve any breach of, or dispute related to this AGREEMENT, each PARTY agrees to pay for their own attorneys' cost and expenses, without regard to who prevails.

12. A failure by any PARTY to enforce any provision of this AGREEMENT shall not be construed as a continuing waiver, or as a waiver of the right to compel enforcement of that provision.

13. This AGREEMENT may be executed in several counterparts and all counterparts so executed shall constitute one agreement that shall be binding on all of the PARTIES, notwithstanding that all of the PARTIES are not a signatory to the original or the same counterpart. If any provision of this AGREEMENT is held invalid, the other provisions shall not be affected thereby.

14. No alteration or variation of the terms of this AGREEMENT shall be valid unless made by a formal amendment executed by the PARTIES hereto and no oral understanding or agreement not incorporated herein shall be binding on any of the PARTIES hereto.

15. Nothing within the provisions of this AGREEMENT is intended to create duties or obligations to or rights to any third parties not party to this AGREEMENT or to affect the legal liability of any PARTY to the AGREEMENT by imposing any standard of care different from the standard of care imposed by law.

16. This AGREEMENT shall terminate upon CALTRANS' written acceptance that US-LT RCD has completed the SOW, however all indemnification, document retention, audit, claims, environmental, legal challenge, hazardous material, operation, maintenance, and ownership provisions of this AGREEMENT will remain in effect until terminated or modified in writing by mutual agreement

(Signature Pages Follow)

PARTIES are empowered by Streets and Highways Code section 126.1 and Government Code section 65965 et seq., to enter into this AGREEMENT and have delegated to the undersigned the authority to execute this AGREEMENT on behalf of the respective agencies and covenants to have followed all the necessary legal requirements to validly execute this AGREEMENT.

STATE OF CALIFORNIA DEPARTMENT OF TRANSPORTATION

By:________________________________
Scott Eades, District 5 Director,

Approved as to form and procedure:

____
Attorney, Department of Transportation

Certified as to budgeting of funds:

____
District Budget Representative

Certified as to financial terms and policies:

____
Accounting Administrator

UPPER SALINAS- LAS TABLAS RESOURCE CONSERVATION DISTRICT

By:________________________________
Drew Loganbill, Executive Director

Approved as to form:

____
District Legal Counsel

CAYUCOS SANITARY DISTRICT

By:________________________________
David Athey, District Manager

Approved as to form:

____
District Legal Counsel

SAN LUIS OBISPO COUNTY

By:________________________________
Tanya Richardson, Director
San Luis Obispo County Parks

Approved as to form and legal effect:
Jon Ansolabehere, County Counsel

By: ________________________________
Deputy County Counsel

TEMPORARY RIGHT OF ENTRY PERMIT

Landowner: Cayucos Sanitary District
Premises: Lift Station 5, 100 Toro Creek Road
Project Name: Toro Creek Restoration

This Temporary Right of Entry Permit ("Permit") is made by and between the Landowner described above ("Landowner") and the Upper Salinas-Las Tablas Resource Conservation District ("Permittee").

1) Premises. Landowner is the legal owner of that certain property described above (the "Premises")

2) Use. Permittee is authorized to access and conduct certain work described in the attached SHC 126.1 Agreement (the "Agreement"), which is attached hereto as Appendix #2 and incorporated herein, on that portion of the Premises described in the Agreement, and for the purposes described in the Agreement (the "Project"). Landowner has determined that the proposed Project would be a valuable addition to the Premises.

3) Scope of Work. Permittee represents that the Agreement substantially reflects the scope of the proposed Project and calculations of materials which will be installed under this Permit. Permittee shall require that the Project is performed by qualified individuals and/or contractors, and that those individuals and/or contractors perform the Project in accordance with all applicable laws and regulations. Permittee shall further ensure that all work performed on the Project comply with the building or trade codes applicable to the work, including, without limitation, all codes and regulations of local, county, state or federal governmental agencies.

4) Project Plan. Prior to commencing the Project, Permittee shall provide Landowner a schedule of when the work will be performed. This schedule must be approved by Landowner prior to starting the Project, which approval shall not be unreasonably withheld by Landowner.

5) Term: This Permit shall commence on the date of the last signature to this Permit and shall be in effect for the duration of the Agreement. This Permit may be extended upon mutual written agreement of the parties. Landowner may terminate this Permit at any time by giving Permittee written notice of such termination, specifying the date of termination within the notice. However, Landowner acknowledges that such termination may constitute a breach of the Agreement.

6) Permit Fee. There shall be no fee associated with this Permit.

7) Relationship. The Project is being done solely by Permittee with labor and materials at no cost or expense to Landowner. The Project is not being done under contract with Landowner and no Landowner funds or resources are being expended on the Project. Landowner will not be directly or specifically involved in the day-to-day management of the Project. Permittee will prepare the plans and specifications for the Project and will be responsible for the means and methods used to construct the Project. Landowner's written approval of the plans and specifications shall be obtained before any work on the Premises shall commence. Permittee shall be responsible for the monitoring of all activity during Permittee's use of the Premises and shall comply with all such rules and regulations necessary to protect the health, safety, and welfare of the public at the Premises. Permittee will be responsible to third parties for all conditions on the Premises during the Project.

8) Inspection. Permittee agrees that Landowner may monitor and inspect the Project for safety and/or any other purposes. Permittee further agrees to coordinate with Landowner to minimize any impact on Landowner's use of the Premises and any adjacent facilities. The Project shall be performed in a

reasonable and safe manner to avoid conflicts with other activities of Landowner at or near the Premises.

9) Insurance & Indemnity. Permittee shall procure and maintain insurance complying with the requirements described in Appendix #2, which is attached hereto and incorporated herein, and shall provide proof of such insurance to Landowner before commencing work under this Permit. To the fullest extent permitted by law, Permittee shall indemnify, defend, and hold harmless Landowner and its officers, agents, employees, and volunteers from and against all claims, demands, damages, liabilities, loss, costs, and expense (including attorney's fees and costs of litigation) of every nature arising out of or in connection with Permittee's performance or attempted performance of the work under this Permit or Permittee's failure to comply with any of its obligations contained in this Permit, except such loss or damage which was caused by sole negligence or willful misconduct of Landowner or Landowner's officers, agents, employees, or volunteers.

10) No Assignment. This Permit is of a personal nature, and Permittee shall not assign or transfer this Permit or any rights and privileges given under this Permit, without the prior written consent of Landowner.

11) Permits. All work performed in connection with this Permit shall be done in a good and workmanlike manner and in compliance with all laws, including without limitation, all labor code laws regarding payment of prevailing wages, ordinances, orders, rules and regulations. Permittee is solely responsible for timely securing all permits, licenses, and/or approvals required by any local, state, and federal governments and appropriate departments, commissions, boards and officers related to the Project.

12) Notice. The following persons are designated as contact persons for purposes of notice and communications under this Permit. All notices shall be in writing, either personally served or delivered by U.S. Mail Postage prepaid and addressed as follows:

PERMITTEE:	LANDOWNER:
______________________________	______________________________
______________________________	______________________________
______________________________	______________________________
______________________________	______________________________

13) Integration & Counterparts. This Permit represents the entire understanding of the parties regarding the Project. This Permit may be executed in counterparts, each of which shall be considered an original, all of which, taken together, shall constitute one and the same instrument.

14) In the event of any ambiguity between this Permit and the Agreement, this permit shall prevail.

LANDOWNER:	PERMITTEE:
By: ___________________________	By: ___________________________
Name: ________________________	Name: ________________________
Its: _________________________	Its: _________________________
Date: _________________	Date: _________________
Approved as to Form and Legal Effect (for LANDOWNER)	*Approved as to Form and Legal Effect (for PERMITTEE)*

By: ______________________________ *By:* ______________________________

APPENDIX #1
(The Project)

Appendix #2
INSURANCE REQUIREMENTS

INDEMNIFICATION
To the fullest extent permitted by law, PERMITTEE shall indemnify, defend, and hold harmless LANDOWNER and its officers, agents, employees, and volunteers from and against all claims, demands, damages, liabilities, loss, costs, and expense (including attorney's fees and costs of litigation) of every nature arising out of or in connection with PERMITTEE's performance or attempted performance of work hereunder or its failure to comply with any of its obligations contained in the agreement, except such loss or damage which was caused by sole negligence or willful misconduct of LANDOWNER.

INSURANCE Coverage
PERMITEE shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder and the results of that work by the PERMITEE, his agents, representatives, employees or subcontractors.

MINIMUM SCOPE OF INSURANCE
Coverage shall be at least as broad as:

1. **Commercial General Liability** (CGL): Insurance Services Office (ISO) Form CG 00 01 covering CGL on an "occurrence" basis for bodily injury and property damage, including products- completed operations, personal injury and advertising injury, with limits no less than **$2,000,000** per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
2. **Automobile Liability:** ISO Form Number CA 00 01 covering, Code 1 (any auto), or if PERMITEE has no owned autos, Code 8 (hired) and 9 (non-owned), with limit no less than **$1,000,000** per accident for bodily injury and property damage.
3. **Workers' Compensation** insurance as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than **$1,000,000** per accident for bodily injury or disease. If PERMITEE will provide leased employees, or, is an employee leasing or temporary staffing firm or a professional employer organization (PEO), coverage shall also include an Alternate Employer Endorsement (providing scope of coverage equivalent to ISO policy form WC 00 03 01 A) naming the LANDOWNER as the Alternate Employer, and the endorsement form shall be modified to provide that County will receive not less than thirty (30) days advance written notice of cancellation of this coverage provision. If applicable to PERMITEE's operations, coverage also shall be arranged to satisfy the requirements of any federal workers or workmen's compensation law or any federal occupational disease law.

If PERMITEE maintains higher limits than the minimums shown above, the LANDOWNER requires and shall be entitled to coverage for the higher limits maintained by PERMITEE.

UNIQUE INSURANCE Coverage
Professional Liability/Errors and Omissions
Insurance appropriate to PERMITEE's profession, if applicable, with limits of not less than $2 million per occurrence or claim and $4 million aggregate. Further, PERMITTEEE understands and agrees it shall maintain such coverage for a period of not less than five (5) years following this Agreement's expiration, termination or cancellation.

Property Coverage
Contractors given exclusive use of LANDOWNER owned or leased property shall carry property

coverage at least as broad as that provided by the ISO special causes of loss (ISO policy form CP 10 30) form. LANDOWNER and its Agents shall be named as Additional Insured and Loss Payee on PERMITEE's insurance as its interests may appear. Automobiles and mobile equipment shall be insured for their actual cash value. Real property and all other personal property shall be insured for their full replacement value.

OTHER INSURANCE Provisions
The insurance policies are to contain, or be endorsed to contain, the following provisions:

Additional Insured Status
LANDOWNER, its officers, officials, employees, and volunteers are to be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of PERMITEE, including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the PERMITEE's insurance (at least as broad as ISO Form CG 20 10 11 85 or if not available, through the addition of both CG 20 10, CG 20 26, CG 20 33, or CG 20 38; and CG 20 37 forms if later revisions used).

Primary Coverage
For any claims related to this contract, PERMITEE’s insurance coverage shall be primary insurance as respects LANDOWNER, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by LANDOWNER, its officers, officials, employees, or volunteers shall be excess of the PERMITEE’s insurance and shall not contribute with it. This requirement shall also apply to any Excess or Umbrella liability policies.

Excess or Umbrella Policy
PERMITEE may use Umbrella or Excess Policies to provide the liability limits as required in this agreement. This form of insurance will be acceptable provided that all of the Primary and Umbrella or Excess Policies shall provide all of the insurance coverages herein required, including, but not limited to, primary and non-contributory, additional insured, Self-Insured Retentions (SIRs), indemnity, and defense requirements. The Umbrella or Excess policies shall be provided on a true “following form” or broader coverage basis, with coverage at least as broad as provided on the underlying Commercial General Liability insurance. No insurance policies maintained by the Additional Insureds, whether primary or excess, and which also apply to a loss covered hereunder, shall be called upon to contribute to a loss until PERMITEE’s primary and excess liability policies are exhausted.

Notice of Cancellation
Each insurance policy required above shall provide that coverage shall not be canceled, except with notice to LANDOWNER.

Failure to Maintain Insurance
PERMITEE’s failure to maintain or to provide acceptable evidence that it maintains the required insurance shall constitute a material breach of the AGREEMENT, upon which LANDOWNER may immediately withhold payments due to PERMITEE, and/or suspend or terminate he AGREEMENT. LANDOWNER, at its sole discretion, may obtain damages from PERMITEE resulting from said breach.

Waiver of Subrogation
PERMITEE hereby grants to LANDOWNER a waiver of any right to subrogation which any insurer of said PERMITEE may acquire against LANDOWNER by virtue of the payment of any loss under such insurance. PERMITEE agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not LANDOWNER has received a waiver of subrogation endorsement from the insurer.

Deductibles and Self-Insured Retentions
Any deductibles or self-insured retentions must be declared to and approved by LANDOWNER. LANDOWNER may require PERMITEE to provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention. Any and all deductibles and SIRs shall be the sole responsibility of PERMITEE or subcontractor who procured such insurance and shall not apply to the Indemnified Additional Insured parties. LANDOWNER may deduct from any amounts otherwise due PERMITEE to fund the SIR/deductible. The policy must also provide that Defense costs, including the Allocated Loss Adjustment expenses, will satisfy the SIR or deductible.

Acceptability of Insurers
Insurance is to be placed with insurers authorized to conduct business in the state with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to LANDOWNER.

Claims Made Policies
If any of the required policies provide coverage on a claims-made basis:

1. The Retroactive Date must be shown and must be before the date of the contract or the beginning of contract work.
2. Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of the contract of work.
3. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a Retroactive Date prior to the contract effective date, PERMITEE must purchase "extended reporting" coverage for a minimum of five (5) years after completion of contract work.

Verification of Coverage
PERMITEE shall furnish LANDOWNER with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause and a copy of the Declaration and Endorsements pages of the CGL and any Excess policies listing all policy endorsements. All certificates and endorsements are to be received and approved by LANDOWNER before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the PERMITEE's obligation to provide them. LANDOWNER reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications at least annually on or before the anniversary of this Agreement and at any time. Certificates and copies of any required endorsements shall be sent to the address for Notice in the AGREEMENT.

Subcontractors
PERMITEE shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein.

Special Risks or Circumstances
LANDOWNER reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

AGENDA ITEM: 10

CAYUCOS SANITARY DISTRICT
STAFF REPORT

TO:	**BOARD OF DIRECTORS**
FROM:	**TIM CARMEL, DISTRICT COUNSEL**
DATE:	**AUGUST 20, 2026**
SUBJECT:	**DISCUSSION AND CONSIDERATION TO APPROVE AN AMENDMENT TO THE DISTRICT MANAGER'S EMPLOYMENT AGREEMENT APPROVING A COST OF LIVING SALARY ADJUSTMENT**

DISCUSSION

On November 20, 2025, the District entered into an Employment Agreement with David Athey for the District Manager position. The Agreement provides that subsequent increases in the rate of pay may be considered annually by the Board of Directors at the time of the District Manager's performance evaluation. The proposed amendment would approve a two and one-half percent (2.5%) cost of living adjustment to the District Manager's annual base salary, increasing the annual base salary from $192,000 to $196,800, effective July 1, 2026.

The proposed action does not otherwise modify the District Manager's Employment Agreement. All terms and conditions of the Agreement not expressly modified by the amendment will remain in full force and effect.

Fiscal Impact: The proposed 2.5% adjustment increases the District Manager's annual base salary by $4,800, from $192,000 to $196,800, plus any associated payroll taxes, retirement contributions, and benefit-related costs.

OPTIONS

1. Approve a 2.5% COLA for the District Manager effective July 1, 2026
2. Approve a different COLA amount and/or effective date
3. Deny the COLA
4. Remand this item back to staff for further consideration

RECOMMENDATION

Staff recommends that the Board of Directors consider the proposed amendment to the District Manager Employment Agreement.

ATTACHMENTS

1. Amendment to Employment Contract

AMENDMENT TO EMPLOYMENT AGREEMENT

This Amendment to Employment Agreement ("Amendment") is made and entered into this 20th day of August, 2026, by and between **DAVID ATHEY** ("Employee") and the **CAYUCOS SANITARY DISTRICT**, a political subdivision of the State of California ("District").

WHEREAS, the parties entered into an Employment Agreement dated November 20, 2025 (the "Agreement"); and

WHEREAS, the Agreement provides that subsequent increases in the rate of pay may be considered annually by the Board of Directors at the time of Employee's performance evaluation; and

WHEREAS, the parties now mutually desire and agree to amend the Agreement to provide Employee a two and one-half percent (2.5%) cost of living adjustment to Employee's annual base salary.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties mutually agree as follows:

1. Section 5 of the Agreement, Salary, is hereby amended in its entirety to read as follows:

   5. Salary. Commencing July 1, 2026, Employer agrees to pay Employee an annual base salary of One Hundred Ninety-Six Thousand Eight Hundred Dollars ($196,800) for his services. Subsequent increases in the rate of pay may be considered annually by the Board of Directors at the time of Employee's performance evaluation.

2. Except as modified herein, all terms and conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Amendment on the day and year first set forth above.

EMPLOYEE:	**CAYUCOS SANITARY DISTRICT:**
______________________________	By: ___________________________
David Athey	Robert Enns, President Board of Directors
APPROVED AS TO FORM:	**ATTEST:**
______________________________	______________________________
Timothy J. Carmel, District Counsel	Board Secretary

AGENDA ITEM:
11

CAYUCOS SANITARY DISTRICT
STAFF REPORT

TO: BOARD OF DIRECTORS

FROM: DAVID ATHEY, DISTRICT MANAGER

DATE: AUGUST 20, 2026

SUBJECT: DISCUSSION AND CONSIDERATION TO ADJUST THE SALARY RANGE FOR THE ADMINISTRATIVE ACCOUNTING MANAGER POSITION

DISCUSSION

A salary adjustment for the Administrative Accounting Manager (AAM) position was proposed at the May 21st Board meeting. The District Manager requested that this item be pulled from the agenda so additional analysis could be completed. A regional peer agency salary and job description comparison was conducted to determine the salary competitiveness of the AAM position. Six local comparator agency positions were identified that have similar duties and responsibilities. The comparator agency positions and top salary for each of the positions is shown below in Table 1.

The comparison indicates that the AAM wages are the second lowest of our comparator agencies. The two agencies that currently have similar compensation are Avila CSD and South San Luis Obispo CSD. However, staff's review indicates that the AAM has more job responsibilities than the Avila and South San Luis CSD positions. The comparator positions at the remaining four agencies, Heritage Ranch CSD, Oceano CSD, Morro Bay Public Works, and Cambria CSD all have similar duties, experience, and educational requirements as the AAM.

Table 1

Agency	Position Title	Top Step Monthly Salary
Avila CSD	Office Manager	$ 7,974
Cayucos CSD	**Administrative Accounting Manager**	**$ 8,094**
SSLOCSD	Business and Accounting Analyst	$ 8,221
Heritage Ranch CSD	Administrative Manager	$ 10,414
Cayucos CSD	**Administrative Services Manager/ Board Secretary**	**$ 10,696**
Median Top Step		**$ 10,760**
Oceano CSD	Business and Accounting Manager III	$ 10,789
Morro Bay	Accounting Manager	$ 10,803
Cambria CSD	Conf Administrative Assistant	$ 11,596

Several things became clear during the review of the AAM position. One, District staff wear many hats. The AAM performs a range of tasks including budget support, human resources, banking, accounting, investment tracking, payroll processing, purchasing, contract preparation and tracking, and assuming key Administrative Services Manager/Board Clerk duties when needed. The AAM duties also include interaction with staff with such tasks as benefits, leave requests, and CalPERS health and retirement benefits.

The comparison analysis indicates that the AAM salary is below the median top step compared with our local peer agencies and a salary adjustment appears to be justified. The proposed AAM wage adjustment is shown in Attachment 1. The proposed adjustment will bring the AAM position salary in line with the median top step of the comparator agencies and will match the Administrative Services Manager/Board Secretary position. This salary adjustment will ensure that the District maintains competitive wages and does not lose personnel to our comparator agencies.

Fiscal Impact: The proposed wage table adjustment will increase District labor costs by approximately $40,003.62, which includes associated payroll taxes, retirement contributions, and benefit-related costs.

OPTIONS

1. Approve the wage adjustment for the AAM position effective July 1, 2026
2. Send this item back to staff for further consideration
3. Propose an alternative salary adjustment for the AAM position

RECOMMENDATION

Staff recommends that the Board of Directors approve the wage adjustment for the Administrative Accounting Manager position effective July 1, 2026.

ATTACHMENTS

1. Proposed adjustment to AAM position

2

CAYUCOS SANITARY DISTRICT

Proposed Salary Schedule Adjustment for FY 26/27

POSITION		MIN STEP A	STEP B 5%	STEP C 5%	STEP D 5%	STEP E 5%	MAX STEP F 5%
ADMINISTRATIVE ACCOUNTING MANAGER	Hourly	**$ 52.08**	**$ 54.68**	**$ 57.41**	**$ 60.28**	**$ 63.29**	**$ 66.45**
Wage Adjustment	Bi-Wkly	**$ 4,166.40**	**$ 4,374.40**	**$ 4,592.80**	**$ 4,822.40**	**$ 5,063.20**	**$ 5,316.00**
	Annual	**$ 108,326.40**	**$ 113,734.40**	**$ 119,412.80**	**$ 125,382.40**	**$ 131,643.20**	**$ 138,216.00**
ADMINISTRATIVE ACCOUNTING MANAGER	Hourly	**$ 39.03**	**$ 40.98**	**$ 43.03**	**$ 45.18**	**$ 47.44**	**$ 49.81**
Original	Bi-Wkly	**$ 3,122.40**	**$ 3,278.40**	**$ 3,442.40**	**$ 3,614.40**	**$ 3,795.20**	**$ 3,984.80**
	Annual	**$ 81,182.40**	**$ 85,238.40**	**$ 89,502.40**	**$ 93,974.40**	**$ 98,675.20**	**$ 103,604.80**

CAYUCOS SANITARY DISTRICT
STAFF REPORT

AGENDA ITEM: 12

TO:	**BOARD OF DIRECTORS**
FROM:	**DAVID ATHEY, DISTRICT MANAGER**
DATE:	**AUGUST 20, 2026**
SUBJECT:	**DISCUSSION AND CONSIDERATION TO ADOPT RESOLUTION 2026-10 AMENDING CAYUCOS SANITARY DISTRICT'S SALARY SCHEDULE**

DISCUSSION

CalPERS requires that compensation for its members be established pursuant to a publicly available pay schedule; and publicly available pay schedules are required to comply with California Code of Regulations, Title 2, Section 570.5.

If amendments to the District Manager's contractual compensation and/or the salary range for the Administrative Accounting Manager position are approved as contemplated, the District must also adopt an updated publicly available salary schedule reflecting the revised compensation amounts. CalPERS requires compensation earnable to be paid pursuant to duly approved and publicly available pay schedules. The attached resolution approves an updated salary schedule and directs that it be retained in the District's official records, made available for public review at the District office, and posted on the District's website.

OPTIONS

1. Adopt Resolution 2026-10 amending the District's Salary Schedule
2. Do not adopt Resolution 2026-10
3. Send this item back to staff for additional analysis

RECOMMENDATION

Adopt Resolution 2026-10 amending the Cayucos Sanitary District Salary Schedule to reflect the increase in the Administrative Accounting Manager position's pay range and the amendment to the District Manager's Employment Agreement.

ATTACHMENTS

1. Resolution 2026-10

RESOLUTION NO. 2026-10

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CAYUCOS SANITARY DISTRICT AMENDING THE DISTRICT'S SALARY SCHEDULE

WHEREAS, CalPERS requires that compensation be established pursuant to a publicly available pay schedule; and

WHEREAS, publicly available pay schedules are required to comply with California Code of Regulations, title 2, section 570.5; and

WHEREAS, the Board of Directors has reviewed the proposed updated District salary schedule attached hereto as Exhibit A and incorporated herein by reference.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Cayucos Sanitary District as follows:

1. The foregoing recitals are true and correct and are incorporated herein by this reference.
2. The updated salary schedule attached hereto as Exhibit A and incorporated herein by reference is hereby approved.
3. This Resolution and the salary schedule contained in Exhibit A shall constitute a publicly available pay schedule as required by Government Code section 20480 and California Code of Regulations, title 2, section 570.5. The District shall make the salary schedule immediately accessible and available for public review at the District's office during normal business hours and shall post it on the District's website.
4. The District shall permanently retain this Resolution and the salary schedule contained herein in its official records.
5. The District Manager, or designee, is authorized and directed to take all actions necessary to implement this Resolution, including updating District payroll and personnel records consistent with the approved salary schedule.
6. If any provision of this Resolution is held invalid, such invalidity shall not affect the other provisions of this Resolution.
7. This Resolution shall take effect immediately upon adoption.

PASSED AND ADOPTED by the Board of Directors of the Cayucos Sanitary District this ____ day of ____________, 2026, by the following roll call vote:

AYES:
NAYS:
ABSENT:
ABSTAIN:

Robert B. Enns
President

ATTEST:

Amy Lessi
Administrative Services Manager/Board Secretary

APPROVED AS TO FORM:

Timothy J. Carmel
District Counsel

Exhibit A

2

CAYUCOS SANITARY DISTRICT

Salary Schedule for FY 26/27

Approved June 18, 2026

Amended August xx, 20xx

POSITION		MIN STEP A	STEP B 5%	STEP C 5%	STEP D 5%	STEP E 5%	MAX STEP F 5%
DISTRICT MANAGER	Hourly						**$ 94.62**
Full-time Exempt; Contract	Bi-Wkly	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**$ 7,569.23**
	Annual						**$ 196,800.00**
ADMINISTRATIVE ACCOUNTING MANAGER	Hourly	**$ 52.08**	**$ 54.68**	**$ 57.41**	**$ 60.28**	**$ 63.29**	**$ 66.45**
	Bi-Wkly	**$ 4,166.40**	**$ 4,374.40**	**$ 4,592.80**	**$ 4,822.40**	**$ 5,063.20**	**$ 5,316.00**
	Annual	**$ 108,326.40**	**$ 113,734.40**	**$ 119,412.80**	**$ 125,382.40**	**$ 131,643.20**	**$ 138,216.00**
ADMINISTRATIVE SERVICES MANAGER/ BOARD SECRETARY	Hourly	**$ 52.08**	**$ 54.68**	**$ 57.41**	**$ 60.28**	**$ 63.29**	**$ 66.45**
	Bi-Wkly	**$ 4,166.40**	**$ 4,374.40**	**$ 4,592.80**	**$ 4,822.40**	**$ 5,063.20**	**$ 5,316.00**
	Annual	**$ 108,326.40**	**$ 113,734.40**	**$ 119,412.80**	**$ 125,382.40**	**$ 131,643.20**	**$ 138,216.00**
COLLECTION WORKER TRAINEE	Hourly	**$ 22.61**	**$ 23.74**	**$ 24.93**	**$ 26.18**	**$ 27.49**	**$ 28.86**
	Bi-Wkly	**$ 1,808.80**	**$ 1,899.20**	**$ 1,994.40**	**$ 2,094.40**	**$ 2,199.20**	**$ 2,308.80**
	Annual	**$ 47,028.80**	**$ 49,379.20**	**$ 51,854.40**	**$ 54,454.40**	**$ 57,179.20**	**$ 60,028.80**
COLLECTION WORKER I	Hourly	**$ 27.69**	**$ 29.07**	**$ 30.52**	**$ 32.05**	**$ 33.65**	**$ 35.33**
	Bi-Wkly	**$ 2,215.20**	**$ 2,325.60**	**$ 2,441.60**	**$ 2,564.00**	**$ 2,692.00**	**$ 2,826.40**
	Annual	**$ 57,595.20**	**$ 60,465.60**	**$ 63,481.60**	**$ 66,664.00**	**$ 69,992.00**	**$ 73,486.40**
COLLECTION WORKER II	Hourly	**$ 29.06**	**$ 30.51**	**$ 32.04**	**$ 33.64**	**$ 35.32**	**$ 37.09**
Vacant	Bi-Wkly	**$ 2,324.80**	**$ 2,440.80**	**$ 2,563.20**	**$ 2,691.20**	**$ 2,825.60**	**$ 2,967.20**
	Annual	**$ 60,444.80**	**$ 63,460.80**	**$ 66,643.20**	**$ 69,971.20**	**$ 73,465.60**	**$ 77,147.20**
COLLECTION WORKER III	Hourly	**$ 33.54**	**$ 35.22**	**$ 36.98**	**$ 38.83**	**$ 40.77**	**$ 42.81**
Vacant	Bi-Wkly	**$ 2,683.20**	**$ 2,817.60**	**$ 2,958.40**	**$ 3,106.40**	**$ 3,261.60**	**$ 3,424.80**
	Annual	**$ 69,763.20**	**$ 73,257.60**	**$ 76,918.40**	**$ 80,766.40**	**$ 84,801.60**	**$ 89,044.80**
LEAD COLLECTION WORKER	Hourly	**$ 43.23**	**$ 45.39**	**$ 47.66**	**$ 50.04**	**$ 52.54**	**$ 55.17**
	Bi-Wkly	**$ 3,458.40**	**$ 3,631.20**	**$ 3,812.80**	**$ 4,003.20**	**$ 4,203.20**	**$ 4,413.60**
	Annual	**$ 89,918.40**	**$ 94,411.20**	**$ 99,132.80**	**$ 104,083.20**	**$ 109,283.20**	**$ 114,753.60**
OPERATOR-IN-TRAINING	Hourly	**$ 27.69**	**$ 29.07**	**$ 30.52**	**$ 32.05**	**$ 33.65**	**$ 35.33**
Vacant	Bi-Wkly	**$ 2,215.20**	**$ 2,325.60**	**$ 2,441.60**	**$ 2,564.00**	**$ 2,692.00**	**$ 2,826.40**
	Annual	**$ 57,595.20**	**$ 60,465.60**	**$ 63,481.60**	**$ 66,664.00**	**$ 69,992.00**	**$ 73,486.40**
TREATMENT PLANT OPERATOR GR I	Hourly	**$ 36.25**	**$ 38.06**	**$ 39.96**	**$ 41.96**	**$ 44.06**	**$ 46.26**
Vacant	Bi-Wkly	**$ 2,900.00**	**$ 3,044.80**	**$ 3,196.80**	**$ 3,356.80**	**$ 3,524.80**	**$ 3,700.80**
	Annual	**$ 75,400.00**	**$ 79,164.80**	**$ 83,116.80**	**$ 87,276.80**	**$ 91,644.80**	**$ 96,220.80**
TREATMENT PLANT OPERATOR GR II	Hourly	**$38.97**	**$40.92**	**$42.97**	**$45.12**	**$47.38**	**$49.75**
	Bi-Wkly	**$3,117.60**	**$3,273.60**	**$3,437.60**	**$3,609.60**	**$3,790.40**	**$3,980.00**
	Annual	**$81,057.60**	**$85,113.60**	**$89,377.60**	**$93,849.60**	**$98,550.40**	**$103,480.00**
TREATMENT PLANT OPERATOR GR III	Hourly	**$44.29**	**$46.50**	**$48.83**	**$51.27**	**$53.83**	**$56.52**
	Bi-Wkly	**$3,543.20**	**$3,720.00**	**$3,906.40**	**$4,101.60**	**$4,306.40**	**$4,521.60**
	Annual	**$92,123.20**	**$96,720.00**	**$101,566.40**	**$106,641.60**	**$111,966.40**	**$117,561.60**
CHIEF PLANT OPERATOR	Hourly	**$55.90**	**$58.70**	**$61.64**	**$64.72**	**$67.96**	**$71.36**
	Bi-Wkly	**$4,472.00**	**$4,696.00**	**$4,931.20**	**$5,177.60**	**$5,436.80**	**$5,708.80**
	Annual	**$116,272.00**	**$122,096.00**	**$128,211.20**	**$134,617.60**	**$141,356.80**	**$148,428.80**

All positions are full-time hourly, unless otherwise noted.

New employees will generally be hired at Step A unless it can be demonstrated that, based on the inordinate qualifications of the prospective employee, advanced salary placement is warranted. In no event can the District Manager hire in beyond the mid-point of the range without the express approval of the District Board.

Upon successful completion of the introductory period, an employee will be moved to subsequent steps within their salary range based upon "merit" tied to performance evaluation.

Annually the Board will consider a Cost of Living Adjustment (COLA). If the COLA is approved, the step and range plan will be automatically adjusted accordingly. Therefore, an employee may receive both a step adjustment based upon "merit" and a COLA in any given year until the employee reaches Step F. Upon reaching Step F, the only salary adjustment will be the Board-approved COLA until the employee is eligible for longevity pay increases.

Longevity Pay will be awarded in 2.5% increments when the employee has completed 10 years in the same position or 15 years of overall employment; increasing 2.5% every 5 years thereafter. See Employee Handbook for additional details.

Standby Pay as of 7/1/2026: $60 each weekday; $80 each weekend and holiday.

CAYUCOS SANITARY DISTRICT
STAFF REPORT

AGENDA ITEM:
13

TO:	**BOARD OF DIRECTORS**
FROM:	**DAVID ATHEY, DISTRICT MANAGER**
DATE:	**AUGUST 20, 2026**
SUBJECT:	**DISCUSSION AND DIRECTION REGARDING OUTREACH FOR UNCONTESTED/VACANT BOARD SEATS SUBJECT TO COUNTY APPOINTMENT**

DISCUSSION

At the close of the November 4, 2026 general election filing period, no qualified candidate filings were received for Divisions 2 and 3 of the Cayucos Sanitary District (CSD) voting districts. This automatically resulted in an extension of the original nomination period deadline of August 7th. The extended filing period closed August 12th at 5 pm, and no additional candidate filings were received by the County Clerk Recorder's office.

Pursuant to Elections Code §10515, the vacant seats representing Divisions 2 and 3 must be filled by appointment by the San Luis Obispo County Board of Supervisors (BOS) before November 30, 2026. The appointment will be effective November 3, 2026, and the candidates will serve the remaining terms of the divisions.

The BOS may consider recommendations for candidates made by the CSD Board of Directors (BOD). If the CSD BOD desires to make recommendations to the BOS, the CSD BOD may provide direction to staff regarding the scope and manner of outreach and coordination desired with County officials. Such direction may include whether staff should post the vacancies, establish an application process and timeline, collect expressions of interest from eligible residents, and return with qualified applicants for the Board's consideration at the September CSD BOD meeting and prior to forwarding any recommendations to the County.

OPTIONS

1. Provide direction to staff related to outreach and the application and interview process for qualified applicants for the CSD BOD's consideration and possible recommendation to the San Luis Obispo County Board of Supervisors
2. Provide direction to staff related to coordination with the San Luis Obispo County Board of Supervisors regarding the appointment process without making recommendations on behalf of the District.
3. Provide alternative direction as determined appropriate by the Board.

RECOMMENDATION

Provide direction to staff regarding outreach, the application and interview process, and recommendations to the BOS.

ATTACHMENTS

None