



**Notice of Regular Meeting**  
**Oceano Community Services District - Board of Directors Agenda**  
**WEDNESDAY, JANUARY 25, 2023 – 6:00 P.M.**  
**Oceano Community Services District Board Room**  
**1655 Front Street Oceano, CA**

All items on the agenda including information items, may be deliberated. Any member of the public with an interest in one of these items should review the background material and request information on the possible action that could be taken.

All persons desiring to speak during any Public Comment period are asked to fill out a "Board Appearance Form" to submit to the Board Secretary prior to the start of the meeting. Each individual speaker is limited to a presentation time of THREE (3) minutes per item. Persons wishing to speak on more than one item shall limit their remarks to a total of SIX (6) minutes. This time may be allowed between items in one-minute increments up to three minutes. Time limits may not be yielded to or shared with other speakers.

1. CALL TO ORDER
2. ROLL CALL
3. FLAG SALUTE
4. AGENDA REVIEW
5. PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA

*This public comment period provides an opportunity for members of the public to address the Board on matters of interest within the jurisdiction of the District that are not listed on the agenda. If a member of the public wishes to speak at this time, Public comment is limited to three (3) minutes.*

6. SPECIAL PRESENTATIONS & REPORTS:

A. STAFF REPORTS:

- i. Sheriff's South Station - Commander Keith Scott
- ii. FCFA Operations - Chief Steve Lieberman
- iii. Operations – Utility System Manager Tony Marraccino
- iv. OCSD General Manager – Will Clemens

B. BOARD OF DIRECTORS AND OUTSIDE COMMITTEE REPORTS:

- i. President Austin
- ii. Vice President Villa
- iii. Director Gibson
- iv. Director Joyce-Suneson
- v. Director Varni

C. PUBLIC COMMENT ON SPECIAL PRESENTATIONS AND REPORTS:

*This public comment period provides an opportunity for members of the public to address the Board on matters discussed during Special Presentations and Reports. If a member of the public wishes to speak at this time, Public comment is limited to three (3) minutes.*

7. CONSENT AGENDA ITEMS:

**Public comment** Members of the public wishing to speak on consent agenda items may do so when recognized by the Presiding Officer. If a member of the public wishes to speak at this time, Public comment is limited to three (3) minutes.

- A. Review and Approval of Minutes for the Regular Meeting of January 11, 2023
- B. Review of Cash Disbursements

**8. BUSINESS ITEMS:**

**Public comment** Members of the public wishing to speak on business items may do so when recognized by the Presiding Officer. If a member of the public wishes to speak at this time, Public comment is limited to three (3) minutes.

- A. Annual review of the District's Investment Policy and Consideration of a Recommendation to approve a resolution adopting the District's 2023 Investment Policy and submittal of the District 2022 Annual Treasurer Report and the District Fiscal Year 2022-23 Quarter 2 Treasurer Report
- B. Agreement for Investment Advisory Services with Optum Investment Partners
- C. Discussion of Parks and Recreation services and provide Board direction as deemed appropriate
- D. Consideration of 2023 District Priorities and Goals with Board of Direction as deemed appropriate
- E. Reconsideration of Election of District Officers for 2023

**9. HEARING ITEMS:**

**Public comment** Members of the public wishing to speak on hearing items may do so when recognized by the Presiding Officer. If a member of the public wishes to speak at this time, Public comment is limited to three (3) minutes.

**10. RECEIVED WRITTEN COMMUNICATIONS:**

**11. LATE RECEIVED WRITTEN COMMUNICATIONS:**

**12. FUTURE AGENDA ITEMS** (Approved by Board Majority):

**13. FUTURE HEARING ITEMS:**

**14. CLOSED SESSION:**

**15. ADJOURNMENT:**

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This agenda was prepared and posted pursuant to Government Code Section 54954.2. Agenda is posted at the Oceano Community Services District, 1655 Front Street, Oceano, CA. Agenda and reports can be accessed and downloaded from the Oceano Community Services District website at [www.oceanocsd.org](http://www.oceanocsd.org)

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**ASSISTANCE FOR THE DISABLED** If you are disabled in any way and need accommodation to participate in the Board meeting, please call the Clerk of the Board at (805) 481-6730 for assistance at least three (3) working days prior to the meeting so necessary arrangements can be made.



**Oceano Community Services District**  
Summary Minutes  
Regular Meeting Wednesday, January 11, 2023 – 6:00 P.M.  
Location: OCSD BOARD ROOM

1. **CALL TO ORDER:** the Regular Meeting of January 11, 2023, called at approximately 6:00 p.m. by President Austin
2. **ROLL CALL:**  
Board members present: President Austin, Vice President Villa, Director Gibson, Director Joyce-Suneson, and Director Varni  
Board members absent: None  
Staff present: Will Clemens, General Manager, Carey Casciola, Business & Accounting Manager and Jeff Minnery, Legal Counsel
3. **FLAG SALUTE:** Led by President Austin
4. **AGENDA REVIEW:** Director Gibson made a motion to approve the agenda with a second from Vice President Villa and a 5-0 vote.
5. **PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA:**

Lucia Casalnuovo	Provided feedback on Board decorum during meetings. In opposition of rotating Board Officer positions.
Bonnie Ernst	In opposition of rotating Board Officer positions.

6. **SPECIAL PRESENTATIONS & REPORTS**

**A. STAFF REPORTS:**

- i. **Sheriff's South Station** – Commander Keith Scott – Absent
- ii. **Five Cities Fire Authority** – Steve Lieberman, Fire Chief  
High volume of flooding calls in conjunction with medical calls past few weeks. Luckily there were no electrical calls. A Community Meeting is scheduled for tomorrow, 1/12/2023 at 6:30pm to address concerns with the levee. Unaudited results for 2022 – 4,446 Calls for Service (for all 3 communities) and is up approximately 7%.
- iii. **Operations** - Utility Systems Manager - Tony Marraccino  
Lopez is at 43.7% full which is 21,593 AF. / State Water 35 AF and Pumped 9 AF  
0 SSOs (Dec) / 10 Work orders / 16 USAs / 15 Customer Service Calls / 7 After Hours Calls  
Weekly & Monthly sampling / 1<sup>st</sup> of the month equipment runs / Weed abatement  
Door hangers delivered / Lock Offs  
Paving completed / Asphalt recycled  
New Service Line on Paso Robles St. completed  
FOG (Fats Oils Grease) program completed for 2022  
Assisted LMUSD (Oceano Community Center) with a drain issue to avoid a backup.  
Assisted 2300 Cienaga MHP with their pump – it broke during the storm  
A vacuum hose was replaced on the jetter  
Lateral Hot Spots cleaned / Lift Station Cleaned prior to storm  
New light pole installed on Hwy 1 and will be wired after the rain and all other bulbs replaced.
- iv. **OCSD General Manager** – Will Clemens  
OCSD operations ran smoothly during the storm (water/sewer) which allowed Utility staff to assist residents and other agencies. Our sandbag inventory is running very low with more on order. Sand is available on 13<sup>th</sup> and Warner (behind Sheriff station). A road at Lopez Lake to a recreational area was washed out and the sewer line broke leaving an undetermined amount of treated sewage in the lake runoff. County Public Health is aware and working with Lopez. A Community Meeting will be held tomorrow for areas affected by the evacuation warning zone. The SLO County OES (Office of Emergency Services) is hosting the meeting.

**B. BOARD OF DIRECTORS AND OUTSIDE COMMITTEE REPORTS:**

- i. **President Austin** - None
- ii. **Vice President Villa** - None
- iii. **Director Gibson** – None
- iv. **Director Joyce-Suneson** – None
- v. **Director Varni** - None

**C. PUBLIC COMMENT ON SPECIAL PRESENTATIONS AND REPORTS:** None

7. CONSENT AGENDA:	ACTION:
<ul style="list-style-type: none"> <li>a) Review and Approval of Minutes for the Regular Meeting of December 14, 2022</li> <li>b) Review of Cash Disbursements</li> <li>c) Approval of recommendation to adopt a resolution Designating the General Manager as the authorized representative to file an application and execute agreements for the 2022 Proposition 1 Integrated Regional Water Management Implementation Grant Program and find that the Project is exempt from Section 21000 et seq. of the California Public Resources Code (CEQA)</li> <li>d) Consideration of a Resolution Granting Title Transfer of the Drainage Basin on Lot 22, Tract 556 to the County of San Luis Obispo</li> <li>e) Approval of a Maintenance Agreement with the Lucia Mar Unified School District for the Stormwater Capture and Groundwater Recharge Project</li> </ul>	<p>After an opportunity for public comment, Board and staff discussion, Vice President Villa made a motion to approve the consent agenda with a second from Director Gibson and a 5-0 roll call vote.</p> <p>Public Comment: Bonnie Ernst – In opposition of the 12/14/2022 Minutes and the vote regarding the Board Officer positions.</p> <p>April Dury – Requested the 12/14/2022 minutes be pulled for discussion based on the vote pertaining to the Board Officer election.</p>

8A. BUSINESS ITEMS:	ACTION:
2023 Committee Assignments	<p>After an opportunity for public comment, Board and staff discussion, the following motions were made:</p> <ul style="list-style-type: none"> <li>•Director Varni made a motion to be the representative for the Five Cities Fire Authority committee with a second from Vice President Villa and a 3-2 roll call vote. Dissented – Director Gibson and President Austin Public Comment - None</li> <li>•Vice President Villa made a motion to assign Director Gibson as the representative and Director Joyce-Suneson as the alternate representative for the Zone 3 (Lopez Water) committee with a second from President Austin and a 4-1 roll call vote. Dissented - Director Varni Public Comment - None</li> <li>•Director Varni made a motion to be the alternate representative for the State Water Subcontractor committee with a second from Director Villa and a 3-2 roll call vote. Dissented - Director Gibson and President Austin Public Comment - None</li> </ul>

<b>8A. BUSINESS ITEMS CONTINUED:</b>	<b>ACTION:</b>
2023 Committee Assignments	•Vice President Villa made a motion to accept the 2023 Committee Assignments as attached (except for those committee positions stated in the motions above) with a second from Director Varni and a 5-0 roll call vote. Public Comment - None

<b>9A. HEARING ITEMS:</b>	<b>ACTION:</b>
Consideration of a Resolution of Application Approving Initiation of Proceedings for Divestiture of Fire Protection Services.	After an opportunity for public comment, Board and staff discussion, Vice Director Varni made a motion to approve staff recommendations with a second from Director Gibson and a 5-0 roll call vote.  Public Comment: Mike – In opposition of divestiture from FCFA

10. **RECEIVED WRITTEN COMMUNICATIONS:** None  
11. **LATE RECEIVED WRITTEN COMMUNICATIONS:** Provided in the addendum  
12. **FUTURE AGENDA ITEMS** (Approved by Board Majority): Review of Board by-laws; Recreation and parks services in Oceano

Public Comment - April Dury	In opposition of verbiage on the agenda under "Future Agenda Items" on the agenda
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13. **FUTURE HEARING ITEMS:** None  
14. **CLOSED SESSION ITEMS:** None

Public Comment - April Dury	In support of cure and corrects.
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The Board entered into closed session at approximately 7:55pm.  
The Board returned to open session at approximately 9:00pm.

**Reportable Action from Closed Session:**

Jeff Minnery, Legal Counsel, reported that the Board determined by a vote of 3-2 to bring back the item of the election of officers with a discussion of rotation to be conducted along with a review of the bylaws. Director Varni, Vice President Villa and Director Joyce-Sunesson voted in favor  
Dissented - Director Gibson and President Austin

15. **ADJOURNMENT:** Approximately 9:00 p.m.

# 2023 COMMITTEE & SUBJECT MATTER ASSIGNMENTS

COMMITTEE ASSIGNMENTS TO OTHER AGENCY BOARDS AND COMMITTEES				Subject Matter Assignments / Expertise
SSLOCSO	Austin	Villa	1 <sup>st</sup> Wed / 6:00 PM <b>Mar-Jun / City of Arroyo Grande</b> City Council Chamber 215 E. Branch, Arroyo Grande <b>July-Oct / Oceano CSD</b> Board Room 1655 Front St., Oceano <b>Nov-Feb / City of Grover Beach</b> City Council Chamber 154 S. 8 <sup>th</sup> Street, Grover Beach	Wastewater
Five Cities Fire Authority	Varni	Gibson	3 <sup>rd</sup> Fri / 9:00 AM Grover Beach City Council Chamber 154 S. 8 <sup>th</sup> St. Grover Beach, CA 93433	Emergency Services
Water Resource Advisory Comm. (WRAC)	Villa	Joyce-Suneson	1 <sup>st</sup> Wed / 1:30 PM SLO City Council Chamber 990 Palm St. San Luis Obispo, CA 93401	Regional Water Programs
Regional Water Mgt. Group (RWMG – IRWMP)	General Manager	Varni	1 <sup>st</sup> Wed / 10:00 AM SLO County New Government Center, Room 161/162 1055 Monterey Street, San Luis Obispo, CA 93401	Regional Water Programs
Zone 3 (Lopez Water)	Gibson	Joyce-Suneson	3 <sup>rd</sup> Thurs Odd/6:30 PM Varies	Water Supply Contracts
State Water Subcontractors	General Manager	Varni	Varies	Water Supply Contracts
<b>LIAISON AND SUBJECT MATTER ASSIGNMENTS</b>				
Airport Land Use	Varni		3 <sup>rd</sup> Wed / 1:30PM County Government Center Board of Supervisors Chamber 1055 Monterey St Room D170 San Luis Obispo, CA 93401 (Currently Held Virtually)	
CA Special District's Association (Local)	Joyce-Suneson		Varies (Usually Noon Fri) every other month	
Zone 1/1A	Austin		3 <sup>rd</sup> Tues Odd / 3:00PM Sheriff South Patrol Station 1681 Front St. (Highway 1) Oceano, CA 93445	
LAFCO	Austin		3 <sup>rd</sup> Thur / 9:00AM County Government Center Board of Supervisors Chamber 1055 Monterey St San Luis Obispo, CA 93401 (Currently Held Virtually)	
RWQCB	Gibson		Odd Months/Varies	
NCMA	General Manager		Subject Matter Assignment	

COMMITTEE ASSIGNMENTS IN GREEN ARE ELIGIBLE FOR OCSO COMPENSATION PER GOV'T CODE 61047



# Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

PHONE(805) 481-6730 FAX (805) 481-6836

**Date:** January 25, 2023

**To:** Board of Directors

**From:** Carey Casciola, Business and Accounting Manager

**Subject:** **Agenda Item #7(B): Recommendation to Review Cash Disbursements**

**Recommendation**

It is recommended that your board review the attached cash disbursements:

**Discussion**

The following is a summary of the attached cash disbursements:

Description	Check Sequence	Amounts
<b>Disbursements:</b>	59988 - 60014	
Regular Payable Register - paid 01/19/2023	59988 - 60007	\$ 58,188.39
Subtotal:		\$ 58,188.39
<b>Reoccurring Payments for Board Review (authorized by Resolution 2020-06):</b>		
Payroll Disbursements - PPE 01/14/2023	N/A	\$ 30,287.40
Mechanics Bank Visa Card Online Payment - paid 01/12/2023	N/A	\$ 148.48
Reoccurring Utility Disbursements - paid 01/19/2023	60008 - 60011	\$ 1,159.30
Reoccurring Health Disbursements - paid 01/19/2023	60012 - 60014	\$ 9,040.44
Subtotal:		\$ 40,635.62
Grand Total:		\$ 98,824.01

**Other Agency Involvement**

N/A

**Other Financial Considerations**

Amounts are within the authorized Fund level budgets.

**Results**

The Board's review of cash disbursements is an integral component of the District's system of internal controls and promotes a well governed community.

COMPANY: 99 - POOLED CASH FUND  
 ACCOUNT: 1-1001-000 POOLED CASH OPERATING  
 TYPE: All  
 STATUS: All  
 FOLIO: All

CHECK DATE: 0/00/0000 THRU 99/99/9999  
 CLEAR DATE: 0/00/0000 THRU 99/99/9999  
 STATEMENT: 0/00/0000 THRU 99/99/9999  
 VOIDED DATE: 0/00/0000 THRU 99/99/9999  
 AMOUNT: 0.00 THRU 999,999,999.99  
 CHECK NUMBER: 059988 THRU 060007

ACCOUNT	--DATE--	--TYPE--	NUMBER	-----DESCRIPTION-----	----AMOUNT----	STATUS	FOLIO	CLEAR DATE	
CHECK:	-----								
1-1001-000	1/19/2023	CHECK	059988	ARAMARK	246.38CR	OUTSTND	A	0/00/0000	UNIFORMS
1-1001-000	1/19/2023	CHECK	059989	BRISCO'S	42.01CR	OUTSTND	A	0/00/0000	SUPPLIES
1-1001-000	1/19/2023	CHECK	059990	BURKE AND PACE OF ARROYO GRAND	40.10CR	OUTSTND	A	0/00/0000	SUPPLIES
1-1001-000	1/19/2023	CHECK	059991	CANNON	14,147.27CR	OUTSTND	A	0/00/0000	CIP-HWY1/ALLEYWAY TO 19TH, CIP-PROP1 SWGP
1-1001-000	1/19/2023	CHECK	059992	FAMCON PIPE & SUPPLY, INC.	1,308.45CR	OUTSTND	A	0/00/0000	SYSTEM PARTS, SANDBAGS
1-1001-000	1/19/2023	CHECK	059993	FIRST FOUNDATION BANK	13,919.58CR	OUTSTND	A	0/00/0000	CALPERS UAL AGREEMENT
1-1001-000	1/19/2023	CHECK	059994	GATOR CRUSHING & RECYCLING	20.00CR	OUTSTND	A	0/00/0000	ASPHALT RECYCLE
1-1001-000	1/19/2023	CHECK	059995	J.B. DEWAR, INC.	337.42CR	OUTSTND	A	0/00/0000	FUEL
1-1001-000	1/19/2023	CHECK	059996	MCLATCHY COMPANY LLC	95.85CR	OUTSTND	A	0/00/0000	PUBLIC HEARING NOTICE
1-1001-000	1/19/2023	CHECK	059997	MINER'S ACE HARDWARE, INC.	599.84CR	OUTSTND	A	0/00/0000	SYSTEM PARTS, FUEL
1-1001-000	1/19/2023	CHECK	059998	PETTY CASH	20.70CR	OUTSTND	A	0/00/0000	U/B ADDR RETN-POSTAGE DUE, MEETING FEE
1-1001-000	1/19/2023	CHECK	059999	R & T EMBROIDERY, INC.	211.30CR	OUTSTND	A	0/00/0000	FIELD HATS
1-1001-000	1/19/2023	CHECK	060000	R&R ROLL-OFF LLC	743.87CR	OUTSTND	A	0/00/0000	BULK TRASH
1-1001-000	1/19/2023	CHECK	060001	RINCON CONSULTANTS, INC.	23,304.62CR	OUTSTND	A	0/00/0000	WATERLINE IMP PROJ USDA NEPA
1-1001-000	1/19/2023	CHECK	060002	ROBERT SHAVER, DBA SHAVER SECU	476.00CR	OUTSTND	A	0/00/0000	YARD GATE
1-1001-000	1/19/2023	CHECK	060003	SLO CO PUBLIC HEALTH DEPT.	485.00CR	OUTSTND	A	0/00/0000	BACKFLOW SERVICES
1-1001-000	1/19/2023	CHECK	060004	SWRCB/ DRINKING WATER OP CERT	50.00CR	OUTSTND	A	0/00/0000	EXAM FEE
1-1001-000	1/19/2023	CHECK	060005	SWRCB/ DRINKING WATER OP CERT	100.00CR	OUTSTND	A	0/00/0000	EXAM FEE
1-1001-000	1/19/2023	CHECK	060006	U.S. POSTAL SERVICE	300.00CR	OUTSTND	A	0/00/0000	STAMPS
1-1001-000	1/19/2023	CHECK	060007	ZENITH INSURANCE COMPANY	1,740.00CR	OUTSTND	A	0/00/0000	WORKERS COMP INSURANCE
TOTALS FOR ACCOUNT 1-1001-0				CHECK TOTAL:	58,188.39CR				
				DEPOSIT TOTAL:	0.00				
				INTEREST TOTAL:	0.00				
				MISCELLANEOUS TOTAL:	0.00				
				SERVICE CHARGE TOTAL:	0.00				
				EFT TOTAL:	0.00				
				BANK-DRAFT TOTAL:	0.00				



COMPANY: 99 - POOLED CASH FUND  
 ACCOUNT: 1-1001-000 POOLED CASH OPERATING  
 TYPE: All  
 STATUS: All  
 FOLIO: All

CHECK DATE: 0/00/0000 THRU 99/99/9999  
 CLEAR DATE: 0/00/0000 THRU 99/99/9999  
 STATEMENT: 0/00/0000 THRU 99/99/9999  
 VOIDED DATE: 0/00/0000 THRU 99/99/9999  
 AMOUNT: 0.00 THRU 999,999,999.99  
 CHECK NUMBER: 059988 THRU 060007

ACCOUNT            --DATE--    --TYPE--    NUMBER    -----DESCRIPTION-----    ----AMOUNT---    STATUS    FOLIO    CLEAR DATE

TOTALS FOR POOLED CASH FUND	CHECK	TOTAL:	58,188.39CR
	DEPOSIT	TOTAL:	0.00
	INTEREST	TOTAL:	0.00
	MISCELLANEOUS	TOTAL:	0.00
	SERVICE CHARGE	TOTAL:	0.00
	EFT	TOTAL:	0.00
	BANK-DRAFT	TOTAL:	0.00

**Payroll Summary Report**  
**Board of Directors - Agenda Date January 25, 2023**

	(*)	
<u>Gross Wages</u>	12/31/2022	1/14/2023
Regular	\$27,064.24	\$26,063.75
Overtime Wages	\$1,034.24	\$847.70
Stand By	\$600.00	\$500.00
	<u>\$28,698.48</u>	<u>\$27,411.45</u>
Cell Phone Allowance	\$75.00	\$0.00
Total Wages	<u>\$28,773.48</u>	<u>\$27,411.45</u>

<u>Disbursements</u>		
Net Wages	\$22,027.37	\$20,847.29
State and Federal Agencies	\$5,430.42	\$5,298.56
CalPERS - Normal	\$4,196.28	\$4,051.43
SEIU - Union Fees	\$90.12	\$90.12
Total Disbursements processed with Payroll	<u>\$31,744.19</u>	<u>\$30,287.40</u>
Health (Disbursed with reoccurring bills)	\$5,162.54	\$5,162.54
Total District Payroll Related Costs	<u>\$36,906.73</u>	<u>\$35,449.94</u>

(\*) Previously reported in prior Board Meeting packet - provided for comparison.

Oceano Community Services District  
Mechanics Bank Visa Card

A/P Visa Card Disbursement

Date	Transaction	Name	Amount	Description	GL Account #
01/03/2023	DEBIT	ZOOM.US 888-799-9666 WWW.ZOOM.	(\$46.74)	OFFICE EXPENSE	01-5-4100-200
12/19/2022	DEBIT	INTUIT *QBooks Online CL.INTUIT.	(\$55.00)	PERMITS, FEES LICENSES	01-5-4100-248
12/05/2022	DEBIT	ZOOM.US 888-799-9666 WWW.ZOOM.	(\$46.74)	OFFICE EXPENSE	01-5-4100-200

Total ACH - 01/12/2023 (\$148.48)

01/25/2023 Board Meeting - Mechanics Visa Card Online Payment - paid 01/12/2023	\$148.48
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1/19/2023 3:23 PM  
 COMPANY: 99 - POOLED CASH FUND  
 ACCOUNT: 1-1001-000 POOLED CASH OPERATING  
 TYPE: All  
 STATUS: All  
 FOLIO: All

CHECK RECONCILIATION REGISTER

PAGE: 1  
 CHECK DATE: 0/00/0000 THRU 99/99/9999  
 CLEAR DATE: 0/00/0000 THRU 99/99/9999  
 STATEMENT: 0/00/0000 THRU 99/99/9999  
 VOIDED DATE: 0/00/0000 THRU 99/99/9999  
 AMOUNT: 0.00 THRU 999,999,999.99  
 CHECK NUMBER: 060008 THRU 060011

ACCOUNT	--DATE--	--TYPE--	NUMBER	-----DESCRIPTION-----	----AMOUNT---	STATUS	FOLIO	CLEAR DATE	
CHECK:									
1-1001-000	1/19/2023	CHECK	060008	CHARTER COMMUNICATIONS	150.00CR	OUTSTND	A	0/00/0000	INTERNET - COMMUNICATIONS
1-1001-000	1/19/2023	CHECK	060009	DIGITAL WEST NETWORKS, INC.	435.56CR	OUTSTND	A	0/00/0000	PHONES
1-1001-000	1/19/2023	CHECK	060010	SO CAL GAS	463.03CR	OUTSTND	A	0/00/0000	UTILITY
1-1001-000	1/19/2023	CHECK	060011	STANLEY CONVERGENT SECURITY SO	110.71CR	OUTSTND	A	0/00/0000	WELLS AND FIRE MONITOR
TOTALS FOR ACCOUNT 1-1001-0				CHECK	TOTAL:	1,159.30CR			
				DEPOSIT	TOTAL:	0.00			
				INTEREST	TOTAL:	0.00			
				MISCELLANEOUS	TOTAL:	0.00			
				SERVICE CHARGE	TOTAL:	0.00			
				EFT	TOTAL:	0.00			
				BANK-DRAFT	TOTAL:	0.00			
TOTALS FOR POOLED CASH FUND				CHECK	TOTAL:	1,159.30CR			
				DEPOSIT	TOTAL:	0.00			
				INTEREST	TOTAL:	0.00			
				MISCELLANEOUS	TOTAL:	0.00			
				SERVICE CHARGE	TOTAL:	0.00			
				EFT	TOTAL:	0.00			
				BANK-DRAFT	TOTAL:	0.00			

COMPANY: 99 - POOLED CASH FUND  
 ACCOUNT: 1-1001-000 POOLED CASH OPERATING  
 TYPE: All  
 STATUS: All  
 FOLIO: All

CHECK DATE: 0/00/0000 THRU 99/99/9999  
 CLEAR DATE: 0/00/0000 THRU 99/99/9999  
 STATEMENT: 0/00/0000 THRU 99/99/9999  
 VOIDED DATE: 0/00/0000 THRU 99/99/9999  
 AMOUNT: 0.00 THRU 999,999,999.99  
 CHECK NUMBER: 060012 THRU 060014

ACCOUNT	--DATE--	--TYPE--	NUMBER	-----DESCRIPTION-----	----AMOUNT---	STATUS	FOLIO	CLEAR DATE	
<b>CHECK:</b>									
1-1001-000	1/19/2023	CHECK	060012	ANTHEM BLUE CROSS	7,757.14CR	OUTSTND	A	0/00/0000	<b>EMPLOYEE INSURANCE</b>
1-1001-000	1/19/2023	CHECK	060013	COLONIAL LIFE AND ACCIDENT	333.94CR	OUTSTND	A	0/00/0000	<b>EMPLOYEE INSURANCE</b>
1-1001-000	1/19/2023	CHECK	060014	PRINCIPAL LIFE INSURANCE COMPA	949.36CR	OUTSTND	A	0/00/0000	<b>EMPLOYEE INSURANCE</b>
TOTALS FOR ACCOUNT 1-1001-0				CHECK	TOTAL:	9,040.44CR			
				DEPOSIT	TOTAL:	0.00			
				INTEREST	TOTAL:	0.00			
				MISCELLANEOUS	TOTAL:	0.00			
				SERVICE CHARGE	TOTAL:	0.00			
				EFT	TOTAL:	0.00			
				BANK-DRAFT	TOTAL:	0.00			
TOTALS FOR POOLED CASH FUND				CHECK	TOTAL:	9,040.44CR			
				DEPOSIT	TOTAL:	0.00			
				INTEREST	TOTAL:	0.00			
				MISCELLANEOUS	TOTAL:	0.00			
				SERVICE CHARGE	TOTAL:	0.00			
				EFT	TOTAL:	0.00			
				BANK-DRAFT	TOTAL:	0.00			



# Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730 FAX (805) 481-6836

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**Date:** January 25, 2023

**To:** Board of Directors

**From:** Carey Casciola, Business and Accounting Manager

**Subject:** **Agenda Item #8A: Annual review of the District's Investment Policy and Consideration of a Recommendation to approve a resolution adopting the District's 2023 Investment Policy and submittal of the District 2022 Annual Treasurer Report and the District Fiscal Year 2022-23 Quarter 2 Treasurer Report**

## Recommendation

It is recommended that your Board:

1. Adopt the attached resolution adopting the District's 2023 Investment Policy.
2. Receive and file the District's 2022 Annual Treasurer Report.
3. Receive and file the District's 2022-23 Quarter 2 Treasurer Report.

## Discussion

California Government Code Section 53646(A)(2) requires local government entities to adopt an annual investment policy. While it is not required by statute, it is in the best interest of the District to discuss the policy with the Board of Directors and have the policy approved and adopted. A public vote signifies that the Board of Directors shares fiduciary responsibility with the District's Finance Officer and increases the authority and legitimacy of the investment policy, providing for transparency and disclosure. We believe that the annual review and adoption is a financially sound organizational practice that should be maintained even if there is no change to the policy. In January 2022 resolution 2022-02 was adopted by the Board establishing the 2022 Investment Policy. Section 7(B) of the 2022 Investment Policy requires an annual report (Attachment B) that includes either the readoption of the District's current annual investment policy or an amendment to the current investment policy. Last year the only amendment recommended to the 2022 Investment Policy was to add Chase bank to the list of depositories for the District in section 6A(2) of the policy.

This year staff is recommending a comprehensive amendment to the investment policy to better align with the California Municipal Treasurer's Association guidance.

Below are highlights of the updated policy:

1. The District's primary objectives, in order of priority, remain as follows:
  - a. Safety of principal,



- b. Liquidity, and
- c. Yield

While there is investment risk associated with any investment activity, there is also opportunity risk related to inactivity. Our goals and objectives will be to actively manage our idle cash to earn a greater yield while keeping safety and liquidity as our first and foremost priority.

2. Restrictive and conservative – To safeguard investment principal and align with the District’s low risk tolerance, the updated policy is restrictive but more flexible than previous versions. We have modified it to include categories of investments from the government code that are on the safest end of the investment spectrum but still allowing for achieving market rates of return – these include debt issued by the U.S. Treasury, U.S. Government Agencies, and debt that is federally insured or sufficiently collateralized.
3. Conformity – This updated policy follows the format and guidelines recommended by the California Municipal Treasurers Association’s (CMTA) Investment Policy Certification Program. In addition, the policy has been developed with the assistance of a Financial Advisor, Optum Investment Partners, which specializes in investment services for local agencies like Oceano Community Services District. We are confident that this policy meets the guidelines and industry best practices for California’s public sector agencies, and therefore, we will be submitting the policy to CMTA for peer review and certification.

Both the 2022 policy and proposed 2023 policy require quarterly reports, the second quarter report for fiscal year 2022-23 has been provided in Attachment C.

### **Other Agency Involvement**

The County of San Luis Obispo collects property tax revenues and is the depository of District funds.

### **Other Financial Considerations**

By adopting an updated investment policy which meets industry best practices while maintaining a conservative list of authorized investments, the District will have the ability to invest in a broader range of safe investments without the requirements of naming individual banks as potential investment partners.

### **Results**

Reviewing the existing investment policy in accordance with the Government Code and considering the attached resolution promotes a well governed community.

Attachments:

- Attachment A - 2023 Investment Policy
- Attachment B - Annual 2022 Final Treasurer Report
- Attachment C – 2022-23 2nd Quarter Treasurer Report

**OCEANO COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 2023-\_\_\_\_\_**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE OCEANO COMMUNITY SERVICES DISTRICT ADOPTING THE YEAR 2023 DISTRICT INVESTMENT POLICY**

**WHEREAS**, the Board of Directors of the Oceano Community Services District ("District") has a fiduciary responsibility to assure that public funds are invested in financial instruments and institutions in accordance with State and Federal law and District guidelines; and,

**WHEREAS**, District funds will be available from time to time that would be beneficial to invest in financial instruments in accordance with the Year 2023 Investment Policy (Exhibit A) and deposited in interest bearing accounts, in banks or financial institutions; and,

**WHEREAS**, the Board of Directors finds that it is impractical to expect that the District will hire and provide continuous training to the District Finance Officer/Treasurer to meet the "Prudent Investor Standard" requirements established in Government Code Section 53600.3, and that the District Board of Directors shall authorize investments in accordance with the provisions of the District's current Investment Policy and the California Government Code.

**NOW, THEREFORE, BE IT RESOLVED**, by the Board of Directors of the Oceano Community Services District that the District Finance Officer/Treasurer is hereby authorized to deposit for safe keeping all money belonging to, or in the custody of, the District pursuant to Exhibit A, the District's Year 2023 Investment Policy; and,

**BE IT FURTHER RESOLVED** that the District hereby adopts a Statement of Investment Policy attached here to as Exhibit A, Year 2023 Investment Policy, which supersedes any previously adopted or utilized policies and that this Policy be effective immediately.

On motion by \_\_\_\_\_, seconded by \_\_\_\_\_ and carried on the following roll call vote, to wit:

**AYES:**  
**NAYES:**  
**ABSENT:**  
**ABSTAIN:**

The foregoing Resolution is hereby passed and adopted this \_\_\_\_ day of January, 2023.

ATTEST:

\_\_\_\_\_  
President, Board of Directors  
of the Oceano Community Services District

\_\_\_\_\_  
Board Secretary of the  
Oceano Community Services District



# OCEANO COMMUNITY SERVICES DISTRICT INVESTMENT POLICY (Last Revised 1/09/22)



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## **1. Policy**

The Oceano Community Services District shall invest public funds in such a manner as to comply with state and local laws; ensure prudent money management; provide for daily cash flow requirements; and meet the objectives of the Policy, in priority order of Safety, Liquidity and Return on investment. In accordance with the Municipal Code of the Oceano Community Services District and under authority granted by the Board of Directors, the District General Manager is responsible for investing the unexpended cash in the District Treasury.

## **2. Scope**

The investment policy applies to all investment activities and financial assets of the Oceano Community Services District as accounted for in the Annual Comprehensive Financial Report (ACFR). This policy is applicable, but not limited to, all funds listed below:

- General Fund
- Capital Funds
- Other Special Revenue Funds, Debt Service Funds, Internal Service Funds
- Any new fund created by the Board of Directors unless specifically exempted.

## **3. Prudence**

The standard of prudence to be used by the designated representative shall be the “prudent investor” standard and shall be applied in the context of managing the overall portfolio. Persons authorized to make investment decisions on behalf of local agencies investing public funds are trustees and therefore fiduciaries subject to the prudent investor standard which states, “When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency”.

The District General Manager and other individuals assigned to manage the investment portfolio, acting within the intent and scope of the investment policy and other written procedures and exercising due diligence, shall be relieved of personal responsibility and liability for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely manner and appropriate action is taken to control adverse developments.

## **4. Objectives**

The District’s primary investment objectives, in order of priority, shall be:

1. Safety: Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation



of capital in the overall portfolio. The District shall seek to preserve principal by mitigating the two types of risk: credit risk and market risk.

- a. Credit risk, defined as the risk of loss due to failure of the issuer of a security, shall be mitigated by investing in issuers that carry the direct or implied backing of the U.S. Government (including, but not limited to, the U.S. Treasury, U.S. Government Agencies, and federally insured banks). The portfolio will be diversified so that the failure of any one issuer does not unduly harm the District's capital base and cash flow.
  - b. Market risk, (aka "interest rate risk") defined as market value fluctuations due to overall changes in the general level of interest rates shall be mitigated by limiting the maximum maturity of any one security to five years, structuring the portfolio based on historic and current cash flow analysis eliminating the need to sell securities prior to maturity and avoiding the purchase of long-term securities for the sole purpose of short-term speculation. Moreover, it is the District's full intent, at the time of purchase, to hold all investments until maturity to ensure the return of all invested principal dollars. Limited exceptions will be granted for security swaps that would improve the portfolio's yield and/or credit quality.
2. Liquidity: The District's investment portfolio will remain sufficiently liquid to enable the Oceano Community Services District to meet all operating requirements which might be reasonably anticipated.
  3. Return on Investments: The District's investment portfolio shall have the objective of attaining a comparative performance measurement or an acceptable rate of return throughout budgetary and economic cycles. These measurements should be commensurate with the District's investment risk constraints identified in this Investment Policy and the cash flow characteristics of the portfolio.

## **5. Delegation of Authority**

The Municipal Code of the Oceano Community Services District and the authority granted by Board of Directors assign the responsibility of investing unexpended cash to the District's General Manager. Daily management responsibility of the investment program may be delegated to the Business and Accounting Manager, who shall establish procedures for the operation consistent with this investment policy.

## **6. Ethics and Conflicts of Interest**

Officers and employees involved in the investment process shall refrain from personal business activity that conflicts with proper execution of the investment program or impairs their ability to make impartial investment decisions. Additionally, the General Manager and the Business and Accounting Manager are required to annually file applicable



financial disclosures as required by the Fair Political Practices Commission (FPPC). Furthermore, Investment officials must refrain from undertaking personal investment transactions with the same individual(s) employed by the financial institution with whom business is conducted on behalf of the District.

## **7. Authorized Dealers and Institutions**

The General Manager will maintain a list of approved financial institutions authorized to provide investment services to the public agency in the State of California. These may include “primary” dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (uniform net capital rule). Best practices include the following: 1) A determination that all approved broker/dealer firms, and individuals covering the public agency, are reputable and trustworthy; 2) the broker/dealer firms should have the ability to meet all their financial obligations in dealing with the Public Agency; 3) the firms, and individuals covering the agency, should be knowledgeable and experienced in Public Agency investing and the investment products involved; 4) no public deposit shall be made except in a qualified public depository as established by the established state laws; 4) all financial institutions and broker/dealers who desire to conduct investment transactions with the public agency may supply the General Manager with audited financial statements, proof of FINRA certification, trading resolution, proof of State of California registration, a completed broker/dealer questionnaire, certification of having read the Public Agency’s investment policy and depository contracts.

The General Manager may conduct an annual review of the financial condition and registrations of qualified dealers & institutions.

## **8. Authorized and Suitable Investments**

Investment of District funds is governed by the California Government Code Sections 53600 et seq. Within the context of the limitations, the following investments are authorized, as further limited herein:

1. United States Treasury Bills, Bonds, and Notes or those for which the full faith and credit of the United States are pledged for payment of principal and interest. There is no percentage limitation of the portfolio that can be invested in this category, although a five-year maturity limitation is applicable.
2. Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.
3. Local Agency Investment Fund (LAIF), which is a State of California managed investment pool, and Los Angeles County Investment pool, may be used up to the maximum permitted by California State Law. A review of the pool/fund is required when part of the list of authorized investments, with the knowledge that the



pool/fund may include some investments allowed by statute but not explicitly identified in this investment policy.

Additionally, shares of beneficial interest issued by a joint powers authority organized pursuant to CA Code (Section 6509.7) that invests in the securities and obligations in compliance with CA Code 53601 (subsection 'a' to 'r', inclusive) are also authorized. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:

- The adviser is registered or exempt from registration with the Securities and Exchange Commission.
  - The adviser has not less than five years of experience investing in the securities and obligations authorized in CA Code (subsection 'a' to 'r', inclusive).
  - The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).
4. Negotiable Certificates of Deposit issued by nationally or state-chartered banks (FDIC insured institutions) or state or federal savings institutions. Purchases of negotiable certificates of deposit may not exceed 30% of total portfolio. Principal and accrued interest on these investments must not exceed the \$250,000 FDIC insurance limit. A maturity limitation of five years is applicable.
  5. Time deposits or placement service deposits, non-negotiable and collateralized in accordance with the California Government Code, may be purchased through banks or savings and loan associations. Since time deposits are not liquid, no more than 50% of the investment portfolio may be invested in this investment type. A maturity limitation of five years is applicable. Effective January 1, 2020, no more than 50 percent of the agency's money may be invested in deposits, including certificates of deposit, through a placement service as authorized under 53601.8 (excludes negotiable certificates of deposit authorized under Section 53601(i)). On January 1, 2026, the maximum percentage of the portfolio reverts back to 30 percent. Investments made pursuant to 53635.8 remain subject to a maximum of 30 percent of the portfolio.
  6. Various daily money market funds administered for or by trustees, paying agents and custodian banks contracted by the Oceano Community Services District may be purchased as allowed under the State of California Government Code. Only funds holding U.S. Treasury or Government agency obligations can be used.



The following summary of maximum percentage limits, by instrument, are established for the District’s investment portfolio:

Authorized Investment Type	Government Code	Maximum Maturity	Minimum Credit Quality	Maximum in Portfolio	Maximum Investment in One Issuer
Treasury Obligations (bills, notes, & bonds)	53601(b)	5 Years	N/A	100%	N/A
US Government Agency and Federal Agency Securities	53601(f)	5 Years	N/A	100%	N/A
Local Agency Investment Fund (LAIF)	16429.1	Upon Demand	N/A	As permitted by LAIF (currently \$65 million per account)	N/A
San Luis Obispo County Investment Pool	53684	Upon Demand	N/A	As permitted by County Treasurer (currently no limit)	N/A
Joint Powers Authority Pool	53601(p)	N/A	See § 8.3 (above)	None	N/A
Negotiable Certificates of Deposit	53601(i)	5 Years	N/A	30%	N/A
Placement Service Deposits – Deposits or	53601.8 and 53635.8	5 Years	N/A	50%	N/A

**9. Review of Investment Portfolio**

The securities held by the Oceano Community Services District must be in compliance with Section 8.0 “Authorized and Suitable Investments” at the time of purchase. The General Manager should review the portfolio (at least annually) to identify those securities that do not comply.

The General Manager should establish procedures to report any major and critical incidences of noncompliance identified through the review of the portfolio.

**10. Investment Pools / Money Market Funds**

A thorough investigation of the investment pool/money market fund is required prior to investing, and on a continual basis. Best efforts will be made to acquire the following information:

1. A description of eligible investment securities, and a written statement of investment policy and objectives.
2. A description of interest calculations and how it is distributed, and how gains and losses are treated.



3. A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
4. A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
5. A schedule for receiving statements and portfolio listings.
6. Are reserves, retained earnings, etc. utilized by the pool/fund?
7. A fee schedule, and when and how is it assessed.
8. Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

### **11. Collateralization**

Collateralization will be required on two types of investments: non-negotiable certificates of deposit and repurchase (and reverse repurchase) agreements. To anticipate market changes and provide a level of security for all funds, the collateralization level will be 110% of market value for non-negotiable certificate of deposit and 102% for reverse repurchase agreements of principal and accrued interest.

Collateral will always be held by an independent third party with whom the entity has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the entity and retained.

The District may waive the collateralization requirements for any portion of the deposit that is covered by Federal Deposit Insurance.

### **12. Safekeeping and Custody**

All security transactions shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third-party custodian designated by the Treasurer and evidenced by safekeeping receipts.

### **13. Diversification**

The District shall diversify the investments within the portfolio to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions, or maturities. To promote diversification, no more than 5% of the portfolio may be invested in the securities of any one issuer, regardless of security type, excluding U.S. Treasuries, federal agencies, and pooled investments such as LAIF, money market funds, or local government investment pools.

### **14. Maximum Maturities**

To the extent possible, the Oceano Community Services District will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the District will not directly invest in securities maturing more than 5 years from the



date of purchase. Any investment longer than 5 years must be done with advance permission from Board of Directors.

### **15. Internal Controls**

The General Manager is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Oceano Community Services District are protected from loss, theft, fraud or misuse.

Separation of functions between the District's General Manager or Business and Accounting Manager is designed to provide an ongoing internal review to prevent the potential for converting assets or concealing transactions.

Investment decisions are made by the General Manager, executed by the General Manager or Assistant General Manager, and confirmed by the Senior Business and Accounting Manager. All wire transfers initiated by the Business and Accounting Manager must be reconfirmed by the appropriate financial institution to the General Manager. Proper documentation obtained from confirmation and cash disbursement wire transfers is required for each investment transaction. Timely bank reconciliation is conducted to ensure proper handling of all transactions.

The investment portfolio and all related transactions are reviewed and balanced to appropriate general ledger accounts by the Senior Business and Accounting Manager on a monthly basis. An independent analysis by an external auditor shall be conducted annually to review and perform procedure testing on the District's cash and investments that have a material impact on the financial statements. The General Manager shall review and assure compliance with investment process and procedures.

### **16. Performance Standards**

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

The District intends to spread its investments relatively evenly between 0 and 5 years and hold those investments to maturity. The District is limiting its authorized investments to the safest end of the investment spectrum—debt issued by the U.S. Treasury, U.S. Government Agencies, and debt that is federally insured (see section 8.0 Authorized and Suitable Investments, above, for a complete list of authorized investments).

Therefore, an appropriate performance benchmark will be a Constant Treasury Maturity Rate consistent with the weighted average maturity of the portfolio. The District recognizes that benchmarks may change over time based on changes in market conditions or cash flow requirements.





## **17. Reporting**

The District General Manager shall review and render quarterly reports to the Board of Directors that include the following information:

- Investment type (e.g. U.S. Treasury Note, U.S. Government Agency Bond)
- Name of the issuer (e.g. Federal Farm Credit Bank, Federal Home Loan Bank)
- Maturity date
- Yield to maturity
- Current market value and source of market value
- Par and dollar amount for each security the District has invested in
- Par and dollar amount on any money held by the District (e.g. LAIF balance, Cash Balance).

The report shall also include a description of any of the District's funds, investments, or programs that are under the management of contracted parties, including lending programs.

The quarterly report shall state compliance of the portfolio to the investment policy, or manner in which the portfolio is not in compliance.

The quarterly report shall include a statement denoting the ability of the District to meet its expenditure requirements for the next six months or provide an explanation as to why sufficient money shall (or may not) be available.

The quarterly reports shall be placed on the Board of Directors meeting agenda for its review and approval no later than 30 days after the quarter ends. If there are no Council meetings within the 30-day period, the quarterly report shall be presented to the Council at the soonest possible meeting thereafter.

## **18. Investment Policy Adoption**

The Oceano Community Services District investment policy shall be adopted by resolution of the Board of Directors. The policy shall be reviewed annually by the Board of Directors and any modifications made thereto must be approved by the Board of Directors.

The General Manager shall establish written investment policy procedures for the operation of the investment program consistent with this policy. The procedures should include reference to: safekeeping, master repurchase agreements, wire transfer agreements, banking service contracts and collateral/depository agreements. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Oceano Community Services District.



## 19. Glossary of Terms in this Policy

**Accrued Interest:** Interest earned but not yet received.

**Annual Comprehensive Financial Report (ACFR):** The official annual financial report for the District. It includes five combined statements and basic financial statements for each individual fund and account group prepared in conformity with Generally Accepted Accounting Principles (GAAP).

**Bond:** A financial obligation for which the issuer promises to pay the bondholder a specified stream of future cash flows, including periodic interest payments and a principal repayment.

**Bond Swap:** Selling one bond issue and buying another at the same time in order to create an advantage for the investor. Some benefits of swapping may include tax-deductible losses, increased yields, and an improved quality portfolio.

**Broker:** In securities, the intermediary between a buyer and a seller of securities. The broker, who usually charges a commission, must be registered with the exchange in which he or she is trading, accounting for the name registered representative.

**Certificate of Deposit:** A deposit insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) at a set rate for a specified period of time.

**Collateral:** Securities, evidence of deposit or pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposit of public moneys.

**Constant Maturity Treasury (CMT):** An average yield of a specific Treasury maturity sector for a specific time frame. This is a market index for reference of past direction of interest rates for the given Treasury maturity range.

**Custody:** A banking service that provides safekeeping for the individual securities in a customer's investment portfolio under a written agreement that also calls for the bank to collect and pay out income, to buy, sell, receive and deliver securities when ordered to do so by the principal.

**Delivery vs. Payment (DVP):** Delivery of securities with a simultaneous exchange of money for the securities.

**Diversification:** Dividing investment funds among a variety of securities offering independent returns and risk profiles.

**Federal Deposit Insurance Corporation (FDIC):** Insurance provided to customers of a subscribing bank that guarantees deposits to a set limit (currently \$250,000) per account.

**Interest Rate:** The annual yield earned on an investment, expressed as a percentage.

**Liquidity:** Refers to the ability to rapidly convert an investment into cash.



**Market Value:** The price at which a security is trading and could presumably be purchased or sold.

**Maturity:** The date upon which the principal or stated value of an investment becomes due and payable.

**Portfolio:** Collection of securities held by an investor.

**Primary Dealer:** A group of government securities dealers that submit daily reports of market activity and security positions held to the Federal Reserve Bank of New York and are subject to its informal oversight.

**Purchase Date:** The date in which a security is purchased for settlement on that or a later date.

**Rate of Return:** The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

**Risk:** Degree of uncertainty of return on an asset. Safekeeping: See Custody.

**Settlement Date:** The date on which a trade is cleared by delivery of securities against funds.

**Time Deposit:** A deposit in an interest-paying account that requires the money to remain on account for a specific length of time. While withdrawals can generally be made from a passbook account at any time, other time deposits, such as certificates of deposit, are penalized for early withdrawal.

**Treasury Obligations:** Debt obligations of the U.S. Government that are sold by the Treasury Department in the forms of bills, notes, and bonds. Bills are short-term obligations that mature in one year or less. Notes are obligations that mature between one year and ten years. Bonds are long-term obligations that generally mature in ten years or more.

**U.S. Government Agencies:** Instruments issued by various US Government Agencies most of which are secured only by the credit worthiness of the particular agency.

**Yield:** The rate of annual income return on an investment, expressed as a percentage. It is obtained by dividing the current dollar income by the current market price of the security.

**Yield to Maturity:** The rate of income return on an investment, minus any premium or plus any discount, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond, expressed as a percentage.

## 20. Glossary of General Investment Terms



**Active Deposits:** Funds that are immediately required for disbursement.

**Amortization:** An accounting practice of gradually decreasing (increasing) an asset's book value by spreading its depreciation (accretion) over a period of time.

**Asked Price:** The price a broker dealer offers to sell securities. **Basis Point:** One basis point is one hundredth of one percent (.01). **Bid Price:** The price a broker / dealer offers to purchase securities.

**Book Entry Securities:** Securities, such stocks held in "street name," that are recorded in a customer's account, but are not accompanied by a certificate. The trend is toward a certificate-free society to cut down on paperwork and to diminish investors' concerns about the certificates themselves. All the large New York District banks, including those that handle the bulk of the transactions of the major government securities dealers, now clear most of their transactions with each other and with the Federal Reserve through the use of automated telecommunications and the "book-entry" custody system maintained by the Federal Reserve Bank of New York. These banks have deposited with the Federal Reserve Bank a major portion of their government and agency securities holdings, including securities held for the accounts of their customers or in a fiduciary capacity for the District. Virtually all transfers for the account of the banks, as well as for the government securities dealers who are their clients, are now effected solely by bookkeeping entries. The system reduces the costs and risks of physical handling and speeds the completion of transactions.

**Book Value:** The value at which a debt security is shown on the holder's balance sheet. Book value is acquisition cost less amortization of premium or accretion of discount.

**Bullet Bond:** See "*Non-callable Bond.*"

**Callable Bond:** A debt obligation where the bond issuer (i.e. borrower) has the option to *call the bond* or pay it off early (before the scheduled maturity date). For instance, a 5-year bond might be "callable quarterly"—meaning that, although the bond has a scheduled end date 5 years from now, it could end in 3 months (and every 3 months after that, until the scheduled maturity date).

**Coupon:** The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value.

**Credit Analysis:** A critical review and appraisal of the economic and financial conditions or of the ability to meet debt obligations.

**Current Yield:** The interest paid on an investment expressed as a percentage of the current price of the security.

**Discount:** The difference between the cost of a security and its value at maturity when quoted at lower than face value.



**Duration:** The weighted average maturity of a bond's cash flow stream, where the present value of the cash flows serve as the weights; the future point in time at which on average, an investor has received exactly half of the original investment, in present value terms; a bond's zero-coupon equivalent; the fulcrum of a bond's present value cash flow time line.

**Fannie Mae:** Trade name for the Federal National Mortgage Association (FNMA), a U.S. sponsored corporation.

**Federal Reserve System:** The central bank of the U.S. that consists of a seven member Board of Governors, 12 regional banks and approximately 8,000 commercial banks that are members.

**Fed Wire:** A wire transmission service established by the Federal Reserve Bank to facilitate the transfer of funds through debits and credits of funds between participants within the Fed system.

**Freddie Mac:** Trade name for the Federal Home Loan Mortgage Corporation (FHLMC), a U.S. sponsored corporation.

**Investment Agreements:** An agreement with a financial institution to borrow public funds subject to certain negotiated terms and conditions concerning collateral, liquidity and interest rates.

**Nationally Recognized Statistical Rating Organizations (NRSRO):** A U.S. Securities & Exchange Commission registered agency that assesses the creditworthiness of an entity or specific security. NRSRO typically refers to Standard and Poor's Ratings Services, Fitch Ratings, Inc. or Moody's Investors Services.

**New Issue:** Term used when a security is originally "brought" to market.

**Non-callable Bond:** Also known as, "Bullet Bond." A non-callable bond is a debt obligation where the bond issuer does not have the option to "call the bond" i.e.-end the bond before the scheduled maturity date.

**Perfect Delivery:** Refers to an investment where the actual security or collateral is held by an independent third party representing the purchasing entity.

**Repurchase Agreement (REPO):** A transaction where the seller (bank) agrees to buy back from the buyer (District) the securities at an agreed upon price after a stated period of time.

**Reverse Repurchase Agreement (REVERSE REPO):** A transaction where the seller (District) agrees to buy back from the buyer (bank) the securities at an agreed upon price after a stated period of time.

**Secondary Market:** A market made for the purchase and sale of outstanding issues following the initial distribution.



**Yield Curve:** The yield on bonds, notes or bills of the same type and credit risk at a specific date for maturities up to thirty years.



Oceano Community Services District  
2022 Annual Treasurer Report

<u>Account</u>	<u>Quarter</u>	<u>Beginning Balance</u>	<u>Credits</u>	<u>Debits</u>	<u>Ending Balance</u>	<u>Total</u>
<b><u>County of San Luis Obispo:</u></b>						
Oceano CSD - 41005 (Property Taxes)	FY 21-22 Q3	\$1,824,298.20	\$176,073.75	(\$779.84)	\$1,999,592.11	
	FY 21-22 Q4	\$1,999,592.11	\$353,487.15	(\$21,015.41)	\$2,332,063.85	
	FY 22-23 Q1	\$2,332,063.85	\$17,965.07	(\$4,962.00)	\$2,345,066.92	
	FY 22-23 Q2	\$2,345,066.92	\$738,893.40	(\$3,618.45)	\$3,080,341.87	
						\$3,080,341.87
<b><u>Mechanics Bank Accounts:</u></b>						
Public Checking - 1101 (General Checking Acct)	FY 21-22 Q3	\$1,758,231.04	\$603,368.97	(\$1,621,197.88)	\$740,402.13	
	FY 21-22 Q4	\$740,402.13	\$1,094,608.10	(\$788,442.39)	\$1,046,567.84	
	FY 22-23 Q1	\$1,046,567.84	\$766,452.86	(\$1,601,462.23)	\$211,558.47	
	FY 22-23 Q2	\$211,558.47	\$1,261,689.30	(\$1,014,236.07)	\$459,011.70	
						\$459,011.70
<b><u>Public Fund CD - 7655 (Water Fund Deposit)</u></b>						
	FY 21-22 Q3	\$24,571.94	\$36.37	\$0.00	\$24,608.31	
	FY 21-22 Q4	\$24,608.31	\$7.45	\$0.00	\$24,615.76	
	FY 22-23 Q1	\$24,615.76	\$7.45	\$0.00	\$24,623.21	
	FY 22-23 Q2	\$24,623.21	\$7.37	\$0.00	\$24,630.58	
						\$24,630.58
<b><u>Public Investment Money Market - 0161 (Public Facilities Fees)</u></b>						
	FY 21-22 Q3	\$200,828.07	\$19.80	\$0.00	\$200,847.87	
	FY 21-22 Q4	\$200,847.87	\$20.02	\$0.00	\$200,867.89	
	FY 22-23 Q1	\$200,867.89	\$20.24	\$0.00	\$200,888.13	
	FY 22-23 Q2	\$200,888.13	\$7,926.07	(\$208,814.20)	\$0.00	
						\$0.00
<b><u>Five Star Bank Accounts:</u></b>						
Public Money Market (Public Facilities Fees)	FY 22-23 Q2	\$0.00	\$208,814.20	\$0.00	\$208,814.20	
						\$208,814.20
<b><u>Total</u></b>						
						\$483,642.28
						\$208,814.20
						\$3,772,798.35

# Oceano Community Services District 2022-23 Treasurer Report - Quarter 2

<u>Account</u>	<u>Month</u>	<u>Beginning Balance</u>	<u>Credits</u>	<u>Debits</u>	<u>Ending Balance</u>	<u>Quarter Ending Balance</u>
<b><u>County of San Luis Obispo Accounts:</u></b>						
Oceano CSD - 41005 (Property Taxes)	Oct-22	\$2,345,066.92	\$97,627.70	(\$424.08)	\$2,442,270.54	
	Nov-22	\$2,442,270.54	\$262,077.95	(\$2,895.30)	\$2,701,453.19	
	Dec-22	\$2,701,453.19	\$379,187.75	(\$299.07)	\$3,080,341.87	\$3,080,341.87
<b><u>Mechanics Bank Accounts:</u></b>					<b>County Total</b>	<b>\$3,080,341.87</b>
Public Checking - 1101 (General Checking Acct)	Oct-22	\$211,558.47	\$555,271.19	(\$356,233.93)	\$410,595.73	
	Nov-22	\$410,595.73	\$140,625.70	(\$154,662.81)	\$396,558.62	
	Dec-22	\$396,558.62	\$565,792.41	(\$503,339.33)	\$459,011.70	\$459,011.70
Public Fund CD - 7655 (Water Fund Deposit)	Oct-22	\$24,623.21	\$2.43	\$0.00	\$24,625.64	
	Nov-22	\$24,625.64	\$2.51	\$0.00	\$24,628.15	
	Dec-22	\$24,628.15	\$2.43	\$0.00	\$24,630.58	\$24,630.58
Public Investment Money Market - 0161 (Public Facilities Fees)	Oct-22	\$200,888.13	\$7,916.46	\$0.00	\$208,804.59	
	Nov-22	\$208,804.59	\$6.86	\$0.00	\$208,811.45	
	Dec-22	\$208,811.45	\$2.75	(\$208,814.20)	\$0.00	\$0.00
<b><u>Five Star Bank Accounts:</u></b>					<b>Mechanics Total</b>	<b>\$483,642.28</b>
Public Money Market (Public Facilities Fees)	Oct-22	\$0.00	\$0.00	\$0.00	\$0.00	
	Nov-22	\$0.00	\$0.00	\$0.00	\$0.00	
	Dec-22	\$0.00	\$208,814.20	\$0.00	\$208,814.20	\$208,814.20
<b>Five Star Total</b>					<b>\$208,814.20</b>	<b>\$208,814.20</b>
<b>Total</b>					<b>\$3,772,798.35</b>	<b>\$3,772,798.35</b>





# Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730 FAX (805) 481-6836

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**Date:** January 25, 2023

**To:** Board of Directors

**From:** Carey Casciola, Business and Accounting Manager

**Subject:** **Agenda Item #8B: Agreement for Investment Advisory Services with Optum Investment Partners**

## Recommendation

It is recommended that your Board:

1. Authorize the General Manager to execute the agreement with Optum Investment Partners for ongoing Investment Advisory Services not to exceed \$10,000 per fiscal year.

## Discussion

Oceano Community Services District has historically invested its surplus cash in the San Luis Obispo County investment pool and with various banks. Over the last several years this conservative strategy worked well because market interest rates were so low. It provided complete liquidity while providing some interest earnings. Over the last year, market interest rates have risen dramatically. To take advantage of recent changes in the investment market, staff has been reviewing its various options related to a more active investment strategy. Over the last 7 weeks, staff has been meeting with registered investment advisors from Optum Investment Partners to better understand those options and how they can be implemented.

The services that Optum Investment Partners provides are unique in the industry. While most investment advisory firms only represent public agencies with assets greater than \$25 million, their firm specializes in assisting smaller public agencies in California. Their scope of services includes: cash-flow modeling; investment policy review/drafting; monthly cash account review; quarterly investment reporting; daily investment advice; unlimited virtual meetings with staff; and general investment advisory services.

Optum Investment Partners has reviewed our District's cash accounting and projects that we can earn an estimated \$100,000 in additional investment interest earnings annually using only conservative, federally backed and/or collateralized investment products, based upon today's interest rates. While interest rates will change over time, having a full-time investment advisor will assist our District in maximizing our investment earnings while ensuring the safety of our surplus cash and maintaining sufficient liquidity for operations.



## **Other Agency Involvement**

None

## **Other Financial Considerations**

The District will be entering into a custodial agreement with an authorized bank in the near future to hold the investment cash before and after investments are purchased. This third-party relationship guarantees an appropriate system of checks and balances to ensure the safety of our investments. Optum Investment Partners will not hold or maintain any control over the District's cash. They will advise and recommend investments that are compliant with our updated investment policy. An authorized broker-dealer list will be created by District staff to ensure timely availability and execution of investments.

## **Results**

Hiring Optum Investment Partners to actively manage the District's cash surplus will allow for sufficient improvement in our investment earnings that can be utilized for ongoing operations while maintaining safety and liquidity of the portfolio.

Attachment: Consultant Contract Optum Investment Partners

**AGREEMENT FOR CONSULTANT SERVICES,  
INVESTMENT ADVISORY SERVICES**

**THIS AGREEMENT** made and entered into on January 25, 2023 by and between the Oceano Community Services District, a special district, collectively hereinafter referred to as DISTRICT and Optum Investment Partners, LLC., hereinafter referred to as CONSULTANT.

**RECITALS**

The DISTRICT desires to retain said services of the CONSULTANT on an independent Contractor basis for Investment Advisory Services, more specifically identified in the Proposal, Scope of Work and Fee Schedule, jointly attached as Exhibit A to this Agreement, herein referred to as the PROJECT, subject to the terms and conditions as hereinafter set forth.

Therefore, in consideration of the mutual agreements contained herein, the DISTRICT and the CONSULTANT agree as follows:

**ARTICLE I. SCOPE OF SERVICES**

The CONSULTANT shall complete said PROJECT as specified in Exhibit A, and in accordance with local, State and Federal laws.

**ARTICLE II. AUTHORIZATION AND COMMENCEMENT OF PERFORMANCE**

The services of the CONSULTANT are authorized by the DISTRICT.

**ARTICLE III. COMPENSATION AND PAYMENT**

The compensation for the services rendered by the CONSULTANT under this Agreement shall be as provided in Exhibit A. Work shall be performed on a not to exceed basis of \$10,000.00 annually in accordance with Exhibit A.

The CONSULTANT shall invoice the DISTRICT for the District's share on a monthly basis, and the DISTRICT will pay the CONSULTANT on a monthly basis per billings from the CONSULTANT unless otherwise identified in this agreement. The CONSULTANT will submit invoices monthly or upon completion of a specified scope of service in accordance with the CONSULTANT's standard invoicing practices.

Payment is due upon receipt of the invoice. Payments will be made by either check or electronic transfer to the address specified by the CONSULTANT, and will reference the CONSULTANT's invoice number.

Interest will accrue at the rate of 1% per month of the invoiced amount in excess of 30 days past the invoice date.

In the event of a disputed or contested invoice, only that portion so contested will be withheld from payment, and the undisputed amounts will be paid.

#### **ARTICLE IV. TERM OF AGREEMENT**

The term of the agreement is set out in Exhibit A and subject to extension if circumstances necessitate it and Parties agree to it in writing. This Agreement may be terminated by either the DISTRICT or the CONSULTANT with or without any reason, upon giving thirty (30) days written notice to other party. In the event of termination, CONSULTANT shall be paid for work performed to the termination date.

Upon termination, CONSULTANT immediately shall turn over to the District any and all copies of videotapes, studies, sketches, drawings, computations, and other data, whether or not completed, prepared by CONSULTANT, and for which CONSULTANT has received reasonable compensation, or given to CONSULTANT in connection with this Agreement. Such materials shall become the DISTRICT's permanent property, provided, however, CONSULTANT shall not be liable for the DISTRICT's use of incomplete materials or for the DISTRICT's use of complete documents if used for other than the project or scope of services contemplated by this Agreement.

Both parties agree to submit any claims, disputes or controversies arising out of or in relation to the interpretation, application, or enforcement of this Agreement to non-binding mediation pursuant to the Rules for Commercial Mediation of the American Arbitration Association, as a condition precedent to litigation or any other form of dispute resolution.

The prevailing party in any action between the parties to this Agreement brought to enforce the terms of this Agreement or arising out of this Agreement shall recover from the other party its reasonable costs and attorney's fees expended in connection with such an action.

#### **ARTICLE V. INSURANCE**

A. The CONSULTANT shall obtain and maintain during the performance of any services under this Agreement the following insurance coverage, issued by a company satisfactory to the DISTRICT.

- 1) Commercial general liability insurance including a contractual liability endorsement in an amount not less than \$1,000,000 combined single limit for bodily injury and property damage for each claimant for general liability, including a non-owned automobile endorsement;
- 2) Errors and omissions insurance to a minimum coverage of \$500,000, with neither the CONSULTANT nor listed sub-consultants having less than \$500,000 individually;
- 3) Workers' compensation insurance in compliance with the laws of the State of California.

B. Certificates of insurance evidencing the coverages required by the clauses set forth above

shall be filed with the DISTRICT prior to the effective date of this Agreement. This is a condition precedent to the formation of any obligation by the DISTRICT to compensate CONSULTANT under this Agreement.

- C. All insurance policies required by this section shall not be canceled, limited or non-renewed without first giving 30 days written notice to the DISTRICT.
- D. The CONSULTANT agrees that the commercial general liability insurance policy shall be endorsed to name the DISTRICT, its Board of Directors, officers and employees as additional insured and to provide that the coverages provided to the DISTRICT shall be primary and not contributing to or in excess of any existing the DISTRICT's insurance coverages.
- E. All insurance standards applicable to the CONSULTANT shall also be applicable to the CONSULTANT'S subconsultants. The CONSULTANT agrees to maintain appropriate agreements with subconsultants and to provide proper evidence of coverage upon receipt of a written request from the DISTRICT.

#### **ARTICLE VI. INDEPENDENT CONTRACTOR/PERSONAL SERVICE**

The CONSULTANT shall perform the services hereunder as an independent contractor and shall not be considered an employee of the DISTRICT for any purposes. The CONSULTANT is not entitled to any District benefits, including PERS, unemployment compensation, health insurance, or any other benefit. Only personnel listed in Exhibit A shall perform services called for under this Agreement and shall not employ or otherwise incur an obligation to pay persons, specialists, experts, or subconsultants for services in connection with the services to be performed under this Agreement without prior written approval of the DISTRICT.

#### **ARTICLE VII. ASSISTANCE BY DISTRICT**

Subject to other provisions of this Agreement, the DISTRICT shall provide the CONSULTANT with copies of any specifications, maps, drawings, records, or other documentation, which are required by the CONSULTANT in order to perform the services specified herein. The DISTRICT shall provide all further reasonably necessary information to the CONSULTANT upon the CONSULTANT's request.

#### **ARTICLE VIII. INDEMNIFICATION**

CONSULTANT agrees to indemnify and save harmless the DISTRICT and its Board members, officers, employees and agents from:

**Third Party Claims.** Any and all claims and demands made against the DISTRICT or its Board members, officers, employees or agents by reason of any injury to or death of or damage to any person or entity, of any nature whatsoever, arising out of CONSULTANT's performance of services under this Agreement however caused, excepting, however, any such claims and demands which are the result of the sole negligence or willful misconduct of the DISTRICT or its Board members, officers, employees or agents;

**DISTRICT Property Damage Claims.** Any and all damage to or destruction of the property of

the DISTRICT, its Board members, offices, employees or agents or used by or in the CONSULTANT's care, custody, or control, arising out of CONSULTANT's performance of services under this Agreement however caused, excepting, however, any such claims and demands which are the result of the sole negligence or willful misconduct of the DISTRICT or its Board members, officers, employees or agents;

**CONSULTANT Employee, Subconsultant and Agent Claims.** Any and all claims and demands which may be made against the DISTRICT or its Board members, officers, employees or agents by reason of any injury to or death of or damage suffered or sustained by any CONSULTANT employee, subcontractor or agent under this Agreement, arising out of CONSULTANT's performance under this Agreement however caused, excepting, however, any such claims and demands which are the result of the sole negligence or willful misconduct of the DISTRICT or its Board members, officers, employees or agents.

#### **ARTICLE IX. ASSIGNMENT**

This Agreement shall not be assigned by either party without the prior written approval of the other.

#### **ARTICLE X. NON-DISCRIMINATION**

The CONSULTANT will refrain from discriminatory employment actions or practices on the basis of the race, color, age, sex, sexual orientation, religious creed, national origin, or ancestry of any employee or applicant for employment.

#### **ARTICLE XI. ENTIRE AGREEMENT**

This Agreement constitutes the entire agreement between the parties hereto relating to the subject matter hereof and supersedes any previous agreements or understandings.

**AGREEMENT FOR CONSULTANT SERVICES,  
INVESTMENT ADVISORY SERVICES**

**SIGNATURE PAGE**

**IN WITNESS WHEREOF**, the parties hereto have entered into this Agreement effective as of the day and year first written above.

**OCEANO COMMUNITY SERVICES DISTRICT**

\_\_\_\_\_  
General Manager

\_\_\_\_\_  
Date

Attest:

\_\_\_\_\_

\_\_\_\_\_  
Date

Approved as to Form:

\_\_\_\_\_  
DISTRICT's Legal Counsel

\_\_\_\_\_  
Date

**CONSULTANT**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

**David Bilby**  
\_\_\_\_\_  
Name

**CEO**  
\_\_\_\_\_  
Title

## Exhibit A

### I. SCOPE OF SERVICES

Optum proposes the following scope of work to assist Client with investment advisory services. Please note that the prospective assignment that Optum proposes to provide are advisory in nature. Optum will be making specific investment recommendations. None of Optum's staff will act in a capacity as an elected official, an appointed official, as staff, or serve in a "designated" position.

1. Provide investment advisory services for all surplus funds identified by Optum and Client in compliance with Government Code Section 53600 and other applicable government codes, local municipal codes, charters, and policies
2. Build a comprehensive cash-flow model to enhance liquidity management and increase the amount of funds invested in the investment portfolio
3. Investment Policy review and consulting
4. Provide general investment education to Agency Staff and Officials
5. Prepare reports of monthly/quarterly transactions
6. Monitor the credit of investment securities in the portfolio for compliance with Agency Investment Policy
7. Perform interest revenue projections as needed for analysis
8. Virtual meeting requests are unlimited at no cost to client. Client will be provided one free in-person meeting request. All future in-person meeting requests will be billed at the hourly rates attached below.
9. As requested, assist with other compliance and audit review requirements as related to Optum services, and/or attend publicly noticed agency meetings.

### II. SCHEDULE AND REQUIRED DATA

Optum is prepared to commence work upon receipt of an executed Agreement. Client will promptly provide Optum with project data requested, including three (3) years of cash transaction detail.

#### Days 1-7

- Kickoff meeting to discuss and confirm schedule and deliverables
- Client provides data request for three years of cash accounting for applicable funds
- Review and analysis of data
- Customized approach/strategy
- Initial Cash Flow Report

#### Days 7-14

- Portfolio recommendations
- Trade execution with Client broker/dealer

#### Ongoing

- Monthly and/or quarterly reports
- Investment policy update (as needed but at least annually)

### III. COMPENSATION/TERM

Consultant shall receive compensation, including authorized reimbursements, for Services rendered under this Agreement at the rates set forth below. Contract will be in force for an initial three (3) year term, with the option to extend twice via one (1) year extension(s).



Investment Advisory Annual Fee Schedule		
Contract Year	Annual Fee	Basis – Assets Under Management
Year 1 Fiscal Year Ending June 30, 2023	25 basis points	Ending Monthly Custodial Bank Balance and Collateral Accounts*
Year 2 Fiscal Year Ending June 30, 2024	25 basis points	Ending Monthly Custodial Bank Balance and Collateral Accounts*
Year 3 Fiscal Year Ending June 30, 2025	25 basis points	Ending Monthly Custodial Bank Balance and Collateral Accounts*

\*Based on the ending monthly custodial bank balance, assets invested in certificates of deposit, and pooled account assets including cash and investments, as reported by the custodial bank, broker/dealers, other banks, and pooled account administrators. Optum will submit an invoice calculated monthly with a statement provided (Example: \$2 million ending balance would be invoiced at \$2 million \* 0.0025% = \$5,000/12 = \$433.33 monthly).

To the extent alternative assignments are requested, compensation for requested Additional Tasks (defined below) will be based on hours spent at Optum’s billing rates as shown on “Exhibit 1.”

#### IV. NON-DISCRETIONARY

This contract does not grant discretionary power to Optum, or its representatives, and the contract will not be assigned by Optum without the consent of the Client. Optum must secure client permission prior to effecting securities transactions for the Client in the client’s broker-dealer account(s).

Exhibit 1

Optum Investment Partners, LLC.  
2023 Public Agency Fee Schedule

Professional Services

CEO & COO	\$350.00/hour
Senior Project Manager	\$250.00/hour
Project Analyst / Project Research	\$150.00/hour
Clerical Support	\$ 75.00/hour

---

- Additional Expenses

In addition to professional services (labor fees):

- 1) Out-of-pocket expenditures, such as travel and mileage, professional printing, and delivery charges for messenger and overnight packages will be charged at cost.
  - 2) If Optum retains Third Party Vendor(s) for Client (with Client's advance approval), fees and cost will be billed to Client at 1.1X (times) fees and costs.
  - 3) Consultant's attendance or participation at any public meeting, in addition to one included in-person meeting in scope of services, whether such participation is in person, digital, video and/or telephonic (e.g., District Board, Planning Commission, Public Agency Board, other) requested by Client and are beyond those specifically identified in the Scope of Work will be billed at the professional services (hourly) fees as shown on this "Exhibit 1."
- 

Rates shall remain in effect until December 31, 2023.



# Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730 FAX (805) 481-6836

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**Date:** January 25, 2023

**To:** Board of Directors

**From:** Will Clemens, General Manager

**Subject:** **Agenda Item #8(C):** Discussion of Parks and Recreation services and provide Board direction as deemed appropriate.

## Recommendation

It is recommended that your Board discuss Parks and Recreation services and provide Board direction as deemed appropriate.

## Discussion

At your December 14, 2022, meeting, your Board directed to place this item on a future agenda. The District is authorized to provide Parks and Recreation services, however, there is no dedicated source of revenue to provide for this service. Through the lease agreement with Lucia Mar Unified School District (LMUSD) for use of the Oceano Community Center (OCC), the District has the contractual right to use the OCC, which serves primarily as a gymnasium, for 10 hours per month and up to 120 hours per year, for recreational activities.

## Other Agency Involvement

Lucia Mar Unified School District – Oceano Community Center, County of San Luis Obispo – Oceano Regional Park and two campgrounds, State Parks – Oceano Dunes State Vehicular Recreation Area and campground.

## Financial Considerations

The approved 2022-23 budget has no funding for Parks and Recreation services. Property tax revenue can be used to fund these services; however, all property tax revenue is allocated for the provision of Fire Protection and Lighting services and for the past several years, reserves have been drawn down to pay for Fire Protection services.

## Results

Parks and Recreation services contribute to a livable and healthy community.

Attachment: Comments from Director Varni

**From:** [Director Varni](#)  
**To:** [Will Clemens](#)  
**Cc:** [Jeffrey Minnery](#)  
**Subject:** Recreation and Parks Authority  
**Date:** Wednesday, January 18, 2023 7:21:30 AM  
**Attachments:** [OCSD ORPCO proposal.docx](#)

---

Mr Clemens

Please include the two following link and attached document to the agenda packet for the Jan 25 OCSD meeting.

The following link to Public Resources Code, Chapter 4, Recreation and Parks Districts (§5780 through 5791.7.) may be helpful: <https://www.calwarecreation.org/files/6193108f6/Public+Resources+Code%2C+Recreation+and+Park+Districts.pdf>

## **Charles Varni**

Board Member

[directorvarni@oceanocsd.org](mailto:directorvarni@oceanocsd.org)

## DISCUSSION DRAFT

### OCEANO RECREATION AND PARKS COMMISSION (ORPCO)

#### Mission

To provide recreational infrastructure, access, and programs which enhance the physical, emotional, and social health and quality of life for all Oceano residents.

#### Structure and function

ORPCO is an official body (committee) of the Oceano Community Services District (OCSD) and is governed by the OCSD Board of Directors. Membership consists of two appointed Directors of the OCSD (one of which will be Chair) and seven appointees from the District including one from the Lucia Mar Unified School District; one from the Oceano Elementary School Parent Teacher Association; one from the Oceano Community Advisory Council; and four residents from the community.

ORPCO will function under all rules and guidelines of the OCSD including the Brown Act. It will provide advice and recommendations to the OCSD Directors for their consideration. ORPCO has no independent decision making authority and serves a purely advisory function.

#### Financing

Operating expenses of ORPCO will be provided by the OCSD which will pursue grant funding independently and in collaboration with other public and private non-profit organizations. Explore a bond measure to finance ORPCO.

#### Operations

ORPCO/OCSD will manage District facilities used for recreation and/or coordinate such use with other organizations in the community. Possible examples of such activities include:

1. Management of the new Oceano Plaza at 17th and Beach Streets including development of policies and guidelines for community use; procedures for use of the plaza for events; maintenance of the plaza; and scheduling of events.
2. Participate in the planning and design process for the Oceano Beach Plaza to be located at the Western end of Pier Avenue.
3. Participate, in collaboration with LMUSD, in the planning and financing for a soccer field, surrounded by a walking and jogging track, at Oceano Elementary School.
4. Recommend and support projects which provide safe routes and access to recreational activities in Oceano. One example would be complete sidewalk access to Oceano beach from inland Oceano (East of State Route 1). Another would be safe routes to the school and the Oceano Community Center.
5. Help support, organize, and finance physical, cultural, and educational opportunities for adults and children in the community. Examples could include youth summer basketball and soccer leagues; youth arts and crafts programs; adult exercise and fitness programs; and community cultural celebrations.



# Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730 FAX (805) 481-6836

---

**Date:** January 25, 2023

**To:** Board of Directors

**From:** Will Clemens, General Manager

**Subject:** **Agenda Item # 8(D):** Consideration of 2023 District Priorities and Goals with Board Direction as deemed appropriate.

## Recommendation

It is recommended that your Board discuss and consider the District priorities and goals for 2023 and provide direction as deemed appropriate.

## Discussion

Attachment "A" provides an overview of the status of the District's accomplishments and existing priorities. In general, the existing priorities reflect a variety of needs associated with the basic community services provided by the District. Overall, progress continues on these priorities, and much was accomplished during 2022. However, there continues to be much that needs to be done in 2023.

The following is a list of "categories" that have been utilized by the District in previous priority setting discussions:

- Capital Projects
- Professional Services
- Operations
- Customer Accounts
- Contracts
- Water Rates and Conservation
- Risk Management
- Administration
- Accounting/Finance
- Budgets
- Other



Attachment "B" provides a bullet list of priorities associated with the categories listed above. As can be seen from the list, there is more workload identified than is reasonable to accomplish in any given year by a small District with limited resources. Therefore, the need to prioritize that workload and set reasonable goals for 2023 is paramount in assuring that critical tasks are not overlooked, and goals left unaccomplished.

Staff is recommending that the Board set three top priorities chosen from the bullet list in Attachment "B" for 2023 as follows:

- **Fire Service Options and Decision**
- **State Water Drought Buffer Amount / Water Shortage Contingency Plan**
- **Water System CIP Implementation**

By setting these top priorities, the most critical services and tasks will be sure to have focus and resources directed toward accomplishing those, however, that does not mean that other listed priorities on Attachment "B" will not get done. Many of those will be accomplished as well, but only as resources are available and timing allows.

### **Other Agency Involvement**

Numerous other agencies are involved with District efforts.

### **Other Financial Considerations**

Current budget and staff resources continue to be limited and should be considered while setting District priorities in 2023.

### **Results**

Establishing priorities and reviewing the results of previously set goals promotes a well governed community.

Attachments:

- Attachment "A"
- Attachment "B"

## Attachment "A"

### Accomplishments and Update on Existing District Priorities

#### Place Special Tax Measure on June Ballot for Voter Consideration

Measure A-22 was placed on the June 2022 ballot for voter consideration and did not get the required 2/3 majority for approval.

#### Creation of District Maps for By-Division Board Member Elections

National Demographics Corporation was engaged to assist the District through the map creation process. The final map was created and adopted in March 2022 and the first by-division elections were held in November 2022.

#### Water System CIP Implementation

The Water Resource Reliability Program (WRRP) funded by a Proposition 84 grant includes development of water system CIP recommendations. The WRRP was completed in 2019 and implementation began in 2020 with the adoption of the CIP Update. Funding was included in the recently completed Proposition 218 rate increase process and Prop 1 grant funding of \$274,500 was approved for waterline replacement on Highway 1. An additional \$268,000 in grant funding was awarded and Construction was completed in November 2022. Prop 1 grant funded Design has been completed for 11 priority 1 and 2 projects from the CIP. A Preliminary Engineering Report is currently being developed for funding CIP improvements through the United States Department of Agriculture. Additional Prop 1 implementation grant funding was recommended in the amount of \$600,000.

The following is an update on previously reported projects.

<b><u>Project</u></b>	<b><u>Status</u></b>
Stormwater capture and Groundwater Recharge Project	Design, Permitting and Construction completion scheduled in 2023
Highway One waterline replacement project (west of 21st Street)	Construction complete

The following is an update on grant applications.

<b><u>Grant</u></b>	<b><u>Amount</u></b>	<b><u>Status</u></b>
Prop 1-Stormwater capture and groundwater recharge	\$2,450,733	Awarded
CDBG Water Tank Rehabilitation	\$225,000	Awarded
Prop 1 – Additional Waterline replacement projects	\$600,000	Recommended
Emergency Generators	3 Generators	Submitted



## Fire Service Options and Implementation

A special tax measure was placed on the June 7, 2022, ballot to provide funding of Oceano's participation in the FCFA. Based on the outcome of that measure, Oceano will no longer be a member of FCFA beginning on July 1, 2023. The District will explore options including divestiture of fire protection services through LAFCO, contracting with FCFA, or contracting with CalFire.

### Miscellaneous

Federal funding was obtained through the State Water Board to assist customers with delinquent water and sewer bills during the pandemic and nearly \$35,000 in assistance was received on behalf of customers. Additional Assistance for low-income customers is being provided through the State and we continue to facilitate these programs for customers.

AB 1383 is the most significant solid waste legislation passed by the State in over 30 years. The Franchise Agreement with the District's Solid Waste Hauler was revised in 2022 to ensure continued compliance with AB 1383.

The Lopez water supply contracts were amended to provide for permanent storage rights in Lopez Reservoir which will greatly improve the reliability of the District water supply.

An electronic billing option was implemented for customers to go paperless if desired.

## **Attachment "B"**

### **Categorical Priorities**

The following is a list of “categories” that have been utilized by the District in prior goal setting discussions.

- Capital Projects
  - Water System CIP Implementation
  - Low Impact Development Projects
  - Options for utility yard upgrades
  - Options for fire residence upgrades
  - Deferred Maintenance on Sheriff Sub-station
  - Consolidation with Halcyon and Ken-Mar Gardens Water Systems
  - Replace Light Poles along Highway 1
- Professional Services
  - Sewer System Capital Improvement Program
  - Audit by Moss, Levy Hartzheim LLP
  - District Engineering by DPSI
  - District Counsel by AMMCG
- Operations
  - Training
  - Water and sewer easements
  - Engineering standards
  - Solid waste programs
  - Lift Station
  - Waterline replacement projects
  - SCADA, GIS and smart meters
  - Documentation of non-standard situations
  - Water Shortage Contingency Plan
  - State Water Drought Buffer Amount
- Customer Accounts
  - Late Fees and penalties
  - Fees on service calls
  - Fees for non-compliance with District standards
  - Clarification & documentation of out of District customers
- Contracts
  - Central Coast Blue Operating Agreement
  - Sheriff's Building Lease

- Other contract compliance review
  
- Risk Management
  - Obtain insurance quotes from multiple providers
  - Safety Program
- Administration
  - Update to policies / rules and regulations
    - Retrofit on sale requirements for non-standard situations
  - Records retention efforts & old fire station
  - Succession Management
  - CSDA Transparency Certificate
- Accounting/Finance
  - Tracking Public Facilities Fees with Will-Serve Letters / New Development
  - Sewer rate review and Proposition 218 Process
  - Fees on new development including mixed use development
  - Fire Service Options and Implementation
  - Debt Policies
  - Cost Accounting Implementation
- Budgets
  - Multi-year budget projections
  - Multi-year capital improvement budgets
  - Incorporating budgets in Tyler accounting software
  - Develop strategies to meet standards for Excellence in Budget Reporting
  - Refinement of District reserve policies
- Other
  - Mural on Old Fire Station
  - Landscape maintenance
  - Community garden
  - Legislative platform
  - Electric vehicle charging stations



# Oceano Community Services District

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**Date:** January 25, 2023

**To:** Board of Directors

**From:** Will Clemens, General Manager

**Subject:** Agenda Item #8(E) – Reconsideration of Election of District Officers for 2023

## Recommendation

It is recommended that your Board Ratify the election of the President and Vice-President made on December 14, 2022, in accordance with Government Code Section 61043(a) and the District's by-laws.

## Discussion

Your Board directed that the reconsideration of the election of District Officers for 2023 be placed on this agenda. Government Code Section 61043(a) requires that the District Officers of President and Vice-President are determined within 45 days after the general election and that a board of directors may elect the officers of the board annually. The District's by-laws provide that your Board will annually elect the President and Vice-President during the first regular meeting in December. Your Board legally elected Director Austin as President and Director Villa as Vice-President on December 14, 2022. Your Board decided to implement a rotation of officers beginning with Division 1 as President and Division 2 as Vice-President and rotating annually sequentially. Your Board did not change the District by-Laws as some members of the public claimed. Your Board still is required to elect the Officers annually, and nothing requires you to follow the agreed upon rotation in subsequent years. You could choose to elect the Officers alphabetically, or by any other method, if you so desired. Whom you elect is still discretionary to your Board. Any action other than to ratify the election of Officers made on December 14, 2022, would violate the District by-laws and be inconsistent with Government Code 61043(a).

## Other Agency Involvement

n/a

## Other Financial Considerations

n/a

## Results

Election of the President and Vice President in accordance with the District's by-laws help to promote a well-governed community.