



Notice of Regular Meeting
Oceano Community Services District - Board of Directors Agenda
WEDNESDAY, JULY 24, 2024 – 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.

The Oceano Community Services District strongly encourages your active participation in the public process, which is the cornerstone of democracy. 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. If you wish to speak to an item NOT on the agenda, you may do so during the "Public Comment On Matters Not on the Agenda" period. Each individual speaker is limited to a presentation time of THREE (3) minutes per item. The time limits allocated to speakers may change to facilitate the Board meeting better. Time limits may not be yielded to or shared with other speakers.

The purpose of the Board meeting is to conduct the business of the community in an effective and efficient manner. For the benefit of the community, the Oceano Community Services District asks that you follow the Board meeting guidelines while attending Board meetings and treat everyone with respect and dignity. This is done by following meeting guidelines set forth in State law and Board policy. Disruptive conduct is not tolerated, including but not limited to addressing the Board without first being recognized; interrupting speakers, Board members, or staff; continuing to speak after the allotted time has expired; failing to relinquish the podium when directed to do so; and repetitiously addressing the same subject.

- 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 Ian Doughty
- ii. FCFA Operations – Fire Chief Scott Hallett
- iii. Operations – Utility System Manager Tony Marraccino
- iv. OCSD - General Manager Peter Brown

B. BOARD OF DIRECTORS AND OUTSIDE COMMITTEE REPORTS:

- i. President Varni (Regional Water Mgt Group, State Water Subcontractors, Airport Land Use)
- ii. Vice President Joyce-Suneson (Parks & Recreation Advisory Committee, Budget & Finance Committee, CA Special District's Association)
- iii. Director Austin (South San Luis Obispo County Sanitation District, Zone 1/1A)
- iv. Director Gibson (Zone 3, Regional Water Quality Control Board)
- v. Director Villa (Water Resource Advisory Committee, Local Agency Formation Commission)

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 Items appearing on the Consent Items are considered routine and may be approved by one motion. Any member of the Board may request to have an item removed from the Consent Items. If an item is pulled, the President has the sole discretion to determine when the item will be heard. Members of the public wishing to speak on Consent 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 Approve the Minutes for the Regular Meeting held on June 26, 2024 Page 3
- B. Review of Cash Disbursements Page 7
- C. Approval of declaration surplus equipment and authorize disposal Page 14
- D. Approve the District's Board Meeting calendar for 2024 Page 15

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 on each of the following items.

- A. Approval of an extension for professional services with Water Systems Consulting Inc. (WSC) to continue to provide staff services to the Northern Cities Management Area Technical Group (NCMA TG) for the Fiscal Year 2024-2025 for an amount not to exceed \$21,000. Page 19
- B. Approval of a Resolution Endorsing the Plan for Service for the Divestiture of the District's Fire Protection Services and authorize a payment up to \$9,500 to the Local Agency Formation Commission (LAFCO) for the required Public Hearing Page 33

9. HEARING ITEMS:

10. RECEIVED WRITTEN COMMUNICATIONS:

11. LATE RECEIVED WRITTEN COMMUNICATIONS:

12. FUTURE AGENDA ITEMS:

13. FUTURE HEARING ITEMS:

14. CLOSED SESSION:

15. ADJOURNMENT:

This agenda was prepared and posted pursuant to Government Code Section 54954.2. The 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

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 Board Meeting
Wednesday, July 10, 2024 – 6:00 P.M.
OCSD BOARD ROOM

1. **CALL TO ORDER:** Called at approximately 6:00 p.m. by President Varni
2. **ROLL CALL:** Board members present: President Varni, Vice President Joyce-Suneson, Director Gibson, Director Austin and Director Villa
Staff present: Peter Brown, General Manager, Carey Casciola, Business & Accounting Manager, and Robert Schultz, Legal Counsel.
3. **FLAG SALUTE:** Led by President Varni
4. **AGENDA REVIEW:** Accepted as presented
5. **PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA:**

Julie Tacker	In support of public review of FCFA expenditures.
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6. **SPECIAL PRESENTATIONS & REPORTS**

A. STAFF REPORTS:

- i. **Sheriff's South Station** – Commander Ian Doughty
June 2024 stats
392 calls for service (482 prior year)
6 assault & battery (1 felony, 4 misdemeanor and 1 domestic violence)
29 disturbance calls / 1 burglary / 1 theft / 2 vandalism / 1 mail theft / 17 suspicious circumstances / 33 assist other agency / 47 enforcement stops / 2 Narcan / 16 arrests
1 citation issued for a mortar-style firework on the 4th.
- ii. **Five Cities Fire Authority** – FCFA Chief Hallet
Provided information regarding the two-alarm fire in Arroyo Grande on July 4, 2024.
Provided information regarding a small fire in Oceano on July 4th – local residents quickly extinguished it prior to fire crews arriving.
Working to fill vacancies.
Weed abatement has been completed and a final hearing is scheduled.
414 calls in Oceano YTD.
- iii. **Operations** - Utility Systems Manager - Tony Marraccino
Lopez 98.6% full (48,785 AF) / 60 AF delivered
0 SSOs for June 2024.
6 work orders / 5 customer service calls / 7 USAs / 0 after hours call outs
Continuing with samples, sewer jetting, dead-end flushing, first of the month equipment runs and alarm testing.
Completed fiscal year inventory and monthly State reporting.
Cleaned the lift station prior to the holiday and it needs to be cleaned again.
Installed a hydrant meter at 21st & Nipomo and a meter for an ADU on Christmas Tree Place.
Met with Cannon to review stormwater project data and meters.
Took down fireworks signs within Oceano.
Tank 1 was filled and the 5 day soak tests have been completed and results are pending.
2nd round of FOG inspections are underway.
Service Line inventory for the second route is also underway.
- iv. **General Manager** – Peter Brown
Seeking a quote for a requirement to fix the 2nd tank and build a new ladder.
Met with SSLOCSD General Manager to discuss any concerns.
OCSD Staff met with County staff regarding possibly taking over management and maintenance of the Oceano Plaza.
Met with Andy Stenson of LMUSD regarding the proposed track project.

Attended the NCMA meeting on 7/8/2024.
 Met with utility staff for water sampling and other information.
 Met with the APCD and SLOCOG to discuss public EV charging stations in Oceano.
 Met with IWMA to discuss solid waste and regulatory compliance.
 Attending a two-day training course in Aptos next week.
 RFP for capital improvement projects will be touched up and released soon.
 Postcard completed for division elections and will be mailed shortly.

B. BOARD OF DIRECTORS AND OUTSIDE COMMITTEE REPORTS:

- i. **President Varni:** Regional Water Mgt Group, State Water Subcontractors, Airport Land Use – No reports
- ii. **Vice President Joyce-Suneson:** Parks & Recreation Advisory Committee, Finance & Budget Committee, CA Special District’s Association – No reports
- iii. **Director Austin:** South San Luis Obispo County Sanitation District, Zone 1/1A – No reports
- iv. **Director Gibson:** Zone 3, Regional Water Quality Control Board – No reports
- v. **Director Villa:** Water Resource Advisory Committee, Local Agency Formation Commission – No reports

C. PUBLIC COMMENT ON SPECIAL PRESENTATIONS AND REPORTS:

Kerry Langford	In support of the fireworks signs in Oceano.
April Dury	In support of the public having the opportunity to ask questions regarding special reports before speakers leave the meeting. In opposition of fireworks. In support of a written General Manager report.
Debra Early	In support of the General Manager's verbal report and transparency of items discussed.
Pamela Storton	In support of staying on top of water issues within Oceano and surrounding cities.

7. CONSENT AGENDA:	ACTION:
a) Review and Approve the Minutes for the Regular Meeting held on June 26, 2024 b) Review of Cash Disbursements	After an opportunity for public comment and Board and staff discussion, a motion was made by Director Villa to approve the consent agenda as presented with a second from Director Austin with a 5-0 roll call vote. Public Comment: April Dury – Asked for clarification on a payment for EV charging.

8A. BUSINESS ITEMS:	ACTION:
Consideration and approval of 2024 Board Elections for the California Special Districts Association; Candidate Vote; Submittal of Vote	After an opportunity for public comment and Board and staff discussion, a motion was made by Director Gibson for a submittal of a vote for Elaine Magner, with a second from Director Villa with a 5-0 roll call vote. Public Comment: April Dury – In support of vetting candidates.

8B. BUSINESS ITEMS:	ACTION:
Review and consideration of the District's Board Meeting calendar for 2024	After an opportunity for public comment and Board and staff discussion, the Board gave staff informal direction to move forward with the trial period. Public Comment: April Dury – Provided feedback on page 21 of the agenda. Julie Tacker – In support of a trial period of one board meeting per month.

8C. BUSINESS ITEMS:	ACTION:
Evaluation of Authorization to have Ecologistics serve as the 501c3 sponsor of the Lucia Mar School District and the Oceano Parks and Recreation Committee (OPARC) for the purposes of fundraising for the implementation of a community walking and jogging track	After an opportunity for public comment and Board and staff discussion, the Board gave staff informal direction to continue to research other options while Ecologistics reviews the District's application. Public Comment: April Dury – In support of a 501c3 and Ecologistics. Pamela Storton – Suggested contacting the Athletic Boosters for fundraising. Kerry Langford – Asked if the LMUSD Board has approved the project. Debra Early – In support of a school group providing the fundraising.

8D. BUSINESS ITEMS:	ACTION:
South San Luis Obispo County Sanitary District Coastal Development Permit Conditions	After an opportunity for public comment and Board and staff discussion, the Board gave staff informal direction to invite SSLOCSD's District Administrator to a future meeting. Public Comment: Julie Tacker – In support of public outreach. Debra Early – In support of public outreach. Pamela Storton - In support of public outreach. Kerry Langford – In support of collaboration with SSLOCSD. April Dury – In support of public outreach.

9A. HEARING ITEMS:	ACTION:
Public Hearing for consideration of approving a resolution to collect delinquent customer accounts on the 2024-25 property tax bills	After an opportunity for public comment and Board and staff discussion, President Varni made a motion to approve a resolution to collect delinquent customer accounts on the 2024-25 property tax bills, with a second from Director Gibson with a 5-0 roll call vote. Public Comment: None

10. **RECEIVED WRITTEN COMMUNICATION:** None

11. **LATE RECEIVED WRITTEN COMMUNICATIONS:** Updated Coastal Hazard Mitigation Plan.

12. **FUTURE AGENDA ITEMS:** Brown Act update in August.
13. **FUTURE HEARING ITEMS:** None
14. **CLOSED SESSION:** None
15. **ADJOURNMENT:** President Varni adjourned the meeting at approximately 8:20 PM.



Oceano Community Services District

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

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

Date: July 24, 2024

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 the board review the attached cash disbursements:

Discussion

The following is a summary of the attached cash disbursements. The table captures the payments from last meeting to this meeting.

Description	Check Sequence	Amounts
	61022 - 61049	
Disbursements:		
Regular Payable Register - paid 07/18/2024	61029 - 61049	\$ 296,552.06
Subtotal:		\$ 296,552.06
Reoccurring Payments for Board Review (authorized by Resolution 2020-06):		
Payroll Disbursements - PPE 07/13/2024	N/A	\$ 34,183.87
Five Star Bank Mastercard Online Payment - paid 7/15/2024	N/A	\$ 1,207.59
Reoccurring Utility Disbursements - paid 07/10/2024	61022 - 61026	\$ 2,365.34
Reoccurring Utility Disbursements - paid 07/18/2024	61027 - 61028	\$ 857.12
Subtotal:		\$ 38,613.92
Grand Total:		\$ 335,165.98

Other Agency Involvement

N/A

Other Financial Considerations

Amounts are within the authorized Fund level budgets.

- ADVANTAGE TECHNICAL SERVICES - CIP-WATER TANK REHAB PROJECT, \$15,385.00
- FIRST FOUNDATION BANK - CALPERS UAL FINANCE AGR, \$68,983.65
- FIVE CITIES FIRE AUTHORITY - FIRE SERVICES, \$142,166.67
- R. BURKE CORPORATION - CIP-PROP1 STORMWATER RECAP, \$29,436.49
- SLO CO AUDITOR-CONTROLLER - LAFCO, \$14,270.34

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.

ACCOUNT	--DATE--	--TYPE--	NUMBER	-----DESCRIPTION-----	----AMOUNT---	STATUS	FOLIO	CLEAR DATE
CHECK:	-----							
1-1001-000	7/18/2024	CHECK	061029	ADVANTAGE TECHNICAL SERVICES,	15,385.00CR	OUTSTND	A	0/00/0000 02 5-4400-366 STORAGE TANK O&M 2,980.00 02 5-4400-220 PROFESSIONAL/SPECIAL SER 12,405.00
1-1001-000	7/18/2024	CHECK	061030	CANNON	5,865.50CR	OUTSTND	A	0/00/0000 02 5-4400-361 CIP - PROP1: STORMWATER
1-1001-000	7/18/2024	CHECK	061031	FAMCON PIPE & SUPPLY, INC.	766.46CR	OUTSTND	A	0/00/0000 02 5-4400-175 SYSTEM PARTS/OPERATING S 283.14 03 5-4500-175 SYSTEM PARTS/OPERATING S 483.32
1-1001-000	7/18/2024	CHECK	061032	FIRST FOUNDATION BANK	68,983.65CR	OUTSTND	A	0/00/0000 *SEE DETAIL BELOW
1-1001-000	7/18/2024	CHECK	061033	FIVE CITIES FIRE AUTHORITY	142,166.67CR	OUTSTND	A	0/00/0000 01 5-4200-220 PROFESSIONAL SERVICES
1-1001-000	7/18/2024	CHECK	061034	GROUNDWATER SOLUTIONS INC, DBA	1,586.02CR	OUTSTND	A	0/00/0000 02 5-4400-380 NCMA TEC
1-1001-000	7/18/2024	CHECK	061035	J.B. DEWAR, INC.	321.37CR	OUTSTND	A	0/00/0000 12 5-4350-172 FUEL
1-1001-000	7/18/2024	CHECK	061036	MENDOZA MENDEZ, ANDRES	298.85CR	OUTSTND	A	0/00/0000 02 5-4400-285 CLASSES/SEMINARS/TRAININ
1-1001-000	7/18/2024	CHECK	061037	PREMIER SUPPLY LLC, DBA MIER B	199.34CR	OUTSTND	A	0/00/0000 02 5-4400-163 MAINT: STRUCTURES/IMPRVS
1-1001-000	7/18/2024	CHECK	061038	OPTIMIZED INVESTMENT PARTNERS	470.99CR	OUTSTND	A	0/00/0000 01 5-4100-220 PROFESSIONAL SERVICES
1-1001-000	7/18/2024	CHECK	061039	PRO-TECH LANDSCAPE MANAGEMENT,	410.00CR	OUTSTND	A	0/00/0000 01 5-4100-173 MAINT:STRUCTURES/IMPROVE 205.00 10 5-4300-173 SO: MAINT. STRUCTURES/IM 205.00
1-1001-000	7/18/2024	CHECK	061040	R. BURKE CORPORATION	29,436.49CR	OUTSTND	A	0/00/0000 02 5-4400-361 CIP - PROP1: STORMWATER
1-1001-000	7/18/2024	CHECK	061041	RINCON CONSULTANTS, INC.	3,557.25CR	OUTSTND	A	0/00/0000 02 5-4400-220 PROFESSIONAL/SPECIAL SER
1-1001-000	7/18/2024	CHECK	061042	SLO CO AUDITOR-CONTROLLER	14,270.34CR	OUTSTND	A	0/00/0000 01 5-4100-247 LAFCO ANNUAL CHARGE
1-1001-000	7/18/2024	CHECK	061043	SLO CO DEPT OF PUBLIC WORKS	1,949.00CR	OUTSTND	A	0/00/0000 02 5-4400-248 PERMITS, FEES, LICENSES
1-1001-000	7/18/2024	CHECK	061044	SLO CO PUBLIC HEALTH DEPT.	1,296.40CR	OUTSTND	A	0/00/0000 02 5-4400-220 PROFESSIONAL/SPECIAL SER
1-1001-000	7/18/2024	CHECK	061045	THE JAM LAW GROUP APC	1,014.80CR	OUTSTND	A	0/00/0000 01 5-4100-223 LEGAL SERVICES
1-1001-000	7/18/2024	CHECK	061046	HD SUPPLY, INC. DBA USABLUENBOO	5,190.81CR	OUTSTND	A	0/00/0000 02 5-4400-175 SYSTEM PARTS/OPERATING S
1-1001-000	7/18/2024	CHECK	061047	VESTIS GROUP, INC. DBA VESTIS	199.28CR	OUTSTND	A	0/00/0000 01 5-4100-100 CLOTHING
1-1001-000	7/18/2024	CHECK	061048	WATER SYSTEMS CONSULTING, INC.	1,408.84CR	OUTSTND	A	0/00/0000 02 5-4400-380 NCMA TEC
1-1001-000	7/18/2024	CHECK	061049	ZENITH INSURANCE COMPANY	1,775.00CR	OUTSTND	A	0/00/0000 01 5-4100-075 COMPENSATION INSURANCE

*FIRST FOUNDATION BANK 68,983.65
 02 5-4400-310 CALPERS UAL FINANCE AGRE 8,656.20
 03 5-4500-310 CALPERS UAL FINANCE AGRE 4,327.45
 02 2-2601-001 LTP UAL Refunding Liabil 37,335.20
 03 2-2504-001 LTP UAL Refunding Liabil 18,664.80

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: 061029 THRU 061049

ACCOUNT	--DATE--	--TYPE--	NUMBER	-----DESCRIPTION-----	----AMOUNT---	STATUS	FOLIO	CLEAR DATE
TOTALS FOR ACCOUNT 1-1001-0				CHECK	TOTAL: 296,552.06CR			
				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: 296,552.06CR			
				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 July 24, 2024

	(*)	
Gross Wages	6/29/2024	7/13/2024
Regular	\$28,170.60	\$28,709.23
Overtime Wages	\$646.48	\$677.24
Stand By	\$300.00	\$540.00
Gross Wages	\$29,117.08	\$29,926.47
Cell Phone Allowance	\$62.50	\$62.50
Health Pay-Out	\$269.50	\$272.50
Total Wages	\$29,449.08	\$30,261.47
Disbursements		
Net Wages	\$21,561.56	\$22,312.98
State and Federal Agencies	\$6,178.35	\$6,279.49
CalPERS - Normal	\$5,355.13	\$5,429.12
SEIU - Union Fees	\$162.28	\$162.28
Total Disbursements processed with Payroll	\$33,257.32	\$34,183.87
Health (Disbursed with reoccurring bills)	\$5,908.71	\$5,948.22
Total District Payroll Related Costs	\$39,166.03	\$40,132.09

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

Oceano Community Services District
Five Star Bank Mastercard

A/P Mastercard Credit Card Disbursement

Date	Name	Amount	Description	GL Account #
06/20/2024	CA RURAL WATER ASSOC SACRAMENTO CA	\$550.00	CLASSES/SEMINARS/TRAINING FEES	02-5-4400-285
06/17/2024	INTUIT *QBOOKS ONLINE CL.INTUIT.COMCA	\$60.00	PERMITS, FEES LICENSES	01-5-4100-248
06/14/2024	CA RURAL WATER ASSOC SACRAMENTO CA	\$550.00	CLASSES/SEMINARS/TRAINING FEES	02-5-4400-285
06/02/2024	ZOOM.US 888-799-9666 SAN JOSE CA	\$47.59	OFFICE EXPENSE	01-5-4100-200

Total ACH - 07/15/2024 \$ 1,207.59

07/24/2024 Board Meeting - Five Star Bank Mastercard Online Payment - paid 07/15/2024	\$1,207.59
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7/10/2024 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: 061022 THRU 061026

ACCOUNT	--DATE--	--TYPE--	NUMBER	-----DESCRIPTION-----	----AMOUNT---	STATUS	FOLIO	CLEAR DATE
CHECK:								
1-1001-000	7/10/2024	CHECK	061022	LIVE, LLC DBA ADVANTAGE ANSWER	256.81CR	OUTSTND	A	0/00/0000 01 5-4100-110 COMMUNICATIONS
1-1001-000	7/10/2024	CHECK	061023	AGP VIDEO INC.	1,570.00CR	OUTSTND	A	0/00/0000 01 5-4100-220 PROFESSIONAL SERVICES
1-1001-000	7/10/2024	CHECK	061024	DE LAGE LANDEN FINANCIAL SERVI	213.43CR	OUTSTND	A	0/00/0000 01 5-4100-220 PROFESSIONAL SERVICES
1-1001-000	7/10/2024	CHECK	061025	DIGITAL WEST NETWORKS, INC.	277.90CR	OUTSTND	A	0/00/0000 01 5-4100-110 COMMUNICATIONS
1-1001-000	7/10/2024	CHECK	061026	SO CAL GAS	47.20CR	OUTSTND	A	0/00/0000 01 5-4100-290 UTILITIES
TOTALS FOR ACCOUNT 1-1001-0				CHECK	TOTAL:	2,365.34CR		
				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:	2,365.34CR		
				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: 061027 THRU 061028

ACCOUNT	--DATE--	--TYPE--	NUMBER	-----DESCRIPTION-----	----AMOUNT---	STATUS	FOLIO	CLEAR DATE
CHECK:								
1-1001-000	7/18/2024	CHECK	061027	HIRIARTE'S INDOOR CLEANING SER	825.00CR	OUTSTND	A	0/00/0000 01 5-4100-173 MAINT:STRUCTURES/IMPROVE
1-1001-000	7/18/2024	CHECK	061028	PACIFIC GAS & ELECTRIC	32.12CR	OUTSTND	A	0/00/0000 02 5-4400-290 UTILITIES
TOTALS FOR ACCOUNT 1-1001-0				CHECK	TOTAL:	857.12CR		
				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:	857.12CR		
				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

Date: July 24, 2024

To: Board of Directors

From: Tony Marraccino, Utility Systems Manager
Peter Brown, General Manager

Subject: Agenda Item #7C: Approval of declaration surplus equipment and authorizing disposal

Recommendation

It is recommended that the OCSD Board motion to:

1. Declare items shown in Exhibit "A" as surplus
2. Authorize Staff to dispose of items in an appropriate manner

Discussion

The District has three large equipment items that have exceeded their useful life and have not been in service for several years.

- 1990 Ingersoll Rand Jack Hammer & Air Compressor – replaced with the new service truck purchased in 2023
- 1984 John Deer 310 B Backhoe – replaced with backhoe purchased in 2018
- 1985 Well #8 Emergency Generator – replaced with new Emergency Generator installed in 2019

All three items are stored in the corporation yard, are not in use and need to be disposed.

Other Financial Considerations

Proceeds from actual disposition and/or salvage received are indeterminable at this time but are believed to be negligible.

Results

- Attachments: Surplus Exhibit "A"



Oceano Community Services District

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

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

Date: July 24, 2024
To: Board of Directors
From: Carey Casciola, Business and Accounting Manager
Via: Peter Brown, General Manager
Subject: **Agenda Item #7D:** Approve the District's Board Meeting calendar for 2024

Recommendation

It is recommended that the Oceano Community Services District Board of Directors vote to approve an update to the District's Board Meeting calendar for the remainder of 2024 and to move to one meeting per month as a trial period for September through December.

Discussion

The [Bylaws](#) adopted by the Board of Directors set the Regular Board Meetings each calendar year. Section 2.1 of the bylaws currently provides for Regular Meetings on every second and fourth Wednesday of the month. Staff is recommending the following schedule for the remainder of 2024:

- Regular Meeting of August 14, 2024
- Regular Meeting of August 28, 2024
- **Cancellation of the Regular Meeting of September 11, 2024**
- Special Meeting of September 18, 2024
- **Cancellation of the Regular Meeting of September 25, 2024**
- Regular Meeting of October 9, 2024
- **Cancellation of the Regular Meeting of October 23, 2024**
- Regular Meeting of November 13, 2024
- **Cancellation of the Regular Meeting of November 27, 2024**
- Regular Meeting of December 11, 2024
- **Cancellation of the Regular Meeting of December 25, 2024**

The schedule provides for one meeting a month for the remainder of the calendar year. This will serve as a trial period for staff and Board members to potentially consider an amendment to section 2.1 of the bylaws during the bylaw review in January of 2025. The November and December second meetings of the month usually fall on holidays and are often canceled. Therefore, the only change from standard practice will be during the months of September and October.



Other Agency Involvement

The County Sheriff's South Station Commander and Five Cities Fire Authority Fire Chief both attend the meetings to provide reports to the Board of Directors.

Other Financial Considerations

The District currently holds two meetings a month, which dedicates significant staff time to the preparation of agendas, minutes, and Board stipend disbursements. The District contracts with AGP Video to record and stream the Regular Meetings to SLO-SPAN for \$785 per meeting. If a Board Meeting adjourns after 9 PM, the District is charged overtime by AGP at \$120 per hour in 15-minute increments. The District posted the [Request for Qualifications and Proposal](#) for the District's General Legal Counsel, where staff expects the hourly costs for legal services to increase since the current legal services contract was entered into as an interim position. There is a strong potential for increased recruitment and retention of permanent legal counsel by going to one meeting per month. By the District moving to one Board Meeting a month for the period of September – December costs related to Board Meetings would lower by an estimated \$5,900.

More broadly speaking, since compiling agendas, writing staff reports, performing required research, and coordinating with other staff and partner agencies to prepare agendas require a great deal of staff time, staff believes that efficiencies and workload management benefits exist in moving toward one meeting per month. Additionally, the end of 2024 provides an opportunity to see how it works in practice. Due to staff schedules and the annual Community Services District meeting in early September, one special meeting would be scheduled in that month.

If the trial period goes well and the Board would like to consider moving to one meeting per month in 2025, staff can provide further analysis at the December meeting as to the pros and cons of the possible meeting schedule change. Currently, there do not appear to be any adverse effects on critical items like community participation, budgets, or ability to conduct District business. If a special meeting is required or needed, one can always be scheduled to conduct time-sensitive District business. Lastly, one meeting per month allows staff time to prepare well in advance to meet key grant, report filing, or audit deadlines well in advance of statutory or partner agency requirements.



Oceano Community Services District

Board of Directors Meeting

For comparison's sake, see the table below showing San Luis Obispo County CSD's and how often they meet:

CSD	Active Powers	Frequency of Meetings				Compensation
		2 Per Month	1 Per Month	Every Other Month	Quarterly	
Avila Beach	Water, sewer, solid waste, street lighting and fire protection		X			None
California Valley	Solid waste, recycling and road maintenance		X			\$100 Regular meeting \$25 Committee \$50 other training
Cambria	Water, sewer, solid waste, street lighting, fire protection, parks & recreation, transit and Veteran's Memorial Administration	X				\$100 per meeting Not to exceed \$600/mo
Ground Squirrel Hollow	Road maintenance and solid waste		X			
Heritage Ranch	Water, sewer, solid waste, parks & recreation and gas station operation (non-operational)		X			\$100 first meeting \$50 additional meeting Not to exceed \$200
Independence Ranch	Road maintenance			X		None
Linne	Road maintenance				X	None. Volunteer only.
Los Osos	Water, septic system maintenance, street lighting, fire protection, storm drainage and parks & recreation		X			\$100 per meeting Not to exceed \$100 per day and \$600 per moth
Nipomo	Water, sewer, street lighting, drainage, landscape maintenance and solid waste	X				\$100 per meeting \$100 Standard Committee meeting \$75 Ad hoc committee meeting Not to exceed \$100/day and \$600/mo
Oceano	Water, sewer (collection - transmission), fire protection, parks & recreation, solid waste and street lighting	X				\$100 per regular or special meeting \$50 committee meeting Not to exceed \$600/mo
San Miguel	Water, sewer, fire protection, street lighting and solid waste		X			\$100 per meeting Not to exceed \$600/mo
San Simeon	Road maintenance, water, sewer, street lighting and weed abatement		X			\$92.35 per meeting, no max
Squire Canyon	Road maintenance				X	None
Templeton	Water, sewer, drainage, solid waste, street lighting, parks & recreation, fire protection and cementary	X				\$150 per meeting Not to exceed 1 per day and \$600/mo
OTHER SPECIAL DISTRICTS						
SSLOCSD (Sanitation District)	Wastewater treatment		X			\$100 per meeting Not to exceed 1 per day and \$600/mo
Port SLO Harbor District	Harbor		X			\$450/mo per Commissioner \$500/mo per Commission President
Agencies meeting 2 times per month		4				
Agencies meeting 1 time per month or less		12				



Oceano Community Services District

Board of Directors Meeting

Results

Reviewing the upcoming Board Meeting schedule gives staff and the Board an opportunity to strategically plan out the remaining months of 2024.



Oceano Community Services District

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

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

Date: July 24, 2024

To: Board of Directors

From: Peter Brown, General Manager

Subject: **Agenda Item #8A:** Possible approval of an extension for professional services with Water Systems Consulting Inc. (WSC) to continue to provide staff services to the Northern Cities Management Area Technical Group (NCMA TG) for the Fiscal Year 2024-2025 for an amount not to exceed \$21,000.

Recommendation

It is recommended that the OCSD Board authorize the General Manager to enter into a professional services agreement with Water Systems Consulting Inc. (WSC) for staff extension services for an amount not to exceed \$21,000, including the attached letter outlining the scope of work.

Discussion

WSC has been and may continue to lead various technical and managerial activities in support of the Northern Cities Management Area Technical Group (NCMA TG) for the upcoming fiscal year. The members of the NCMA TG (OCSD GM and the Public Works Directors from the cities of Pismo Beach, Arroyo Grande and Grover Beach) are generally pleased with the quality of work from WSC staff. They provide objective, science-based analysis and staff services for the NCMA TG related to basin management and groundwater modeling of the adjudicated Santa Maria River Groundwater Basin. Since this will be the fourth year of a five-year services contract, the NCMA TG has agreed to begin the process of developing a new Request for Proposals (RFP) in the coming year.

Additionally, WSC has the resources, technical skills and capacity to manage the NCMA staff activities which would otherwise be burdensome for existing staff from each member agency to handle on their own. The proposal is consistent with costs and efforts during the past three years and cost per jurisdiction is allocated based on proportional groundwater allocation percentages of the basin total of 4,330 acre-feet per year (AG 30.5%, GB 32.5%, OCSD 20.7% and PB 16.2%).

The following is a summary of work tasks that WSC will perform on behalf of the four NCMA jurisdictions:

- Schedule, organize and facilitate NCMA TG meetings
- Perform quality assurance verification checks on NCMA well data on a semi-annual basis
- Provide groundwater modeling support and scenario analysis
- Assist NCMA Agencies with supply/demand and drought response evaluations
- Provide additional research and analysis, as needed



- Provide independent technical review of various related work products
- Provide as-needed technical and/or managerial support
- Liaison with NCMA Agency lawyers to provide support as needed on active and pending litigations
- Assist in coordinating technical and legal strategy discussions
- Participate and coordinate regional water management activities on behalf of the NCMA TG
- Provide Annual Report Project Management, including:
 - Contract coordination and administration
 - Coordination with the consultant(s) and NCMA member agencies to set meetings, obtain data, and maintain project progress
 - Technical review of consultant deliverables
 - City Council and Board of Directors presentations, as needed

- Lead ongoing strategic planning efforts, as needed
- Identify and pursue grant and other funding opportunities within the available budget
- Attend Zone 3 TAC meetings on behalf of the NCMA TG, as requested
- Attend Council and/or Board meetings, as needed
- Organize and facilitate outreach and meetings as needed with local Agricultural Representatives
- Attend Department of Water Resources Adjudicated Area Workshops

Other Agency Involvement

The Cities of Arroyo Grande, Grover Beach, and Pismo Beach are the other agencies in the Northern Cities Management Area responsible for basin management and all have agreed to continue services during the upcoming fiscal year, as well as to put out a new RFP next year. Staff of all the NCMA agencies concur on the recommendation to approve the WCS proposal.

Other Financial Considerations

This work was anticipated in the 2025 FY budget and the Board adopted funds in the Water Fund to cover these costs. The District's approved budget includes a line-item cost of \$58,000 (NCMA Technical work) which is sufficient to cover this services agreement and is also anticipated to cover Groundwater Solutions Inc work to complete the required annual report.

The proposed cost of \$20,755 is approximately 14% higher than the cost of services last year (\$18,169) if the "optional task" of updating the five-year NCMA TG strategic plan for 2025-2029 is completed. If the optional task is pushed out another fiscal year, then the cost of \$18,208 is less than a fraction of a percentage point higher than last year's cost. The District's share of the cost is approximately 21% of the total cost of services for all four NCMA agencies (\$98,833).



Results

Groundwater monitoring, analysis, modeling and reporting are important efforts that provide information necessary for the long-term appropriate management of groundwater and are required by the Superior Court that partially adjudicated the groundwater basin. It will lead to improved reliability of drinking water supplies, which promotes health and safety and livable communities. Cooperating with other local agencies promotes well governed communities. Supply/demand drought response is critical to ensuring long-term drinking water supply from OCSD's three primary sources of drinking water.

Attachments:

1. OCSD and WSC Professional Services Contract
2. WSC Proposal for Staff Extension Services (Exhibit A to the Contract)
3. NCMA Groundwater Basin Map

**AGREEMENT FOR CONSULTANT SERVICES,
PROVIDE STAFF EXTENSION SERVICES FOR THE NORTHERN CITIES MANAGEMENT
AREA TECHNICAL GROUP FOR FY 2024-25**

THIS AGREEMENT made and entered into on July 24, 2024, by and between the Oceano Community Services District, a special district, collectively hereinafter referred to as DISTRICT and Water Systems Consulting, Inc. (WSC, Inc.), hereinafter referred to as CONSULTANT.

RECITALS

The DISTRICT desires to retain said services of the CONSULTANT on an independent Contractor basis to Provide Staff Extension Services for the Northern Cities Management Area Technical Group for FY 2024-25, 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 base contract, not to exceed basis of \$18,207.84 in accordance with Exhibit A, with a contingency fee of \$2,547.09 for a total project fee of \$20,754.93. The DISTRICT's share, including the contingency fee, will not exceed \$20,754.93. The DISTRICT is solely responsible for the DISTRICT's share of the total project cost. The DISTRICT shall not be responsible for any other payment to CONSULTANT, including the proportional share of any other participating agency, whether for default, late payment, or any other complication arising from the CONSULTANT's agreements with the other participating agencies.

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 (WSC Proposal to Provide Staff Extension Services FY 24/25) 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,

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

Board of Directors President

Date

Attest:

General Manager

Date

Approved as to Form:

DISTRICT's Legal Counsel

Date

CONSULTANT

Signature

Date

Name

Title

Exhibit A



6/4/2024

Northern Cities Management Area Technical Group
City of Arroyo Grande
City of Grover Beach
Oceano Community Services District
City of Pismo Beach

SUBJECT: PROPOSAL TO PROVIDE STAFF EXTENSION SERVICES FOR THE NORTHERN CITIES MANAGEMENT AREA TECHNICAL GROUP FOR FY 2024-25

Dear Northern Cities Management Area Technical Group,

As requested, WSC prepared the following scope of work letter to provide staff extension services to lead various technical and managerial activities in support of the Northern Cities Management Area Technical Group (NCMA TG) for FY 2024-25. Consistent with WSC's staff extension services proposal in response to the FY 2021-22 procurement, this letter provides scope and fee for the fourth year of the potential five-year contractual period.

The purpose of the staff extension services is to provide as-needed staff extension to assist the NCMA TG in managing their water supply portfolios and project management services for the preparation of its Annual Report. Jeff Szytel will serve as the Principal-In-Charge and Kendall Houghton and/or Michael Steele will serve as the Project Manager. Additional support will be provided by WSC staff as-needed and our groundwater modelling sub-consultant Geoscience. Consistent with our ongoing staff extension services role, it is envisioned that the following activities would be provided to support the NCMA TG.

Staff Extension Services

WSC will serve as an extension of the NCMA member agencies' staff to manage the activities of the NCMA TG. WSC's activities are expected to include:

- Schedule, organize and facilitate NCMA TG meetings
- Perform quality assurance verification checks on NCMA well data on a semi-annual basis
- Provide groundwater modeling support and scenario analysis
- Assist NCMA Agencies with supply/demand and drought response evaluations
- Provide additional research and analysis, as needed
- Provide independent technical review of various related work products
- Provide as-needed technical and/or managerial support
- Liaison with NCMA Agency lawyers to provide support as needed on active and pending litigations
- Assist in coordinating technical and legal strategy discussions
- Participate and coordinate regional water management activities on behalf of the NCMA TG
- Provide Annual Report Project Management, including:
 - Contract coordination and administration
 - Coordination with the consultant(s) and NCMA member agencies to set meetings, obtain data, and maintain project progress
 - Technical review of consultant deliverables

- City Council and Board of Directors presentations, as needed
- Lead ongoing strategic planning efforts, as needed
- Identify and/or pursue grant and other funding opportunities as can be accommodated within the available budget
- Attend Zone 3 TAC meetings on behalf of the NCMA TG, as requested
- Attend Council and/or Board meetings, as needed
- Organize and facilitate outreach and meetings as needed with local Agricultural Representatives
- Attend Department of Water Resources Adjudicated Area Workshops

Optional Tasks:

- Update 5-year NCMA TG strategic plan for 2025-2029

Fee

The proposed fee for the FY 2024-25 NCMA TG staff extension services is shown in Table 1 and is divided amongst the Cities of Arroyo Grande, Grover Beach, and Pismo Beach and the Oceano Community Services District based on SMGB groundwater allocation (including ag conversions), as detailed in Table 2.

Table 1. Cost Share – NCMA TG Fee Table

	Staff Extension Services	Optional Tasks	Total
NCMA TG Staff Extension Services	\$86,704.00	\$12,129.00	\$98,833.00
Agency Cost Share			
Arroyo Grande	\$26,878.24	\$3,759.99	\$30,638.23
Grover Beach	\$27,745.28	\$3,881.28	\$31,626.56
Oceano Community Services District	\$18,207.84	\$2,547.09	\$20,754.93
Pismo Beach	\$13,872.64	\$1,940.64	\$15,813.28

Table 2. Groundwater Allocation Calculations

	Initial Groundwater Allocation (AFY)	Ag Conversion Credits (AFY)	Current Groundwater Allocation (AFY)	Fraction of Groundwater Allocation
Arroyo Grande	1,202	121	1,323	0.31
Grover Beach	1,198	209	1,407	0.32
Pismo Beach	700		700	0.16
OCSD	900		900	0.21
Total	4,000		4,330	

We appreciate this opportunity to be of service and look forward to supporting your ongoing efforts. If you have any questions or would like to discuss this proposal, please contact Jeff at (805) 457-8833, ext. 101 or Michael at (805) 457-8833, ext. 115.

Sincerely,

Water Systems Consulting, Inc.

A handwritten signature in black ink, appearing to read 'JS' with a stylized flourish.

Jeffery Szytel, M.S., M.B.A
Principal in Charge

Sincerely,

Water Systems Consulting, Inc.

A handwritten signature in black ink that reads 'Michael Steele' in a cursive script.

Michael Steele, PE
Project Manager

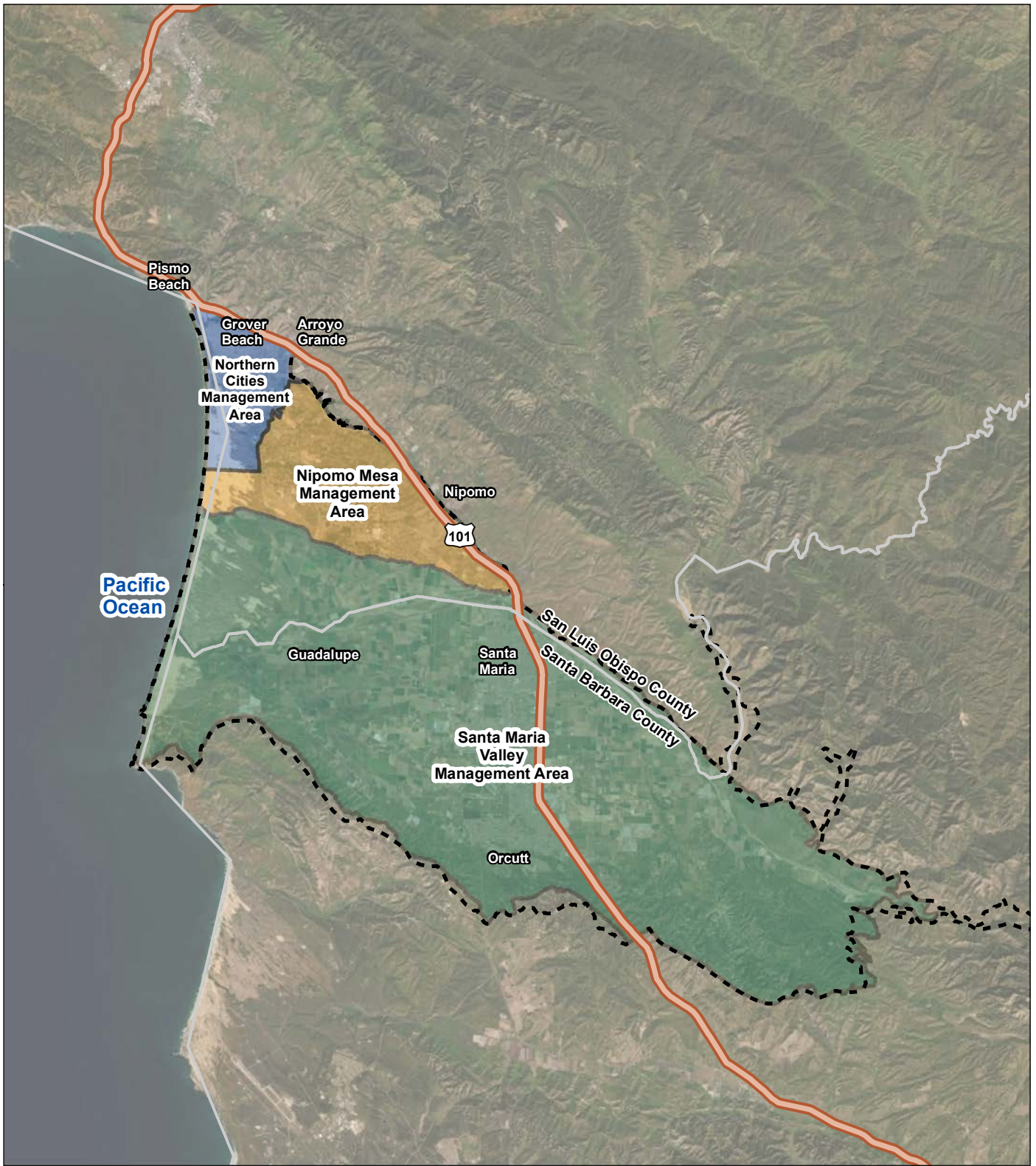
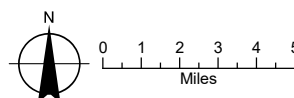


FIGURE 1

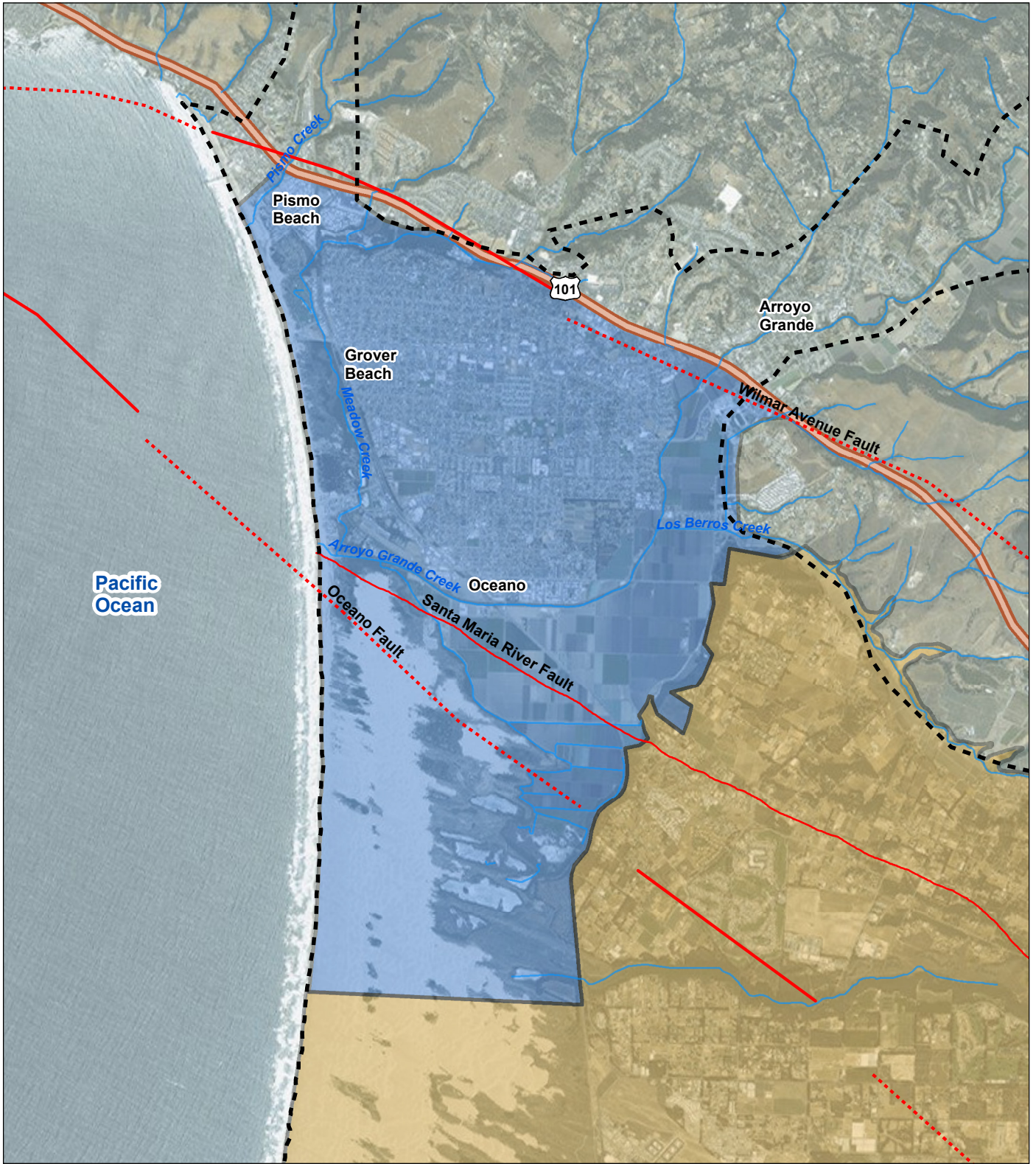
Santa Maria River Valley Groundwater Basin
 Northern Cities Management Area
 San Luis Obispo County, California

LEGEND

- Northern Cities Management Area
- Nipomo Mesa Management Area
- Santa Maria Valley Management Area
- Santa Maria River Valley Groundwater Basin
- County Borders

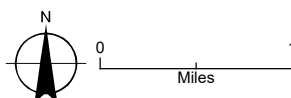


Date: January 28, 2020
 Data Sources:



- LEGEND**
- Northern Cities Management Area
 - Nipomo Mesa Management Area
 - Santa Maria Groundwater Basin (DWR 2016)
 - Faults
 - Streams

FIGURE 2
Northern Cities Management Area
 San Luis Obispo County, California



Date: December 23, 2016
 Data Sources:



Oceano Community Services District

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

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

Date: July 24, 2022

To: Board of Directors

From: Peter Brown, General Manager
Carey Casciola, Business and Accounting Manager

Subject: **Agenda Item 8(B): Consideration of a Resolution Endorsing the Plan for Service for the Divestiture of the District's Fire Protection Services and authorize a payment up to \$9,500 to the Local Agency Formation Commission (LAFCO) for the required Public Hearing.**

Recommendation

It is recommended that the Oceano Community Services District Board adopt the attached Resolution Endorsing the Plan for Service for the Divestiture of Fire Protection Services and authorize a payment up to \$9,500 to the Local Agency Formation Commission (LAFCO) for the required Public Hearing and protest proceedings of the District's Divestiture of Fire Protection.

Discussion

Measure A-20 and A-22 were placed on the 2020 and 2022 elections which gave Oceano voters the choice to approve a special tax to increase funding for emergency medical and fire protection services and both measures fell short of the required 66.7% voter approval. Now and through December 2024, the Oceano Community Services District's (District) provides and will continue to provide services through an extension of the 2023 Contract with Five Cities Fire Authority (FCFA).

The District approved [Resolution 2023-03](#) initiating the proceedings through the Local Agency Formation Commission (LAFCO) for divestiture of Fire Protection Services on January 11, 2023. By initiating the transfer of services to the County of San Luis Obispo (County), the attached Plan for Service for the District's Divestiture of Fire Protection was developed by both the District and the County. The District Board supported the Plan for Service with the attached letter of support, which while helpful, does not meet LAFCO's statutory requirements. Following the completion of the Plan for Service, LAFCO is requiring that the District provide a resolution endorsing the Plan for Service and an estimated \$9,500 to cover LAFCO staff costs and the legally required notices to the residents and property owners of Oceano for the LAFCO hearing regarding the divestiture protest proceedings.

Other Agency Involvement

The District engaged with several agencies regarding the Plan for Service for emergency medical and fire services for the community including LAFCO, the County of San Luis Obispo, the Five Cities Fire Authority, the Cities of Arroyo Grande and Grover Beach.



Financial Considerations

The District initiated the divestiture of fire protection services in 2023 and a payment of \$3,500 was issued to LAFCO to cover staff time for processing the application. The upcoming protest proceedings hearing, held by LAFCO, will require a second payment of a \$3,500 deposit to cover staff time and an estimated \$6,000 to send Oceano residents and property owners notifications. LAFCO will follow up with the actual costs related to the noticing once they have been finalized. The Fiscal Year 2024-25 Fire Fund Budget includes \$7,500 under Professional Services and the estimated \$2,000 overage is expected to be covered by other line-item savings (utilities and communications) in the Fire Fund. Staff does not anticipate any impact to the 24/25 FY adopted budget.

Results

Providing a resolution endorsing the Plan for Services and noticing the residents and property owners are both required steps in the LAFCO hearing for protest proceedings.

Attachments:

1. District Letter of Support – May 28, 2024
2. Draft Resolution
3. Plan for Service



Oceano Community Services District

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

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

May 28, 2024

Board of Supervisors
1055 Monterey St., Ste D430
San Luis Obispo, CA 93408

Subject: Letter of support for the County of San Luis Obispo's plan of service for fire and emergency services to the residents of Oceano

Dear Board of Supervisors,

On behalf of the Oceano Community Services District (OCSD), this letter is provided in support of the County of San Luis Obispo's (County) plan of service for fire and emergency services to the residents of Oceano (attached).

The community of Oceano, California is within the unincorporated region of San Luis Obispo County and is served by both the County and the OCSD. The OCSD represents and provides water, sewer, garbage, lighting, recreation and fire/emergency response for the community. The County of San Luis Obispo provides street maintenance, drainage, flood control and many other County services.

In 2010, OCSD and the cities of Grover Beach and Arroyo Grande partnered to form the Five Cities Fire Authority (FCFA) to provide services more efficiently and cost-effectively. As the volunteer/reserve firefighter model became more unsustainable due to regulatory and economic conditions, FCFA transitioned to full-time personnel. The limited allocation of property taxes to OCSD was unable to keep pace with the associated costs of providing professional fire protection services. Therefore, the OCSD proposed a special tax on both the 2020 and 2022 ballot to fund fire protection services. A majority of the community supported the special tax by 66.1% and 57.8% respectively.

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Respectfully,

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Charles Varni, President
Oceano Community Services District

Attachment: Plan for Service Summary

Oceano Fire Divistiture Proposal (as of 4/8/24)

Assets and Liabilities (One-Time)

Assets	Value/Cost
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PFF Reserve	\$230,000
FY 2023-24 Budgeted Sheriff Substation Maintenance anticipated to fall to FBA	\$90,000
FCFA Capital Equipment Credit	\$61,857
FCFA Vehicle Valuation Credit	\$216,252
OCSD Share of FCFA FBA at exit 6/30/2023 Credit	\$296,662
Asset Total	\$2,464,772

Liabilities	Value/Cost
Fire Station Minimum Maintenance	\$1,500,000
Deferred Sheriff Substation Maintenance (Carpet and Paint)	\$90,000
FCFA Pension	\$861,741
Liability Total	\$2,451,741

Total Net (Revenue-Liability) \$13,031

Annual Operating Revenue/Expense (Ongoing)

Annual Operating Revenue	
Tax Revenue (96.15%)	\$1,283,562
Impact Fees	\$3,863
CSD Rent of FS Space 20 yr. Lease with CPI (CSD to maintain portion of building)	\$116,147
Total Annual Revenue	\$1,403,572

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Total Annual Expense	\$1,713,715

Total Annual Operating (Revenue-Expense) (\$310,143)

Lease Option

Exit/Buy Out Option
OCSD option to exit Fire Station lease after 10 years, and if exercised, County has the option to purchase Sheriff Substation* for appraised land value.
*Current appraised value of Sheriff Substation is \$1.3M and current land value estimated at \$800,000

**OCEANO COMMUNITY SERVICES DISTRICT
RESOLUTION NO: 2024 - ____**

**A RESOLUTION BY THE BOARD OF DIRECTORS OF THE OCEANO COMMUNITY
SERVICES DISTRICT APPROVING THE FINAL PLAN FOR SERVICE FOR
DIVESTITURE OF FIRE PROTECTION SERVICES**

WHEREAS, the Oceano Community Services District was formed in 1981 by a reorganization dissolving County Service Area No. 13, Oceano Lighting District, Oceano Beach Lighting District, Oceano Sanitary District, Oceano Fire Protection District; and

WHEREAS, the Oceano Community Services District Board of Directors initiated proceedings pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, commencing with Section 56000 of the California Government Code, for divestiture of Fire Protection Services on January 11, 2023 via Resolution of Application 2023-3 and submitted an application to the Local Agency Formation Commission on February 26, 2023; and

WHEREAS, since March 2023, the Oceano Community Services District and the County of San Luis Obispo have worked collaboratively to develop the Plan for Service attached hereto that was approved by the Board of Supervisors on June 18, 2024; and

WHEREAS, the Oceano Community Services District is in agreement with the provisions outlined in the Plan for Services approved by the Board of Supervisors on June 18, 2024 attached hereto; and

WHEREAS, the Oceano Community Services District intends for the Plan for Services attached hereto to supersede the original Plan for Services that accompanied the Resolution of Application approved by the Oceano Community Services District on January 11, 2023 via Resolution 20203-3 and application submitted to Local Agency Formation Commission on February 26, 2023; and

WHEREAS, the Oceano Community Services District intends to enter into specific agreements with the County of San Luis Obispo as warranted in order to implement the Plan for Services attached hereto; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Oceano Community Services District that:

1. The foregoing recitals are true and correct.
2. The Oceano Community Services District can no longer meet the escalating costs, needs and requirements for the purpose of providing Fire Protection Services.
3. This Resolution of Application is approved, and hereby requests that LAFCO proceed with the processing of this divestiture as authorized and in the manner

provided by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

PASSED AND ADOPTED by the Board of Directors of the Oceano Community Services District on July 24, 2024, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

President, Board of Directors
of the Oceano Community Services District

ATTEST:

Board Secretary of the
Oceano Community Services District

APPROVED AS TO FORM:

Robert Schultz, District Counsel

Oceano Community Services District
Divestiture of Fire Protection Services

Plan for Service

[Prepared by the County of San Luis Obispo
as the Successor Agency]



June 2024

Plan for Service

Oceano Community Services District Divestiture of Fire Protection

Background

On February 14, 2023, the County received an official notification from the Local Agency Formation Commission (LAFCO) stating that on January 11, 2023, the Oceano Community Service District (OCS D) Board of Directors voted to submit a resolution of application to LAFCO to initiate proceedings for divestiture of fire protection service. The application was filed with LAFCO on February 6, 2023, with a plan for service proposing responsibility for fire protection service be transferred to the County. LAFCO notified the County that they have begun processing the application.

On August 22, 2023, the Board of Supervisors (Board) directed staff to pursue a responsive plan of service to provide fire protection to Oceano utilizing a contract model with Five Cities Fire Authority.

OCS D staff and subcommittee participated in development of the responsive plan of service. The Oceano Community Services District submitted a letter dated in support for this plan of service, dated May 28, 2024, and attached to this plan as Exhibit B.

On June 18, 2024, the Board approved a responsive plan of service and directed County staff to file the plan with LAFCO. The plan of service defines the level and mode of fire service the County will provide to Oceano, if LAFCO approves divestiture, and establishes conditions involving OCS D assets and existing unfunded pension liability.

The Plan of Service below addresses changes to tax rate areas, OCS D assets and liabilities and fire protection service level.

Plan for Service

LAFCO uses a Plan for Services to evaluate the ability of an agency to provide services in a cost-effective manner, and to assess the benefit to be received by the area relative to alternative public agency frameworks.

This Plan for Services describes the fire protection services that the County would provide to the community of Oceano in summary form. The Plan for Service includes the following information pursuant to Government Code Sections 56653.

Government Code Section 56663 States:

1. An enumeration and description of the services currently provided or to be extended to the affected territory.
2. The level and range of those services.
3. An indication of when those services can feasibly be extended to the affected territory, if new services are proposed.
4. An indication of any improvement or upgrading of structures, roads, sewer or water facilities, or other conditions the local agency would impose or require within the affected territory if the change of organization or reorganization is completed.
5. Information with respect to how those services will be financed.

Description of Services

1. Description of how services will be provided and who will provide the services to the area.

Prior to exiting Five Cities Fire Authority (FCFA) JPA, Oceano fire station was partially staffed and housed one engine. On June 22, 2023, the FCFA entered into an agreement with OCSD for the FCFA to continue to provide fire and emergency medical services to OCSD for a temporary 12-month period through June 30, 2024. On June 4, 2024, FCFA approved an extension agreement through December 31, 2024, with a thirty day-notice option to terminate.

Under their current contract the FCFA staffs three engines. Two engines operate out of Arroyo Grande, and one operates from the Grover Beach station. There are no engines stationed and no fire services provided from the Oceano fire station. The FCFA currently staffs two engines with three personnel and one engine with two personnel. There is no particular FCFA engine that is dedicated to Oceano response as response is provided from resources available.

Since 1930, The County of San Luis Obispo has provided fire protection services through a contract with CAL FIRE, acting as the County's Fire Department. The County Fire Department is responsible for providing fire and related emergency services for all the unincorporated areas in the county not served by a city, or a special district.

On August 22, 2023, the Board of Supervisors (Board) reviewed the County's available service level and service delivery options to provide fire service to Oceano. Options included serving Oceano community through the County Fire Department's contract with CAL FIRE at various service levels, or through a contract with Five Cities Fire Authority. The Board directed staff to pursue a responsive plan of service to provide fire protection to Oceano utilizing a contract model with Five Cities Fire Authority.

The County has entered into a contract with FCFA to provide fire service to the community of Oceano. The contract will become effective upon LAFCO approval of the District's divestiture and terminate on June 30, 2027, with two one year options to extend. The contract cost is \$1,706,000 each year with annual CIP increases. The contract will provide for delivery of all fire protection and emergency services in Oceano out of Grover Beach and Arroyo Grande Fire Stations, at a minimum of two personnel per engine. This contract maintains the level of service currently provided to the community of Oceano.

2. The level and range of services.

The current level of service provided to the community of Oceano by FCFA will remain the same. The service area will remain the same as the current boundary of the Oceano Community Services District.

The County, through contract with FCFA, will provide the following services:

1. Administration of fire services
2. Incident Response
3. Fire Safety Inspections/Enforcement
4. Investigations
5. Training
6. Emergency Management

3. Estimated time frame for service delivery.

The County will be responsible for fire and emergency response upon LAFCO approval of OCSDs application of divestiture. Service will be provided through a contract with FCFA with an effective date of the date that LAFCO approves OCSD's application of divestiture.

4. An indication of any capital improvements, or upgrading of structures, roads, sewer or water facilities or other conditions the agency would impose or require within the affected territory prior to providing service if proposal is approved.

Upon LAFCO approval, the County will assume fire responsibility for the community of Oceano as part of the unincorporated area of the County, target commencement date of January 1, 2025, with conditions related to OCSD revenue, assets, liabilities and space lease agreements as outlined below.

Revenues

The County Administrative Office will bring a tax exchange resolution to the Board of Supervisors such that OCSD will retain 3.85% of OCSD's current AB8 Factor of .18712. The amount retained by OCSD will be for the continuance of operation of the community's lighting service.

Additionally, 100% of development impact fee revenue related to the community of Oceano will be retained by the County to fund operations.

Prior to County assuming fire responsibility for Oceano, the County and Oceano will enter into an agreement to transfer to the County property tax revenue received by OCSD beginning July 1, 2024 through the implementation of the adjusted tax roll, at the rate described above, reduced by an amount equal to \$142,167 per month until the time that the County assumes fire responsibility for Oceano.

Assets

OCSD will transfer to the County fee simple ownership of the existing OCSD Fire Station and real property located at 1655 Front Street, Oceano (APN 062-271-023) including General Fund purchased items, equipment, and vehicles.

Prior to County assuming fire responsibility for Oceano, OCSD will transfer to the County 100% of OCSD's Public Facility Fee reserve in the amount of \$230,000 and FY 2023-24 year-end fund balance available in the amount of \$90,000 related to budgeted facility improvements.

Prior to County assuming fire responsibility for Oceano, the County and Oceano will enter into an agreement to retain Oceano's Public Facility Fees allocation.

Liabilities

The County will assume responsibility for OCSD's ongoing CalPERS unfunded actuarial accrued liability (UAAL) arising out of OCSD's participation in Five Cities Fire Authority between June 7, 2010 through June 30, 2023, in the amount equal to 19.7% of total. The Foster and Foster actuarial report dated December 15, 2023, shows OCSD's share of UAAL as of June 30, 2022 to be \$861,741. OCSD's liability is anticipated to be reduced due to reimbursement payments made after June 30, 2022, by the City of Arroyo Grande to Five Cities Fire Authority, reducing the total UAAL of \$4,374,321 by \$982,311.

Additionally, as outlined in the ongoing liabilities agreement dated June 14, 2023 (Exhibit C), OCSD's UAAL will be reduced by \$278,109 related to Capital Equipment and Vehicle Valuation credits as well as OCSD's share of Five Cities Fire Authority's FY 2022-23 year-end fund balance estimated to be \$296,662.

Prior to County assuming fire responsibility for Oceano, the County and Oceano will enter into an agreement to transfer unfunded actuarial accrued liability to the County, as described above.

Related Space Lease Contracts

The County and OCSD will execute two space lease agreements related to the Plan for Service. The first will provide for OCSD to continue to occupy the current OCSD Administrative space at the 1655 Front Street, Oceano for a term of 20 years in the annual amount of \$116,147, with annual CIP adjustments. Commencement date will be set to the date the County obtains fee simple ownership of the existing OCSD Fire Station. The lease includes an option for

OCSD to exit the lease after 10 years, and if the option is exercised, the County will have the option to purchase the Sheriff substation real property located at 1681 Front Street, Oceano, for an amount equal to the appraised land value.

The second lease will provide for the County Sheriff to continue to occupy the space at 1681 Front Street, Oceano for a term of 20 years in the amount of \$1 per year. The lease commencement date will be set to the date the County assumes fire responsibility for Oceano.

Prior to County assuming fire responsibility for Oceano, the County and Oceano will enter into two space agreements, as described above.

5. A description of how the services will be financed.

The majority or all of the general fund revenues received by the District would be available to partially fund operations. Services will be financed with property tax revenue transferred from OCSD to the County, impact fees, rent revenue and additional County General Fund. It is estimated that FY 2024-25 OCSD property tax revenue will be approximately \$1.3 million. Additionally, the Public Facility Fire Fees that are collected by the OCSD will be transferred to the County.

The table below shows the revenue trends over the last four years based on the District’s financial statements.

OCSD Revenue Trends

Revenue	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	*	**
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Property Tax	1,028,371	1,081,219	1,132,291	1,182,885	1,296,431	1,337,044
Public Facility Fees	20,061	10,158	20,528	7,878	3,863	TBD
Other Sources	147,690	144,285	150,971	149,653	TBD	TBD
TOTAL	\$1,196,122	\$1,235,662	\$1,303,790	\$1,340,416	\$1,300,294	\$1,337,044

*According to County Auditor’s Office.

**For the purposes of this report, the analysis of options includes an increase in annual revenue, of which \$1,337,044 is estimated to be available to fund operations if the County were to take over fire services based on the FY 2023-24 Assessor’s Values and preliminary AB8 Calculations from Auditor’s Office.

At the time that the Board directed staff to prepare this Plan for Service, it was estimated that the ongoing annual cost of service including both contract cost and indirect County cost, would be approximately \$1,800,000, and the annual General Fund support would be \$498,783. Due to conditions in this Plan of Service including proposed lease agreements between OCSD and the County over the next 20 years, estimated impact fee revenue, and maintenance on fire related assets to be transferred to the County, the annual operating expense is estimated to be \$1.7 million, and the annual General Fund support is estimated to be \$310,143.

The Plan for Service also includes a one-time transfer of assets and liabilities from OCSD to the County; assets estimated to be valued at approximately \$2.5 million, and liabilities estimated to be valued at approximately \$2.5 million.

6. Agency’s general statement of intent to provide services to the affected territory, indicating the agency’s capability of providing the necessary services in a timely manner to the affected territory while being able to serve all areas within its current boundaries and without lowering the level of service provided to areas currently being served by the agency.

Upon LAFCo approval of OCSD’s application of divestiture of fire authority, the County intends to assume fire authority for the community of Oceano. The County has entered into a contract with FCFA, effective upon LAFCO approval of the subject divestiture, to provide fire protection services to the community of Oceano. FCFA is currently providing

services to Oceano, and no service level change is anticipated as a result of this Plan for Service. FCFA response time to Oceano is 7-11 minutes from the Arroyo Grande Station and 7-9 minutes from the Grover Beach Station.

The Contract for services termination date is June 30, 2027, and includes two one-year options to extend. The contract cost is \$1,706,000 each year with annual CIP increases. Other operational costs to the County include facility maintenance utilities and insurance. Based on revenue and expenditure estimates it is anticipated that in the first year after divestiture, the County General Fund support will be approximately \$310,143. A summary of this Plan for Service is attached as Exhibit A.

Exhibits

A – Summary of Plan for Service

B – OCSD Letter of Support

C – FCFA OCSD Ongoing Liabilities agreement dated June 14, 2023

Oceano Fire Divistiture Proposal (as of 4/8/24)

Assets and Liabilities (One-Time)

Assets	Value/Cost
Fire Station APN 062-271-023	\$1,570,000
PFF Reserve	\$230,000
FY 2023-24 Budgeted Sheriff Substation Maintenance anticipated to fall to FBA	\$90,000
FCFA Capital Equipment Credit	\$61,857
FCFA Vehicle Valuation Credit	\$216,252
OCSD Share of FCFA FBA at exit 6/30/2023 Credit	\$296,662
Asset Total	\$2,464,772

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Fire Station Minimum Maintenance	\$1,500,000
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*Current appraised value of Sheriff Substation is \$1.3M and current land value estimated at \$800,000



Oceano Community Services District

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

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

May 28, 2024

Board of Supervisors
1055 Monterey St., Ste D430
San Luis Obispo, CA 93408

Subject: Letter of support for the County of San Luis Obispo's plan of service for fire and emergency services to the residents of Oceano

Dear Board of Supervisors,

On behalf of the Oceano Community Services District (OCSD), this letter is provided in support of the County of San Luis Obispo's (County) plan of service for fire and emergency services to the residents of Oceano (attached).

The community of Oceano, California is within the unincorporated region of San Luis Obispo County and is served by both the County and the OCSD. The OCSD represents and provides water, sewer, garbage, lighting, recreation and fire/emergency response for the community. The County of San Luis Obispo provides street maintenance, drainage, flood control and many other County services.

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Respectfully,

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Charles Varni, President
Oceano Community Services District

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 *Current appraised value of Sheriff Substation is \$1.3M and current land value estimated at \$800,000

**OCEANO COMMUNITY SERVICE DISTRICT'S ONGOING CAL PERS
LIABILITIES AND RESPONSIBILITIES FOLLOWING WITHDRAWAL FROM THE
FIVE CITIES FIRE AUTHORITY JOINT EXERCISE OF POWERS AGREEMENT**

This AGREEMENT (“Agreement”) is dated this 14th day of June, 2023, for reference purposes only, and is entered into by and between the Five Cities Fire Authority (“FCFA”), and the Oceano Community Services District (“Oceano”), which are hereinafter referred to as “Party” or collectively as “Parties.” This Agreement memorializes Oceano’s ongoing share of unfunded CalPERS liabilities, including but not limited pension/CalPERS, accrued fringe benefits, and other liabilities incurred from Oceano’s participation in the Five Cities Fire Authority, prior to June 30, 2023 (“Liabilities”).

RECITALS

A. On June 7, 2010, the cities of Arroyo Grande and Grover Beach, and Oceano, desirous of improving the quality and level of fire suppression and emergency medical service delivery within their communities through the sharing of resources and expertise, entered into a Joint Powers Authority Agreement (the “JPA”) and have operated as Five Cities Fire Authority pursuant to the terms and conditions in that agreement since that time as JPA member agencies. That JPA, and its First, Second and Third Amendments, are incorporated herein and attached as Exhibit “A” (collectively, “JPA and its Amendments”).

B. The obligations contained within Exhibit “A” remain binding on each of the Parties, including Oceano’s Liabilities, incurred over the time period during which each Party serves or has served as a JPA member agency.

C. Under that JPA and its Amendments, the Parties have shared fire services, allowing for cost savings and operational efficiencies in providing fire services to the public.

D. Oceano has served as a member agency of the JPA since the inception of the FCFA on June 7, 2010, but is exiting the JPA on June 30, 2023 due to mutually adopted provisions by each Party under the JPA.

E. Specifically, and pursuant to Section 4 of the Third Amendment to the JPA, Oceano was required to place a special sales tax measure on the 2022 primary ballot, that would enable Oceano to be able to fund its proportionate share of costs owed to the FCFA.

F. As that 2022 Oceano ballot measure failed, and Oceano is unable to fund its proportionate share of its costs owed to the FCFA, by the terms of the Third Amendment to the JPA, incorporated herein as Exhibit “A,” the JPA subsequently entered into a “Wind Down Period,” with certain ongoing obligations and Liabilities owed by Oceano before an automatic withdrawal from the FCFA on June 30, 2023.

G. The Parties have now determined this Agreement is necessary to set out the continued FCFA obligations owed by Oceano under the “Wind Down Period” incorporated by Exhibit “A,” and to set forth a process by which those Oceano Liabilities will be paid in full.

H. The Parties agree that all proportionate Oceano Liabilities, as well as all debts and obligations owed by Oceano to the FCFA, shall remain in effect until paid in full.

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions hereinafter stated the Parties agree as follows:

1. **Recitals.** The recitals above are true and correct and are hereby incorporated into the terms of this Agreement as though fully set forth herein.

2. **Term.** The term of this Agreement shall commence as of the date the governing boards of all Parties have fully executed this Agreement and shall continue until terminated automatically upon the date Oceano has paid all proportionate Liabilities, as well as all debts and obligations owed by Oceano to the FCFA, as set herein.

3. **Oceano's Financial Obligations.**

3.1 Nothing within this Agreement modifies Oceano's obligations under the Five Cities Fire Authority Joint Powers Authority Agreement, as amended, in particular the Third Amendment included as Exhibit "A."

3.2 Oceano remains subject to all "Wind Down Period" obligations set forth within the JPA and its Amendments, incorporated as Exhibit "A." Specifically, under Section 5 of the Third Amendment to the JPA, Oceano's withdrawal from the FCFA shall not absolve Oceano from any Liabilities arising out of Oceano's participation in the JPA since the time the FCFA was created on June 7, 2010 through the date of Oceano's withdrawal from the JPA on June 30, 2023 ("Effective Date Range for Liabilities").

3.3 Oceano warrants and agrees to pay any and all Liabilities arising out of its participation in the JPA over the Effective Date Range for Liabilities. Oceano warrants and agrees to the FCFA's use of the City of Arroyo Grande's CalPERS contract for employees of the FCFA, effective since the inception of the JPA.

3.4 Oceano's share of Liabilities shall bear the same proportionate relationship to the whole as its annual contribution for the operation of the FCFA as set forth in Exhibit "A" over the Effective Date Range for Liabilities. Oceano's share of such Unfunded Accrued Pension Liability ("UAPL") expenses shall be determined according to the same formula used by the FCFA to allocate such costs during the final year of the withdrawing Oceano's membership.

(a) Oceano's share of Liabilities shall be reduced by (i) Oceano's proportionate share of the FCFA fund balance as of June 30, 2023, and (ii) Oceano's proportionate ownership share of FCFA physical assets as of June 30, 2023, which equals Two Hundred Seventy-Eight Thousand One Hundred Nine Dollars (\$278,109). The amount of Oceano's proportionate share of the FCFA fund balance as of June 30, 2023, will be determined by the FCFA Treasurer based on the audited financial report for Fiscal Year 2022-23.

3.5 **Actuary Report.** The Parties shall agree and rely on an Actuary Report utilized by the FCFA to determine Oceano's share of Liabilities. Specifically, the Parties agree to rely on any Actuary Report commissioned by the FCFA that methodically determines all CalPERS-

designated liabilities, commissioned in response to Arroyo Grande's CalPERS contract, to determine the Liabilities owed by Oceano to FCFA. Attached as Exhibit "B" is Foster & Foster's Five Cities Fire Authority CalPERS Miscellaneous and Safety Plans Unfunded Liability Analysis ("Preliminary Actuary Report") reflecting the Parties share of Liabilities for FCFA through June 30, 2021. That Preliminary Actuary Report is presented as an example. At that time FCFA completes an Actuary Report that reflects Oceano's proportionate share of Liabilities over the Effective Date Range for Liabilities, through June 30, 2023 ("Final Actuary Report"), that Final Actuary Report will be attached, replacing the Preliminary Actuary Report, and incorporated herein as a revised Exhibit "B." Any Final Actuary Report shall be used to determine Oceano's owed amount over the Effective Date Range for Liabilities and shall be binding on the Parties for purposes of Oceano's required payment of Liabilities under Section 3.6. The Final Actuary Report may be revised from time to time based on any updated transmittal of FCFA's CalPERS liabilities over the Effective Date Range for Liabilities. At the time a Final Actuary Report is revised as commissioned by FCFA, those revisions shall automatically be incorporated by reference as Exhibit "B."

(a) The Parties consent and agree with the formula, calculations used and Oceano's agreed upon shares attributed to services rendered over the Effective Date Range for Liabilities, as set forth in the Actuary Report that shall be attached and incorporated herein as Exhibit "B." and will be similar in analysis to the Preliminary Actuary Report.

(b) The Parties consent and agree that Oceano's Liabilities shall be calculated using the same assumptions used by CalPERS to calculate UAPL for contracting agencies with active contracts unless Oceano elects to pay its share of liabilities on a lump sum basis, in which case, the assumption used shall be the assumptions used by CalPERS to calculate UAPL for contracting agencies on a terminated basis.

3.6 Payment Options. Oceano's Liabilities are due and payable to the FCFA based on one of the following two payment options, which ensures full recovery for any and all proportionate Oceano Liabilities incurred prior to June 30, 2023. Failure to meet the obligations set forth in this Section 3.5 herein constitutes a default by Oceano.

(a) **Lump Sum.** Upon execution by the Parties of this Agreement, Oceano may issue a lump sum invoice payment for the Total Cost of Liabilities owed to the FCFA, as set forth under Section 3.3 above and subject to any Final Actuary Report incorporated as Exhibit "B," within 180 days of Parties' receipt of the Actuary Report that will be accepted by the Parties by the terms described herein.

(b) **Annual Payment.** Upon execution by the Parties of this Agreement, Oceano may initiate an annual payment for the Total Cost of Liabilities, due and payable via invoice within sixty (60) days of receipt of a FCFA invoice evidencing applicable CalPERS liabilities for any portion of the Effective Date Range of Liabilities, based on the applicable Final Actuary Report incorporated as Exhibit "B." Should Oceano initiate annual payments, Oceano reserves the right to make a future lump sum payment for the remaining Total Cost of Liabilities owed to the FCFA based on an Actuary Report agreeable to all Parties, due and payable via invoice within sixty (60) days of receipt of a FCFA invoice.

3.7 **Default and Delinquency.** If Oceano defaults in its obligation to pay or advance any amounts due pursuant to this Agreement after such amounts have become delinquent, Oceano shall be liable to the FCFA for interest on any unpaid amount at the rate of 10% per annum, or the maximum rate allowed by law if it is less than 10% per annum, until the overdue invoice amount is paid in full.

4. **Indemnification.** The Parties shall indemnify, defend and hold harmless the other Parties' members, officers, directors, employees and agents from and against any and all liability, loss, damages, expenses, costs (including, without limitations, costs and fees of litigation or arbitration) of every nature, arising out of any act or omission related to this Agreement.

5. **Conflict Resolution.** The Parties agree that any and all disputes, claims or controversies between the Parties arising out of or relating to performance of this Agreement, shall be resolved pursuant to the conflict resolution provisions as follows:

5.1 The Parties shall first meet and attempt in good faith to negotiate and resolve any dispute arising out of or relating to this Agreement, subject to subsequent approval of any such resolution by the respective governing boards of the Parties.

5.2 If the matter cannot be resolved, then the Parties agree that the matter shall be submitted to mediation within a reasonable period of time after receipt of a written request from one Party requesting such mediation. The Parties shall cooperate with one another in selecting a mediator and in scheduling the mediation proceedings. Should the Parties be unable to agree upon a mediator, they shall agree upon a mediation service and shall have that service select a mediator for them. The Parties agree that they shall participate in the mediation in good faith and that they will share equally in the costs of mediation. All offers, promises, conduct and statements, whether oral or written, made in the course of the mediation by any of the Parties, their agents, employees, experts and attorneys, and by the mediator or any employees of the mediator, are confidential, privileged and inadmissible for any purpose, including impeachment, in any litigation or other proceeding involving the Parties, provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the mediation.

5.3 If the matter is not resolved by negotiation, then the Parties may submit the matter to binding or non-binding arbitration, but only if the Parties agree to submit the particular controversy to arbitration. No Party shall have a right to submit any controversy to arbitration without the other Parties' consent.

6. **General Provisions.**

6.1 **Construction and Interpretation.** It is agreed and acknowledged by the Parties that this Agreement has been arrived at through negotiation, and that each Party has had a full and fair opportunity to revise the terms of this Agreement. Consequently, the normal rule of construction that any ambiguities are to be resolved against the drafting Party shall not apply in construing or interpreting this Agreement.

6.2 **Waiver.** The waiver at any time by any Party of its rights with respect to a default or other matter arising in connection with this Agreement shall not be deemed a waiver with respect to any subsequent default or matter.

6.3 **Remedies Not Exclusive.** The remedies provided in this Agreement are cumulative and not exclusive, and are in addition to any other remedies that may be provided by law or equity. The exercise by any Party of any remedy under this Agreement shall be without prejudice to the enforcement of any other remedy.

6.4 **Severability.** The invalidity, illegality or unenforceability of any provision of this Agreement shall not render the other provisions unenforceable, invalid or illegal.

6.5 **Successors and Assigns.** Except as otherwise provided by law, the rights and duties of the Parties under this Agreement shall not be assigned or delegated without the prior written consent of the other Parties. Any attempt to assign or delegate such rights or duties in contravention of this Agreement shall be null and void.

6.6 **No Third Member Agency Beneficiaries.** This Agreement shall not be construed to create any third party beneficiaries. This Agreement is for the sole benefit of the Parties, and their permitted successors, transferees and assignees, and no other person or entity shall be entitled to rely upon or receive any benefit from this Agreement or any of its terms.

6.7 **Amendment.** This Agreement may be modified or amended only by a subsequent written agreement approved by the governing board of each Party, and executed by each Party pursuant to the terms and conditions of this Agreement.

6.8 **Governing Law and Venue.** Except as otherwise required by law, this Agreement shall be interpreted, governed by, and construed under the laws of the State of California. The County of San Luis Obispo shall be the venue for any litigation concerning the enforcement or construction of this Agreement.

6.9 **Attorney Fees.** In the event any legal action is brought to enforce or construe this Agreement, the prevailing party shall be entitled to an award of reasonable attorney fees, expert witness and consulting fees, litigation costs and costs of suit.

6.10 **Notice.** Any notice, demand, invoice or other communication required or permitted to be given under this Agreement shall be in writing and either served personally or sent by prepaid, first class U.S. mail to the Agency Clerk and Agency Attorney of each Party.

Any notice or other communication served by personal delivery shall be deemed received when actually delivered. Any notice or other communication shall be deemed as received three days after deposit in United States mail, postage prepaid, return receipt requested.

6.11 **Counterparts.** This Agreement may be executed by the Member Agencies in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

Exhibits:

- 1. Exhibit “A” – Five Cities Fire Authorities Joint Powers Authority Agreement and Amendments**
- 2. Exhibit “B” – Actuary Report of Five Cities Fire Authority Unfunded Accrued Pension Liability**

[signature page follows]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date last executed as set forth below.

FIRE CITIES FIRE AUTHORITY

By _____
Authority Chair

Dated _____

ATTEST:

By _____
Authority Clerk

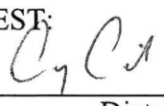
APPROVED AS TO FORM:

Authority Attorney
City Attorney

OCEANO COMMUNITY SERVICES DISTRICT

By 
President

Dated June 14, 2023

ATTEST:
By 
District Clerk

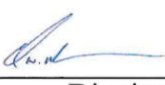
APPROVED AS TO FORM:

District Counsel

Exhibit “A” – Five Cities Fire Authorities Joint Powers Authority Agreement and Amendments

COPY

**JOINT EXERCISE OF POWERS AGREEMENT
BETWEEN THE CITY OF ARROYO GRANDE,
CITY OF GROVER BEACH
AND THE
OCEANO COMMUNITY SERVICES DISTRICT
CREATING THE
FIVE CITIES FIRE AUTHORITY**

COPY

JOINT EXERCISE OF POWERS AGREEMENT

This Agreement, dated June 7, 2010, is between the City of Arroyo Grande, a general law city ("Arroyo Grande"), the City of Grover Beach, a general law city ("Grover Beach"), and the Oceano Community Services District, a California special district ("OCSD"), also collectively and individually referred to as "Jurisdiction(s)".

WITNESSETH

Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of State of California (the "Act") authorize Arroyo Grande, Grover Beach and OCSD to create a joint exercise of powers entity (the "Five Cities Fire Authority" or the "Authority") which has the power to jointly exercise any powers common to Arroyo Grande, Grover Beach and OCSD and to exercise the powers granted to it under the Act.

Arroyo Grande, Grover Beach and OCSD are each authorized to create and maintain a fire department.

In July 2004, Arroyo Grande and Grover Beach entered into an agreement to provide joint administration of fire services for both jurisdictions. In March 2008 the agreement was amended to include OCSD.

Arroyo Grande, Grover Beach and OCSD continue to recognize the benefits of combining their respective fire service providers into one provider.

By this Agreement, Arroyo Grande, Grover Beach and OCSD desire to create and establish the Authority for the purposes set forth herein and to exercise the powers described herein.

NOW, THEREFORE, Arroyo Grande, Grover Beach and OCSD, for and in consideration of the mutual promises and agreements herein contained, do agree as follows:

SECTION 1. DEFINITIONS

Unless the context otherwise requires, the terms defined in Section 1 shall for all purposes of this Agreement have the meanings herein specified.

Act

The term "Act" means Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, as they now exist or may hereafter be amended.

Area

The term "Area" means the combined aggregate jurisdictional service areas of the Jurisdictions as they now exist and as they may hereafter be modified by annexation of territory to or exclusion of territory from the boundaries of the Jurisdictions. The combined aggregate service areas of the Jurisdictions as they now exist are delineated on the map attached hereto as Exhibit D and hereby made a part of this Agreement.

Arroyo Grande

The term "Arroyo Grande" means the existing municipal corporation known as the City of Arroyo Grande, a general law city duly organized and existing under and by virtue of the laws and the constitution of the State of California.

Authority

The term "Authority" means the Five Cities Fire Authority created by this Agreement.

Board

The term "Board" means the governing board of the Authority.

Employee of Authority

The term Employee of Authority or Employee, means (i) those individuals employed by Arroyo Grande, but assigned to the Authority (as of the effective date of this Agreement or at a future time) under the agreement between Authority and Arroyo Grande referenced in Exhibit A of this Agreement; and (ii) those individuals employed directly by the Authority after the effective date of this Agreement.

Grover Beach

The term "Grover Beach" means the existing municipal corporation known as the City of Grover Beach, a general law city duly organized and existing under and by virtue of the laws and the constitution of the State of California.

Jurisdiction

The term "Jurisdiction" shall mean a general law City or Community Services District that is a signatory to this Joint Exercise of Powers Agreement.

OCSD

The term "OCSD" means the existing district known as the Oceano Community Services District, a California special district duly organized and existing under and by virtue of the laws and the constitution of the State of California.

SECTION 2. PURPOSE

This Agreement is made pursuant to the Act and for the purpose of allowing the Jurisdictions to share a combined fire department in order to provide an efficient and economical fire protection service.

SECTION 3. TERM

This Agreement shall become effective as of the date hereof and shall continue in full force and effect until terminated.

SECTION 4. AUTHORITY

A. Creation of Authority

There is hereby created pursuant to the Act an agency and public entity to be known as the "Five Cities Fire Authority." As provided in the Act, the Authority shall be a public entity separate from the Jurisdictions. The debts, liabilities and obligations of the Authority shall not constitute debts, liabilities or obligations of the Jurisdictions.

Within 30 days after the effective date of this Agreement or any amendment hereto, the Authority will cause a notice of this Agreement or amendment to be prepared and filed with the Office of the Secretary of State of the State of California in the manner set forth in Section 6503.5 of the Act.

B. Governing Board

The Authority shall be administered by the Board, whose members shall be, at all times, one Councilmember or an alternate from Arroyo Grande, one Councilmember or an alternate from Grover Beach, and one Boardmember or an alternate from OCSD. The Councilmembers and Boardmember and alternates shall be appointed as determined by the respective City Councils and Board of Directors under their respective Council and Board policies. The alternates must be elected officials of their respective Jurisdictions.

C. Meeting of Board

(1) Regular Meetings. During the first year of Authority's existence, the Board shall hold at least bi-monthly meetings. Thereafter, the Board shall hold at least quarterly meetings and may hold additional meetings as necessary.

- (2) Legal Notice. All meetings of the Board shall be called, noticed, held and conducted subject to the provisions of the Ralph M. Brown Act (Chapter 9 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (Sections 54950-54961)) or any successor legislation hereinafter enacted.
- (3) Minutes. The Secretary of the Authority shall cause minutes of all meetings of the Board to be kept and shall, as soon as possible after each meeting, cause a copy of the minutes to be forwarded to each member of the Jurisdictions' governing Board of Directors or Council.
- (4) Quorum. All three voting members (or their alternates) of the Board shall constitute a quorum for the transaction of business, except that less than a quorum may adjourn meetings from time to time.
- (5) Voting. All decisions made by the Board related to the Authority require a majority vote of the Board, except for decisions relating to the budget, labor relations agreements, and any unbudgeted non-emergency contract for services that exceeds \$75,000, which decisions shall require a unanimous vote of the Board for approval.

D. Board Referral to Jurisdiction Governing Councils and Board of Directors.

- (1) In order to refer a matter to the Jurisdictions' governing Councils and Board of Directors, a majority of Board members must vote to do so; provided, however, that the Board may reconsider at any time any matter not receiving majority votes to refer. Referred matters shall be approved by a majority of the member Jurisdictions.
- (2) The Board shall annually consider the following: the budget which shall consist of the cost allocation plan, service goals, and performance standards. From time to time the Board shall consider any labor relations agreement.
- (3) The Board shall adopt as necessary Employer-Employee Relations Procedures and Personnel Rules and Regulations applicable to the Authority. City of Arroyo Grande Personnel Regulations and other policies and procedures shall apply to the Authority and its employees until replacement regulations, policies and procedures are adopted by the Authority.

- (4) For "meet and confer" purposes, notwithstanding the fact that Authority's employees are City of Arroyo Grande employees, the Board's members may consult with their respective Jurisdiction governing Councils and Board of Directors throughout the meet and confer process. The Board and its designated staff negotiators shall negotiate with exclusively recognized employee organizations.
- (5) As part of approving an overall compensation plan for its management employees, the Arroyo Grande City Council, after receiving the decision of the Board, shall approve that portion of the Authority management compensation plan that includes the Fire Department management employees. The Jurisdictions' governing Councils and Board of Directors may meet in closed sessions for the purpose of providing input to the Board regarding the terms of Compensation for Authority employees.
- (6) Governing Councils and Board of Directors must approve addition of any new members to the Authority.

E. Officers of the Board

- (1) The officers of the Authority shall be the Chair and Vice-Chair and Secretary.
- (2) The Fire Chief shall be the Executive Officer of the Authority and shall be responsible for implementing the decisions of the Board and shall be responsible for the operations and general management of the Authority. The Fire Chief will be appointed by the Board and be responsible to the Board. The Fire Chief will be an at will employee of the Authority and shall:
 - (a) Direct all subordinate employees;
 - (b) Be responsible for the appointment and removal of Authority employees;
 - (c) Attend all meetings of the Board unless excused there from;
 - (d) Develop and distribute to the Board, agendas for all Board meetings;
 - (e) Promulgate and implement administrative regulations;
 - (f) Perform such other duties and exercise such other powers as may be delegated by the Authority Board.

- (g) Have authority to approve expenditures of up to \$50,000, without Board's approval.
- (3) The Fire Chief may consult with the managers of the City of Grover Beach, the City of Arroyo Grande and the Oceano Community Services District. The Managers may meet from time to time, at their own volition or at the request of the Board, to consult and discuss matters that are of importance to the administration and operation of the Authority. The Managers may make recommendations to the Board regarding these matters.
- (4) The Director of Administrative Services of Arroyo Grande is hereby designated as Treasurer of the Authority. The Treasurer is designated as the depository of the Authority to have custody of all the money of the Authority, from whatever source, and, as such, shall have the powers, duties and responsibilities specified in Section 6505.5 of the Act.
- (5) The Treasurer of the Authority is designated as the public officer or person who has charge of, handles, or has access to any property of the Authority, and such officer shall file an official bond in the amount of \$25,000 as required by Section 6505.1 of the Act; provided, that such bond shall not be required if the Authority does not possess or own property or funds with an aggregate value of greater than \$500.00.
- (6) The Fire Chief or his/her designee shall serve as Secretary to the Board.
- (7) The City Attorney of Grover Beach is designated primary legal counsel to the Authority, and by executing this Agreement, all of the Jurisdictions on behalf of the Authority and City of Grover Beach on its own behalf, acknowledge that they have been advised of the nature and consequences of a potential conflict of interest inherent in representation of more than one client and have agreed to wave such potential conflict. The City Attorney of Grover Beach will also serve as the General Counsel for the Authority, thus representing two clients connected by this Agreement. In the event that a situation arises where a conflict becomes potential or actual, the City Attorney/General Counsel will advise both clients of such conflict and withdraw from representing either in connection with the situation giving rise to the conflict.

SECTION 5. GENERAL POWERS

The Authority is authorized, in its own name, to do all acts necessary for the exercise of said powers for said purposes. Except as otherwise provided herein, such power shall be exercised subject only to such restrictions upon the manner of exercising such power as are imposed upon Arroyo Grande in the exercise of similar powers, as provided in Section 6509 of the Act.

The Authority shall have the power in its own name to exercise any and all common powers of its Members reasonably related to the purposes of the Authority, including, but not limited to, the powers to:

- A. Seek, receive and administer funding from any available public or private source, including grants or loans under any available federal, state and local programs for assistance in achieving the purposes of the Authority.
- B. Set fees and collect and maintain fee revenue for services provided by the Authority such services may include but are not inclusive of apartment inspections, firework permits or weed abatement.
- C. Contract for the services of engineers, attorneys, planners, financial and other necessary consultants.
- D. Make and enter into any other contracts, including to provide services outside of its Jurisdictions' boundaries, if otherwise allowed by law.
- E. The authority may enter into a supplemental agreement to provide services to a member agency that is not provided to all Authority members for an agreed upon fee. Such services may include but are not exclusive of code enforcement, fire protection services and plan check services.
- F. Employ agents, officers and employees.

- G. Acquire, lease, construct, own, manage, maintain, dispose of or operate (subject to the limitations herein) any buildings, works or improvements.
- H. Acquire, hold, manage, maintain, or dispose of any other property by any lawful means, including without limitation gift, purchase, eminent domain, lease, lease-purchase, license or sale.
- I. Incur all authorized debts, liabilities, and obligations, including issuance and sale of bonds, notes, certificates of participation, bonds authorized pursuant to the Marks-Roos Local Bond Pooling Act of 1985, California Government Code Sections 6584 et seq. (as it now exists or may hereafter be amended) or any other legal authority common to the Members and such other evidences of indebtedness, subject to the limitations herein.
- J. Receive gifts, contributions and donations of property, funds, services and other forms of financial or other assistance from any persons, firms, corporations or governmental entities.
- K. Sue and be sued in its own name.
- L. Seek the adoption or defeat of any federal, state or local legislation or regulation necessary or desirable to accomplish the stated purposes and objectives of the Authority.
- M. Adopt rules, regulations, policies, bylaws and procedures governing the operation of the Authority.
- N. Invest any money in the treasury pursuant to California Government Code Section 6505.5 that is not required for the immediate necessities of the Authority, as the Authority determines is advisable, in the same manner and upon the same conditions as local agencies, pursuant to Section 53601 of the California Government Code as it now exists or may hereafter be amended.

- O. Carry out and enforce all the provisions of this Agreement.
- P. Exercise all other powers not specifically mentioned herein, but common to Members, and authorized by California Government Code Section 6508 as it now exists or may hereafter be amend.

Notwithstanding the foregoing, the Authority shall have any additional powers conferred under the Act or under applicable law, insofar as such additional powers may be necessary to accomplish the purposes set forth in Section 2 hereof.

SECTION 6. TERMINATION OF POWERS AND AGREEMENT

- A. The Authority shall continue to exercise the powers herein conferred upon until the termination of the Agreement or until the Jurisdictions have mutually rescinded this Agreement.
- B. All assets of the Authority shall be divided as may be mutually agreed upon by the parties or according to the basic allocation formula used for budgeting purposes by the parties to the Agreement who are parties at the time of termination of the Agreement. If the parties cannot agree upon a distribution, then the distribution formula shall be determined by an outside third-party neutral , who shall be mutually chosen. If the parties cannot agree upon such neutral party, then the State Mediation and Conciliation Services or their designee shall determine the formula for the distribution of assets.

SECTION 7. FISCAL YEAR

Unless and until changed by resolution of the Board, the fiscal year of the Authority shall be the period from July 1 of each year to and including the following June 30, except for the first fiscal year which shall be the period from the date of this Agreement to June 30, 2011.

SECTION 8. OWNERSHIP OF BUILDINGS, APPARATUS AND EQUIPMENT

- A. Buildings. The Authority itself is not intended to directly own, maintain, or insure any existing building, structure, or facility that is owned at the time of the activation of the Joint Powers Authority, maintained, or insured by any individual Jurisdiction. Such building structures or facilities owned at the time of activation by each individual Jurisdiction shall remain the full responsibility of each Jurisdiction, unless a Jurisdiction offers to give the building, structure, or facility to the Authority and the Authority agrees to accept, own, and take responsibility for the maintenance and insurance of such building, structure, or facility. Any building constructed or owned by the Authority after activation shall become the property of the Authority and in the event of dissolution of the Authority shall be disposed of in the same manner as equipment owned by the Authority.
- B. Major Pieces of Apparatus and Capital Equipment.
- (1) All major pieces of apparatus and capital equipment shall become the property and responsibility of the Authority, including but not limited to maintenance, insurance and replacement.
 - (2) Replacement of major apparatus and capital equipment shall generally be accomplished as a part of the budget and shall be in keeping with the allocation formula.
 - (3) In the event that a Jurisdiction withdraws from the Agreement per Section 17, all major apparatus and capital equipment shall be returned to that withdrawing Jurisdiction owned by the Jurisdiction at the time of activation per the listing in Exhibit C. However, once the major apparatus and capital equipment is replaced, such replaced apparatus is the sole and exclusive property of the Authority and there is no obligation, duty or requirement that such replaced apparatus or capital equipment be returned to any withdrawing Jurisdiction. The withdrawing Jurisdiction shall have the right to negotiate with the remaining Authority members for additional equipment and the remaining Authority members shall take reasonable steps to ensure the withdrawing

member has sufficient apparatus and capital equipment to establish an independent fire service.

- C. Clothing, Tools and Equipment. All clothing (personal protective equipment), tools, machines, parts, supplies, communication devices, computers, office equipment, supplies and furnishings; and each and every item of fire equipment not listed in Exhibit C shall become the sole and exclusive property of the Authority.

SECTION 9. COSTS AND ADMINISTRATION

- A. Operation and Capital Improvement Costs

Operation and capital improvements costs shall be allocated among the jurisdictions in accordance with the cost-sharing formula in Exhibit B adopted by the Board and the respective Jurisdiction's governing Councils and Board of Directors.

- B. Administrative Services

Administrative services shall be provided by, and allocated between, Arroyo Grande, Grover Beach and OCSD as shown on Exhibit A to this Agreement, attached and incorporated by reference.

- C. Invoicing and Payments

Member agencies will be billed quarterly by the City of Arroyo Grande in accordance with the provisions of Exhibit A and B. Member agencies will be expected to pay the invoices also on quarterly basis.

SECTION 10. AGREEMENT NOT EXCLUSIVE

This Agreement shall not be exclusive and shall not be deemed to amend or alter the terms of other agreements among the Jurisdictions, except as the terms of this Agreement shall conflict therewith, in which case the terms of this Agreement shall prevail. The cooperative agreement existing between the Jurisdictions prior to the effective date of this Agreement shall terminate with the effective date of this Agreement.

SECTION 11. ACCOUNTS AND REPORTS

The Authority shall establish and maintain such funds and accounts as may be required by good accounting practice. The books and records of the Authority shall be open to inspection at all reasonable times by the Jurisdictions and their representatives.

SECTION 12. CONFLICT OF INTEREST CODE

The Authority, to the extent required by law, hereby adopts as its Conflict of Interest Code the Fair Political Practices Commission Model Conflict of Interest Code with appropriate substitution regarding references to the governing body and the officers.

SECTION 13. BREACH

If default shall be made by a Jurisdiction or Authority in any covenant contained in this Agreement, such default shall not excuse either of the other the Jurisdictions from fulfilling their respective obligations under this Agreement and each Jurisdiction shall continue to be liable for the payment of contributions and performance of all conditions herein contained. Each Jurisdiction hereby declares that this Agreement is entered into for the benefit of the Authority created hereby and each Jurisdiction hereby grants to the Authority the right to enforce by whatever lawful means the Authority deems appropriate all of the obligations of each of the parties hereunder. Each and all of the remedies given to the Authority hereunder or by any law now or hereafter enacted are cumulative and the exercise of one right or remedy shall not impair the right of the Authority to any or all other remedies.

SECTION 14. SEVERABILITY

Should any part, term, or provision of this Agreement be decided by the courts to be illegal or in conflict with any law of the State of California, or otherwise be rendered unenforceable or ineffectual, the validity of the remaining part, terms or provisions hereof shall not be affected thereby.

SECTION 15. SUCCESSORS; ASSIGNMENT

This Agreement shall be binding upon and shall insure to the benefit of the successors of the parties. Except to the extent expressly provided herein, no Jurisdiction may assign any right or obligation hereunder without the consent of the other Jurisdictions. The Authority may not assign its rights or obligations without the consent of the Jurisdictions.

SECTION 16. AMENDMENT OF AGREEMENT

This Agreement may be amended, and the Authority may be terminated or its powers may be changed, restricted or eliminated by supplemental Agreement executed by the Jurisdictions at any time.

SECTION 17. WITHDRAWAL FROM AGREEMENT

- A. Any Jurisdiction may withdraw from the Agreement by giving twelve (12) months notice of intent to do so. The withdrawing Jurisdiction shall continue to be responsible and accountable for any and all obligations per this Agreement incurred prior to the withdrawal date. Such withdrawing Jurisdiction shall no longer be a party to the Agreement as of withdrawal date, and have no future obligations or liabilities, nor any future or further rights under the Agreement. The withdrawal date shall be defined as that day which is twelve (12) months to the day from the date of the notice to withdraw, or later date designated by the withdrawing Jurisdiction
- B. Any apparatus listed in Exhibit C previously belonging to the withdrawing Jurisdiction will be returned on the withdrawal date, if and only if, such apparatus has not been replaced per Section 8B. The Authority has no obligation, duty, or requirement to return any apparatus in any pre-determined condition of operation. All returned apparatus to any withdrawing Jurisdiction will be in "as-is" condition.
- C. Except as set forth in Section 8B(1,2,3) and 17B above, the withdrawing Jurisdiction forfeits and waives any and all rights and claims to any share of any and all assets,

regardless of the ultimate disposition or status or existence of the Authority at any given time or place.

SECTION 18. FORM OF APPROVALS

Whenever an approval by the Jurisdictions is required in this Agreement, unless the context specifies otherwise, it shall be given, in the case of Arroyo Grande, by resolution duly adopted by the City Council of Arroyo Grande, in the case of Grover Beach, by resolution duly adopted by the City Council of Grover Beach, and in the case of OCSD, by resolution duly adopted by the Board of Directors of OCSD. Whenever such approval is required in the case of the Authority, it shall be given by resolution duly adopted by the Board.

SECTION 19. NOTICES

Notices to Arroyo Grande and Grover Beach shall be sufficient if delivered to the City Clerk of each City, and Notices to OCSD shall be sufficient if delivered to the Board Secretary of the District.

SECTION 20. INDEMNIFICATION

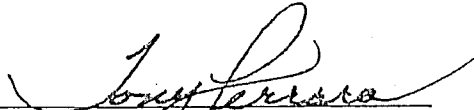
The Authority shall acquire such insurance protection as is necessary to protect the interest of the Authority and its member Jurisdictions. The Authority shall assume the defense of and indemnify and hold harmless the Jurisdictions and their governing bodies, officers, agents, and employees from all claims, losses, damages, costs, injury, and liability of every kind, nature, and description directly or indirectly arising from the performance of any of the activities of the Authority or the activities under taken pursuant to this Agreement.

SECTION 21. SECTION HEADINGS

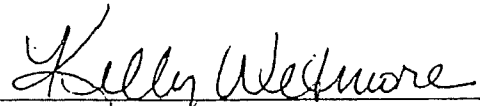
All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and attested by their proper officers hereunto duly authorized, and their official seals to be hereto affixed, as of the day and year first above written.

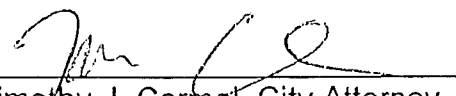
CITY OF ARROYO GRANDE

By: 
Tony Ferrara, Mayor


Attest:


Kelly Wetmore, City Clerk

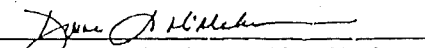
Approved As To Form:


Timothy J. Carmel, City Attorney

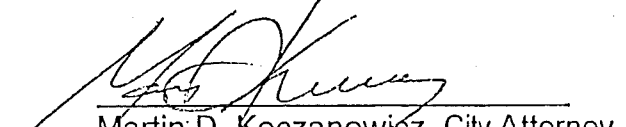
CITY OF GROVER BEACH

By: 
John P. Shoals, Mayor

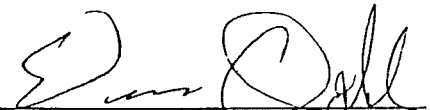
Attest:


Donna L. McMahan, City Clerk

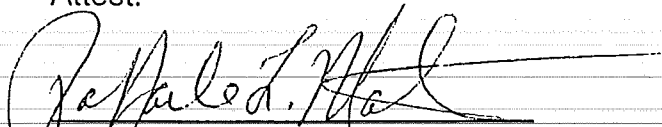
Approved As To Form:


Martin D. Koczanowicz, City Attorney

OCEANO COMMUNITY SERVICES DISTRICT

By: 
Vernon Dahl, President

Attest:


Raffaele F. Montemurro, Board Secretary

Approved As To Form:



Alexander F. Simas, District Legal Counsel

EXHIBIT A

ADMINISTRATIVE SERVICES

Administrative services shall be provided to the Authority by the Jurisdictions as follows:

1. Personnel. All personnel working for the Authority will be employed by the City of Arroyo Grande. Personnel benefits payroll and workers compensation matters shall be administered by Arroyo Grande subject to a written agreement between the Authority and the City of Arroyo Grande. The City of Arroyo Grande shall assign all fire service employees on a full time basis to carry out the functions of this Agreement. Furthermore under such written agreement, the City of Arroyo Grande will assign all of its responsibilities of the appointment, promotion, management, training, supervision, evaluation, discipline, and termination of employees as well as labor negotiations with represented employees to the Authority under the Authority's chain of command and decision making process.

2. Legal Services
 - a. For purposes of attorney-client privilege, the Authority shall have an attorney-client relationship with the City Attorney's office of both Arroyo Grande and Grover Beach and with the District Legal Counsel's office of OCSD, but the Grover Beach City Attorney's office shall be designated as the General Counsel for the Authority and handle legal issues for the Authority, including those related to personnel matters (including the decision to hire outside counsel).

 - b. For purposes of work distribution, the Arroyo Grande City Attorney's office shall handle legal issues related to Arroyo Grande ordinances, the Grover Beach City Attorney's office shall handle legal issues related to Grover Beach ordinances, and the OCSD Legal Counsel shall handle legal issues related to OCSD ordinances.

3. Finance. The City of Arroyo Grande shall provide financial services. Financial services shall include the provision of payroll and accounts payable and accounts receivable services as well any financial reporting and auditing services that may be required.

4. Indirect Contribution Payment for the services as described in Exhibit A shall be the responsibility of the Jurisdiction providing the services as referenced in Exhibit A. The payment for such services by said agencies shall be recognized as an indirect contribution made by the respective agency. All indirect contributions shall be recognized in the Authority's budget as a contribution from the respective agency and shall be deducted from the contributing agency's proportional allocation of costs for the operation of the Authority.

EXHIBIT B

FUNDING FORMULA

Prior to the funding effective date, the Jurisdictions shall bear the costs of the Five Cities Fire Authority. From and after the funding effective date, each Jurisdiction shall pay for the ongoing costs of the Five Cities Fire Authority according to the following formula, to be calculated annually when the budget is prepared.

1. Twenty-five percent (25%) of costs shall be assessed among the Jurisdictions in proportion to the population in each Jurisdiction as most recently determined by the U.S. Census and any intervening estimates prepared by the California Department of Finance when the Fire Chief prepares each annual budget;
2. Twenty-five percent (25%) of costs shall be assessed among the Jurisdictions in proportion to the assessed value of property in each Jurisdiction as most recently determined by the County Assessor when the Fire Chief prepares each annual budget;
3. Twenty-five percent (25%) of costs shall be fixed and shall be based on the following formula:

	<u>Stations</u>	<u>Percentage</u>	<u>Staffing</u>	<u>Percentage</u>	<u>Total</u>
Arroyo Grande	1	33%	6	40%	37%
Grover Beach	1	33%	6	40%	37%
OCSD	1	33%	3	20%	27%

The fixed base is assessed according to each Jurisdiction's proportional share of the Authority's full membership total of Full Time Equivalent Personnel and fire stations existing as of the effective date of the Joint Powers Agreement as noted above.

4. Twenty-five percent (25%) of costs shall be assessed among the Jurisdictions in proportion to the number of annual service calls in each Jurisdiction as most recently determined when the Fire Chief prepares each annual budget.

EXHIBIT C

INVENTORY OF APPARATUS, CLOTHING, TOOLS AND EQUIPMENT

The following inventory of each jurisdiction will become the property and responsibility of the Authority, including but not limited to maintenance, insurance and replacement:

APPARATUS	
Arroyo Grande	
Truck 66	1987 Van Pelt
BSU 66	1995 E-ONE
Utility 66	1995 Ford 4x4 Pickup
Brush 66	1996 International
Ford SUV	1998 Explorer
Ford SUV Command Vehicle	2006 Expedition
Engine 66	2007 Pierce
Lighting 66	1978 Ford Truck
Sedan	2000 Ford Taurus LX
Mass Casualty Trailer	Inventory List Available
Grover Beach	
Engine 68R	1996 Hi Tech
Rescue 68	2001 Hackney
Engine 68	2004 American LaFrance
Ford SUV	1999 Explorer
Utility 68	1996 Ford 4x4 Pickup
Shoring 68	1994 Pace Cargo Trailer
Oceano	
Engine 261	1987 Pierce
Engine 61	1996 Hi-Tech
Brush 61	2000 International 4800
Chevy SUV	2001 Tahoe
Patrol 61	2002 Ford F-550

AUDIO / VISUAL EQUIPMENT	
Arroyo Grande	
Overhead Projector	1
PowerPoint Projector	1
Televisions	12
Televisions (Big Screen)	1
Stereo System	1

Grover Beach	
Overhead Projector	1
PowerPoint Projector	1
Televisions	6
Televisions (Big Screen)	1
Stereo System	1
Oceano	
Overhead Projector	1
PowerPoint Projector	0
Televisions	1
Televisions (Big Screen)	0
Stereo System	0

BAUER BREATHING AIR COMPRESSOR	
Arroyo Grande	
Stationary Unit	1
Mobile Unit	1
Grover Beach	
Stationary Unit	1
Oceano	
Stationary Unit	1

EMERGENCY MEDICAL SUPPLIES (EMS)	
Arroyo Grande	
Automatic Defibrillators	4
EMS Bag	4
Trauma Bag	6
Slings	6
Grover Beach	
Automatic Defibrillator	4
EMS Bag	4
Support Bag	5
KED	3
Hare Traction Splint	2
Backboards	5
Supply Cabinet	1
Oceano	
Heart Start Defibrillator	1
Zoll Defibrillator	2
EMS Bag	4
Trauma Bag	4

EMERGENCY OPERATIONS CENTER (EOC) SUPPLIES	
Arroyo Grande	
Laptop	5
Printer (Laser)	5
Printer (Color Laser)	1
Radios	21
Wireless Connector	1
Phone	10
Red Phone	1
Fax Machine	1
Plastic Tubs and Supplies	6

EQUIPMENT	
Arroyo Grande	
Generator (Mobile)	6
Generator (Stationary)	1
Smooth Nozzle	7
Combo Nozzle	33
Wildland Nozzle	27
Adapters	115
Wildland T's	32
Smooth Bore Tips	10
Haligan	5
McLeod	8
Pulaski	8
Siamese	4
Gated Wye	34
Trimese	11
Colorado Belts	2
Chain Saws	7
Rotary Saws	4
Gas Detectors	2
Thermal Imaging Camera	2
Bolt Cutters	2
Salvage Covers	2
Hall Runners	1
Carry All	1
Tool Box	3
Wildland Hose Packs	15
Back Pack Pumps	2
Infrared Thermometers	2
Pike Pole	22
Gatorback Pike Pole (5')	3

Rubbish Hook	3
Flashlights	20
Radios (Portable)	69
Radios (Mobile)	11
Radios (Base Station)	6
Pagers	49
Repeaters	2
Floto Pump	1
Positive Pressure Fans	3
Exhaust Fans	2
RIC Bags	0
Nozzles	40
Axes	21
Sledge Hammers	5
Shovels	16
Grover Beach	
Generator (Mobile)	4
Generator (Stationary)	1
Smooth Nozzle	3
Combo Nozzle	19
Wildland Nozzle	3
Adapters	56
Wildland T's	8
Smooth Bore Tips	4
Sledge Hammer #10	5
Sledge Hammer #4	17
Haligan	4
McLeod	5
Pulaski	3
Flat Head Axe	4
Shovels (Half Spade/Round)	6
Siamese	3
Gated Wye	6
Manifold	1
Colorado Belts	10
Chain Saw	3
Circular Saw	2
Gas Fan	2
RIC Bags	2
Bolt Cutters	4
Salvage Covers	6
Hall Runners	5
Carry All	5

Tool Box	3
Wildland Hose Packs	6
Back Pack Pumps	2
Infrared Thermometers	3
Thermal Imaging Camera	1
Gas Detector	2
Pike Pole (10')	1
Pike Pole (8')	1
Gatorback Pike Pole (10')	1
Gatorback Pike Pole (5')	1
Rubbish Hook	2
Flashlights	18
Boxlights	6
Oceano	
Generator (Mobile)	2
Generator (Stationary)	3
McLeod	5
Pulaski	5
Shovels	7
Rhino	1
Pike Poles	4
Gatorback	2
Rubbish Hook	7
Flathead Axe	5
Pickhead Axe	5
A Tool	2
K Tool	2
Smooth Nozzle	2
Combo Nozzle	19
Wildland Nozzle	30
Adapters	65
Wildland T's	34
Smooth Bore Tips	10
Haligan	4

FIRE HOSE	
Arroyo Grande	
1"	5,200 feet
1.5"	6,400 feet single jacket
1.5"	1,400 feet double jacket
1.75"	4,025 feet
2.5"	4,750 feet
4"	3,280 feet

Grover Beach	
1"	1,400 feet
1.5"	1,800 feet
1.75"	1,350 feet
2.5"	2,600 feet
4"	2,115 feet
Oceano	
1"	3,400 feet
1.5"	7,650 feet
1.75"	100 feet
2.5"	3,800 feet
4"	2,700 feet

IT EQUIPMENT	
Arroyo Grande	
Computers	8
Laptops	4
Printers	4
Grover Beach	
Computers	5
Laptops	1
Printers	5
Oceano	
Computers	2
Printers	2

KITCHEN APPLIANCES	
Arroyo Grande	
Stove / Oven (Industrial)	1
Refrigerator	2
Dishwasher	1
Microwave	1
Coffee Machine	1
Coffee Maker	1
Toaster Oven	1
Grover Beach	
Stove / Oven	1
Refrigerator	1
Dishwasher	1
Microwave	1
Coffee Maker	1

Toaster Oven	1
Blender	1
Toaster	1
Crock Pot	1
Foreman Grill	1
Oceano	
Stove / Oven	1
Refrigerator	1
Dishwasher	1
Microwave	1
Coffee Maker	1
Toaster Oven	1
Toaster	1

LADDERS	
Arroyo Grande	
10' Attic	1
12' Attic	1
14' Roof	1
16' Roof	1
18' Roof	2
14' Extension	2
24' Extension	1
28' Extension	2
35' Extension	1
40' Extension	1
Grover Beach	
8' Attic	2
10' Attic	4
14' Combination	1
14' Roof	2
24' Extension	1
35' Extension	2
Oceano	
10' Attic	2
14' Roof	2
14' Extension	1
18' Extension	1
24' Extension	2
35' Extension	1

LIVING QUARTERS	
Arroyo Grande	
Sofa	1
Love Seat	1
Recliner	3
Kitchen Table	1
Kitchen Table Chair	4
TV Snack Tray	4
Grover Beach	
Sofa	2
Recliner	1
Table	2
Lamp	2
Sofa (Front Office)	1
Chair (Front Office)	1
Oceano	
Sofa	1
Recliner	2
Kitchen Table	1
Kitchen Table Chair	6

MECHANIC'S SHOP	
Arroyo Grande	
Tool Box (Blue)	1 (Hand Tools)
Mechanic's Creeper	2
Air Compressor	1
Floor Jack	3 (1½ ton; 5 ton; 22 ton)
Hand Truck (Light Duty)	3
Refrigerator Dolly	1
Miscellaneous Nuts, Bolts, Etc.	1 Lot
Battery Charger	3
Miller Wire Feed Welder	1
Arc Welder	1
Drill Press	1 (Jet)
Jack Stand	10
Lubricant (Miscellaneous)	100 Gallons
Drills, Saws, Soldering Iron	1 Lot
Oxy Acetylene Torch	1
Fuel Pump (Hand Operated)	1
Hand Tools	Lighting 6646
Miscellaneous Parts	Lighting 6646

MISCELLANEOUS	
Arroyo Grande	
Podium	1
Classroom Tables	17
Classroom Chairs	51
Chairs (Chief's Office)	3 (Executive – 1; Stationary – 2)
Chairs (Administration Office)	4 (Task – 2; Stationary – 2)
Chairs (Operations Office)	5 (Task)
Chairs (Front Office)	3 (Stationary)
Chairs (Communications)	2 (Task)
Informational Sign w/ Stand	3
American Flag w/ Stand	1
American Flag (20' x 30')	1
California Flag w/ Stand	1
Grover Beach	
Podium	1
Classroom Tables	6
Classroom Chairs	32
Office Chairs	8
Oceano	
None	

MULTI CASUALTY INCIDENT EMS	
Arroyo Grande	
Inventory List Available	
Grover Beach	
EMS Bag	4
Tarps	1 box
Oceano	
None	

OFFICE EQUIPMENT / MACHINES	
Arroyo Grande	
Copy / Fax Machine	1
Laminating Machine	1
Label Maker (Brother)	1
Digital Camera	2
Typewriter (Portable)	1
Supply Cabinet	5

Grover Beach	
Copy Machine	1
Fax Machine	1
Digital Camera	3
Label Maker (Brother)	1
Typewriter (Portable)	1
Supply Cabinet	3
Oceano	
Fax Machine	1
Digital Camera	3

PERSONAL PROTECTIVE EQUIPMENT (PPE)	
Arroyo Grande	
Turnout Coats	63
Turnout Pants	80
EMS Jackets	12
Helmets	54
Grover Beach	
Turnouts (Structure)	30
Turnouts (Wildland)	24
EMS Jackets	32
Helmets	52
Oceano	
Turnouts (Structure)	50
Turnouts (Wildland)	40
EMS Jackets	7
Helmets	41

SELF CONTAINED BREATHING APPARATUS (SCBA)	
Arroyo Grande	
SCBA Units	30
SCBA Bottles	65
Voice Projection Units	3
Masks	60
Posi Check (Annual Test)	1
Fit Tester	1
Grover Beach	
SCBA Units	17
SCBA Bottles	38 (30 min.); 4 (10 min.); 2 (45 min.)
Voice Projection Units	16
Masks	36

Oceano	
SCBA Units	21
SCBA Bottles	42
Voice Projection Units	6
Masks	22

SLEEPING QUARTERS	
Arroyo Grande	
Bed	12
Desk	6
Task Chair	6
Locker / Closet	
Grover Beach	
Bed	6
Locker / Closet	9
Bookshelves	3
Lamp	3
Oceano	
Bed	4
Bookshelves	2

STATION EQUIPMENT	
Arroyo Grande	
Extractor (Industrial Washer)	1
Dryer (Industrial)	1
Washer (Domestic)	1
Dryer (Domestic)	1
Grover Beach	
Extractor (Industrial Washer)	1
Washer (Domestic)	1
Dryer (Domestic)	1
Oceano	
Washer (Domestic)	1
Dryer (Domestic)	1
Turnout Rack (6x3)	18

TECHNICAL RESCUE EQUIPMENT	
Arroyo Grande	
Hydraulic Rescue Tools	3 power units with tools
Air Bags	1 set with 5 bags
Rope Rescue Equipment	2 sets of basic complement
Stokes Basket w/ Haul Equipment	2
Grover Beach	

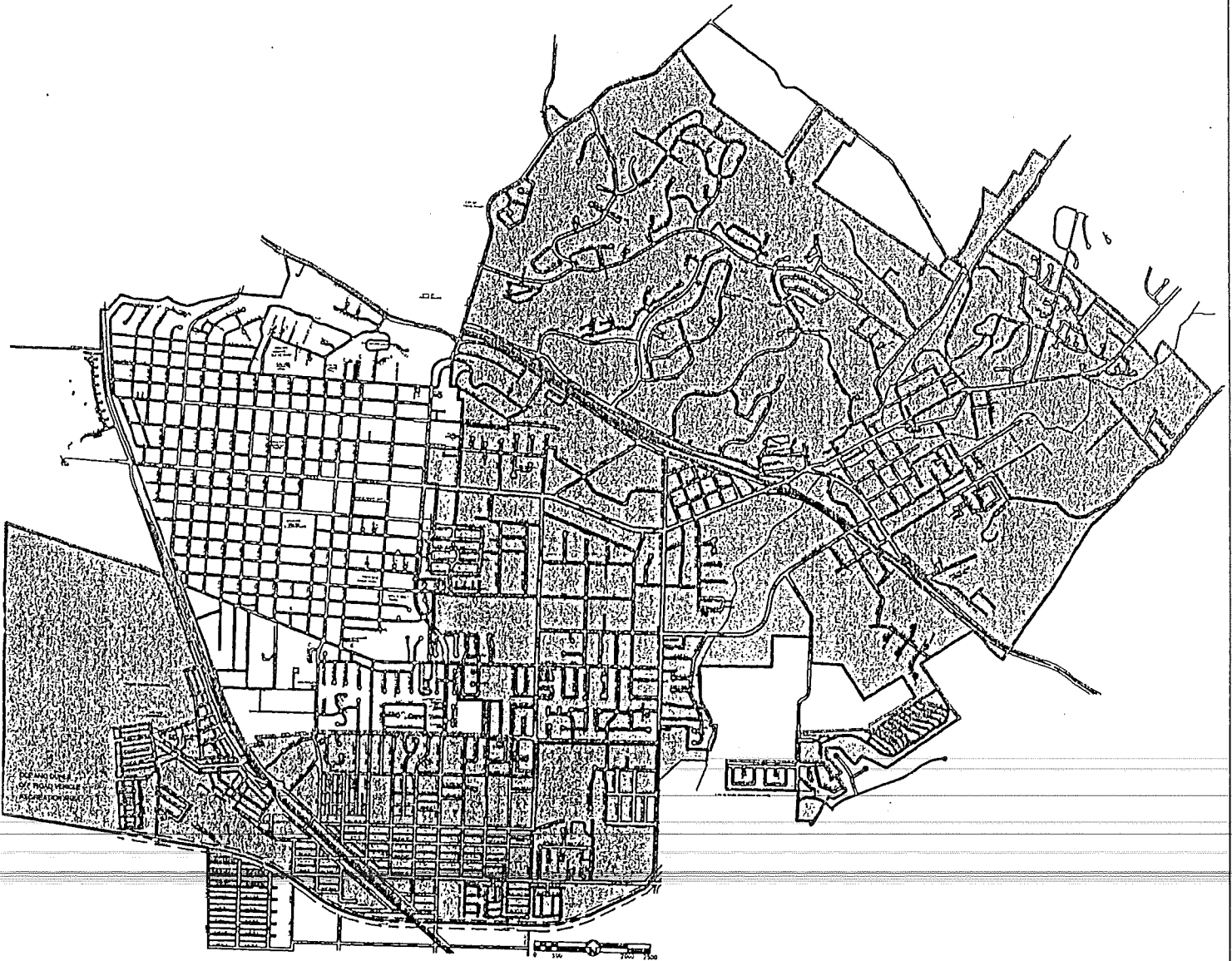
<u>Rope:</u>	
Truck Cache Bags	2
Saddle Bags	3 (300 feet)
Pig Rig	1 (300 feet)
Rope Bag	1 (300 feet)
Rope Bag	1 (150 feet)
Side Edge Roller Set	1
<u>Rescue:</u>	
Class 1 Rescue Harnesses	8
Rescue Helmets	4
Class 3 Rescue Harnesses	2
Tri Pod	1
Stokes Basket w/ Haul Equipment	2
Small Rescue 42 Struts	3
Large Rescue 42 Struts	2
Rescue 42 Equipment Tool Box	2
Pry Bars	4
Pickets	21
<u>Confined Space:</u>	
Air Manifold Unit	1
Rescue Air Supply Hose	800 feet
Hard-line Communication Unit	1
Rescue Communication Line	800 feet
SAR Rescue Escape Units	4
Entry Blower	1
<u>Air Bags:</u>	
Air Bag Control Unit	2
Air Bag (Small)	1
Air Bag (Medium)	2
Air Bag (Large)	3
Rectangle Air Bag (Large)	1
Air Bag Hoses	4 (15 feet each)
Air Bag Hoses	2 (30 feet each)
<u>Hydraulics:</u>	
Battery Combo Unit (Homatro)	1
Spreader Unit (Homatro)	1
Cutter Unit (Homatro)	1
Ram Unit (Homatro)	1
Ram Support	1
Power Unit (Homatro)	1
Hydraulic Lines	100 feet

Miscellaneous:	
Anchor Hitches	2
USAR Marking Kit	1
Lock Out / Tag Out Kit	1
Oceano	
Hydraulic Rescue Tools	1 power unit with tools
Battery Rescue Equipment	2 power units with tools
Rope Rescue Equipment	1 full complement plus extra
Stokes Basket w/ Haul Equipment	1

EXHIBIT D

AREA

The following map identifies the original service areas of the Jurisdictions for the JPA. Contractual services provided to areas outside of these Jurisdictions are not depicted on this map.



JPA

CITY OF
CANTON, OHIO

Attachment #3 for Service

Memorandum of Agreement (MOA)
Amending the
Five Cities Fire Authority
Joint Exercise of Powers Agreement

This agreement is entered into by the Cities of Arroyo Grande and Grover Beach, and the Oceano Community Services District, which are hereinafter referred to as the Parties. This amendment to the Joint Exercise of Powers Agreement, dated June 7, 2010 (“Amendment”), includes the following terms and provisions relating to the operations of the Five Cities Fire Authority (“FCFA”), which operations shall continue as provided in the Joint Exercise of Powers Agreement (“JPA” or “JPA Agreement”).

1. Each Parties’ contributions for funding the Fiscal Year 2018/19 FCFA budget shall be:

- | | | |
|----|------------------------------------|--------------|
| a. | City of Arroyo Grande | \$ 2,523,661 |
| b. | City of Grover Beach | \$ 1,798,108 |
| c. | Oceano Community Services District | \$ 987,362 |

2. For Fiscal Year 2018/19, staffing shortages shall be operationally managed by the Fire Chief with updates provided to the Board of Directors. Such staffing shortages may result in temporary closure or reduced staffing at fire stations.

3. During Fiscal Year 2018/19, the Parties shall act in good faith to meet and confer for the purpose of considering amendments to the JPA including, but not limited to, modifications to the funding formula contained in Exhibit B of the JPA Agreement (“Funding Formula”), the provisions regarding member withdrawal, and future staffing levels beyond Fiscal Year 2018/19, so that the JPA may be amended to meet the needs of each of the Parties. If the Parties cannot agree upon amendments and a restructured JPA by April 1, 2019, then any member agency may withdraw pursuant to the terms of this Amendment. Notwithstanding the potential withdrawal of a member agency, if the remaining Parties cannot agree upon amendments and a restructured JPA by April 1, 2019, the JPA shall be terminated as of December 31, 2019, and assets and liabilities shall be distributed by and among the Parties pursuant to Sections 4 and 5 below.

4. During Fiscal Year 2018/19, the Parties shall also act in good faith to meet and confer in order to do the following by April 1, 2019, in preparation for the potential withdrawal of a member agency and/or termination of the JPA:

- a. Establish a distribution of assets currently owned and/or in the possession of the JPA, including, but not limited to major pieces of apparatus and capital

equipment, which will allow all three Parties to maintain sufficient apparatus and capital equipment to establish an independent fire service; and

b. Establish the obligations of the Parties to pay future obligations that were incurred by the FCFA prior to July 1, 2019, including, but not limited to, those future obligations related to lease payments on Engine 2 and 3 and future pension/PERS obligations.

c. Notwithstanding the forgoing, the Parties mutually agree and understand that as a result of the withdrawal of a member agency or the termination of the JPA, no Party shall be obligated to future payment lease obligations for any Engine that does not remain in the custody, control, and possession of that agency.

5. If the Parties are unable to agree upon amendments and a restructured JPA by April 1, 2019, then the Parties shall act in good faith to meet and confer to finalize the distribution of all assets currently owned and/or in the possession of the JPA not established for distribution in accordance with Section 4.a above, such as additional tools, machines, parts, supplies, communication devices, computers, office equipment supplies and furnishings, by December 31, 2019.

6. Upon mutual agreement of the City Manager of Grover Beach, the City Manager of Arroyo Grande, and the General Manager of Oceano CSD that the Parties are making progress towards JPA amendments and working in good faith, the April 1 deadlines contained within this Amendment will be extended for a period not to exceed six (6) months and will result in a corresponding extension of time of the December 31, 2019 deadline so as to always allow an eight month wind down for distribution of assets and establishment of new services. This extension may be handled administratively with no requirement of board approval from any of the Parties.

7. Upon termination of the JPA or the withdrawal of an agency, any two agencies subject to the JPA Agreement may agree, without consent of the third agency, to continue operating under the FCFA name and branding and/or reestablish the FCFA under a new agreement and operate under the FCFA name and branding.

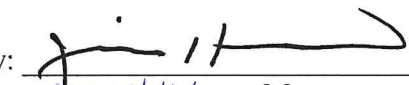
8. The Parties understand and acknowledge that consistent with the Joint Exercise of Powers Agreement and the conflict waivers contained therein, dated June 7, 2010 and the signed waiver agreement, dated May 18, 2018, between the FCFA Board, the City Council of the City of Grover Beach, the City Council of the City of Arroyo Grande and Board of Directors of the Oceano Community Services District, the Grover Beach City Attorney, David Hale is representing the Five Cities Fire Authority as General Counsel and the City of Grover Beach as City Attorney in regards to the performance of the tasks identified in this Amendment. To the

extent said representation may result in a potential or actual conflict of interest pursuant to Section 4. E. (7) of the JPA Agreement, the Parties hereby waive the requirement that Mr. Hale withdraw from representing either Party and agree to sign the conflict waiver agreement, attached as Exhibit "A", manifesting the subject waiver to the JPA Agreement Section 4. E. (7) and that the signing by the parties herein of the subject conflict waiver agreement is a representation by the parties the subject conflict waiver is in compliance with the California Rules of Professional Conduct, section 3-310 and has adequately advised them of the potential conflicts contained within the subject representation. Moreover, the City of Arroyo Grande and Oceano Community Services District are represented by independent legal counsel which has reviewed the conflict waiver and advised them regarding said agreement.

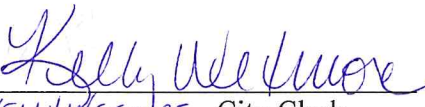
9. To the extent there is inconsistency between this Amendment and the JPA, the terms of this Amendment shall control, including but not limited to JPA Sections 4.E.(7), 6.B, 8.B.(3), and Section 17.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and attested by their proper officers hereunto duly authorized, and their official seals to be hereto affixed, as of the day and year first above written.

CITY OF ARROYO GRANDE

By: 
JIM HILL, Mayor

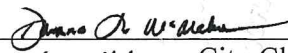
Attest:


KELLY WETMORE, City Clerk

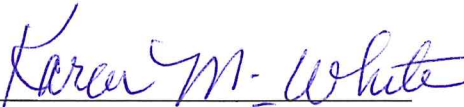
CITY OF GROVER BEACH

By: 
John P. Shoals, Mayor

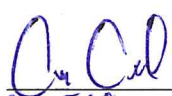
Attest:

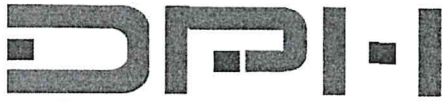

Donna C. McMan, City Clerk

OCEANO COMMUNITY SERVICES DISTRICT

By: 
KAREN M. WHITE, President

Attest:


CAREY CASLOW, Board Secretary



May 11, 2018

Five Cities Fire Authority
Board of Directors
And Member Agencies
Fire Chief
140 Traffic Way
Arroyo Grande, California 93420

Attention: Honorable Chair and Members of the Board of Five Cities Fire Authority, City Council for City of Grover Beach, City Council for City of Arroyo Grande and Members of the Board for Oceano Community Services District

Re: Conflict Waiver

Dear Boards and Respective Councils:

In 2010, when the Five Cities Fire Authority, ("Authority") was established, the member agencies entered into a Joint Exercise of Powers Agreement ("Agreement"), dated June 7, 2010. This Agreement established a Government Code section 6500 Joint Powers Authority, for the establishment and implementation of fire suppression and emergency medical services for the three member agencies consisting of the City of Grover Beach, the City of Arroyo Grande and Oceano Community Facilities District ("Member Agencies").

The Authority was structured for the purposes of maximizing efficiencies and to accomplish that objective, delegated numerous operational functions to different member agencies. The function of the Authority's General Counsel was delegated by Section 4, E. (7) and subsection 2, of Exhibit "A" of the Agreement to the Grover Beach City Attorney. The Member Agencies recognized at that time there was the potential for a conflict of interest between the role of the City Attorney for Grover Beach representing the City and the role of representing the Authority at the same time. As a consequence, the Member Agencies agreed to waive the conflict and acknowledged that waiver in Section 4, E. (7) of the Agreement.

There are currently discussions between the Member Agencies with how the Authority should proceed which is reflected in the proposed Memorandum of Agreement ("MOA") of which this Conflict Waiver is attached as Exhibit "A". The MOA contemplates a number of phases of negotiations including but not limited to potential restructuring of the Authority, redrafting the provisions of the Agreement, distribution of major assets and equipment, the potential withdrawal of a member of the Authority or a complete termination of the Authority. Therefore, it is the intent of the Authority and the Member Agencies to allow the City Attorney for Grover Breach to participate in the subject negotiations and to continue to represent both

the City of Grover Beach and the Authority notwithstanding the conflicts that may arise due to this representation.

The following are the pertinent Rules of Professional Conduct related to this engagement:

RULES OF PROFESSIONAL CONDUCT

Rule 3-310 of the California Rules of Professional Conduct provides in pertinent part:

- (C) A member [of the Bar] shall not, without the informed written consent of each client:
 - (1) Accept representation of more than one client in a matter in which the interests of the clients potentially conflict; or
 - (2) Accept or continue representation of more than one client in a matter in which the interests of the clients actually conflict; or
 - (3) Represent a client in a matter and at the same time in a separate matter accept as a client a person or entity whose interest in the first matter is adverse to the client in the first matter.
- (D) A member who represents two or more clients shall not enter into an aggregate settlement of the claims of or against the clients without the informed written consent of each client.

Mr. Hale’s REPRESENTATION

In this matter, I will continue to represent the Authority consistent with the Agreement while continuing to maintain the position of City Attorney and represent the City of Grover Beach as a Member Agency of the Authority. This has been previously agreed to by the Member Agencies as indicated above, and by execution of this Agreement will continue to be approved and authorized by the Member Agencies consistent with this letter.

This considers and the Member Agencies acknowledge this will include, but not be limited to, me giving advice to the Authority and the City of Grover Beach related to the negotiations concerning the restructuring of the Authority, redrafting of any provisions of the Agreement, the potentially defining and negotiating the distribution of major assets or equipment of the Authority, the potential withdrawal of a Member Agency or the termination of the Authority. The Member Agencies are advised and acknowledge that at any stage of the various negotiations or actions defined within the MOA, the following adverse consequences could arise. Moreover, in the event the Parties herein cannot come to an agreement on any phase(s) of negotiation related to the MOA, then Mr. Hale shall withdraw from representation of the Authority and City of Grover Beach and special counsel shall be engaged.

ADVERSE CONSEQUENCES

I am obliged to inform you of any actual or reasonably foreseeable adverse effects of this representation that could arise as part of any phase or portion of the MOA negotiations. It is possible that:

- I may be tempted to favor the interests of one client over the other.
- I may not be able to present the appropriate position, claims or defenses for a client in order to avoid taking adverse positions to the other client.
- I may be restricted from forcefully advocating a client's position for fear of alienating the other client.
- I may be forced to withdraw from representing either or both clients because of disputes or further conflicts of interest which could increase either or both clients' attorney's fees and costs.
- There may be an appearance of impropriety in my representation of both clients simultaneously.

YOUR CONSENT

It is understood that this consent will not waive any protection that you may have with regard to attorney-client communications with me in this matter. Those communications will remain confidential and will not be disclosed to any third party without your consent.

I believe that you are familiar with the factual background in this matter, and I have given you a sufficiently-detailed description for obtaining informed written consent. However, if you believe that there is any other information that you or I need to have before such consent can be granted, please let me know immediately.

In the event that circumstances change or I become aware of new information that requires a new consent from the parties, you will be notified of that fact immediately, and continued representation will be subject to the informed written consent of involved parties.

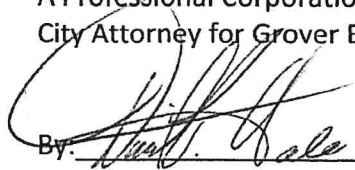
The Member Agencies acknowledge they are represented by independent legal counsel and that by signing this Conflict Waiver represent they have sought legal advice related to the proposed conflict represented by this waiver and based upon that advice is fully informed and agrees to sign this Conflict Waiver to allow the City Attorney for Grover Beach to continue to represent the Authority and the City of Grover Beach during the negotiations related to the subject MOA.

Your execution of this consent form will constitute an acknowledgment of full disclosure in compliance with the requirements of Section 3-310 of the California Rules of Professional Conduct previously quoted in this letter.

A copy of this letter is enclosed for your files. If you have any questions, please do not hesitate to call.

Very truly yours,

David P. Hale
A Professional Corporation
City Attorney for Grover Beach


By: _____
David P. Hale

Accepted:
Five Cities Fire Authority
Board of Directors

Chair, Board of Directors

Date: _____

City of Grover Beach
City Council

Mayor

Date: _____

City of Arroyo Grande
City Council

Mayor

Date: _____

Oceano Community Services District
Board of Directors

Chair, Board of Directors

Date: _____

**SECOND AMENDMENT TO FIVE CITIES FIRE AUTHORITY
JOINT EXERCISE OF POWERS AGREEMENT**

This Second Amendment to the Five Cities Fire Authority (“FCFA”) Joint Exercise of Powers Agreement, dated June 7, 2010 (“JPA”) (“Second Amendment”), is made and entered into as of July 1, 2019, by and between the cities of Arroyo Grande and Grover Beach, and the Oceano Community Services District (“Oceano”), which are hereinafter referred to as “Party” and “Parties.”

WHEREAS, on June 7, 2010, the Parties entered into a JPA pursuant to Section 6500 et seq. of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, for the purpose of allowing the Parties to share a combined fire department in order to provide efficient and economical fire protection services; and

WHEREAS, in or about May of 2018, the Parties executed a Memorandum of Agreement Amending the FCFA JPA (“First Amendment”) in order to provide an opportunity for the Parties to meet and confer for the purpose of considering amendments to the JPA including, but not limited to, modifications to the funding formula contained in Exhibit B of the JPA (“Funding Formula”), the provisions regarding member withdrawal, and future staffing levels beyond Fiscal Year 2018/19; and

WHEREAS, the First Amendment required the Parties to agree upon amendments to the JPA by April 1, 2019 or the JPA would terminate as of December 31, 2019; and

WHEREAS, in March of 2019, the Parties executed an extension of the First Amendment, which extended the time for the Parties to mutually agree upon JPA Amendments to October 1, 2019; and

WHEREAS, the parties have met in good faith and now desire to amend the JPA.

NOW THEREFORE, in consideration of the mutual covenants and conditions set forth herein, the Parties agree as follows:

1. **Recitals**. The above recitals are true and correct and incorporated herein.
2. **Strategic Plan**. The Parties agree to fund the following priorities of the five-year Strategic Plan, which was adopted by the FCFA Board of Directors in 2017 for the Fiscal Year 2019/20 budget:

Continued transition to Career Firefighter position with hiring of three (3) full-time positions to be assigned to the Grover Beach fire station.

3. **Fiscal Year 2019/2020**. Each Parties’ contributions for funding the Fiscal Year 2019/20 FCFA Budget shall be:
 - A. City of Arroyo Grande \$2,580,955
45.01% _____

B. City of Grover Beach	\$2,015,115
35.14% _____	
C. Oceano Community Services District	\$1,138,148
19.85% _____	

4. **Funding Formula.**

- A. The Funding Formula contained in Exhibit B to the JPA is hereby amended and replaced in its entirety as set forth in Attachment 1 to this Amendment. All references in the JPA to Exhibit B shall now refer to Attachment 1.
- B. For Fiscal Year 2019-20, a transitional formula is used to determine the funding contributions specified in Section 3. This transitional formula modifies component 3 of the Funding Formula related to fire stations to reflect current staffing levels. This transitional formula may be used for the subsequent Fiscal Year 2020-21 as noted in Section 5B.
- C. The Funding Formula will be reviewed by the Jurisdiction every three years in the month of January, commencing 2023.

5. **Ballot Measure.**

- A. Oceano agrees to undertake the legally required procedures to place a special tax on the March 2020 ballot in accordance with Government Code Section 61121. Oceano will seek a special tax amount sufficient to enable Oceano to be able to fund its share of the Funding Formula taking into account the priorities of the Strategic Plan as determined by the Five Cities Fire Authority Board of Directors.
- B. If the March 2020 Oceano ballot measure does not pass and Oceano is unable to fund its share of the Funding Formula, by operation of this Second Amendment and subject to the Wind Down Period (identified below), Oceano will automatically and without further action cease to be a member of the JPA on June 30, 2021. The time between when the County Clerk Recorder concludes that the 2020 Oceano ballot measure has failed and June 30, 2021 will be known as the "Wind Down Period." Oceano agrees that should it no longer be a member agency of the FCFA, the cities of Arroyo Grande and Grover Beach may continue to operate under the trademark name of Five Cities Fire Authority with no further rights of Oceano to that name. Should the March 2020 ballot measure fail, the funding obligations set forth in Section 3 above for the Fiscal Year 2019/20 FCFA Budget, shall be the same in Fiscal Year 2020/2021.

6. **Wind Down Period.**

- A. During the Wind Down Period, the Parties shall establish the distribution of assets currently owned and/or in the possession of the JPA, including but not limited to major pieces of apparatus and capital equipment, which will allow Oceano to maintain sufficient apparatus and capital equipment in order to establish an independent fire service and will allow Arroyo Grande and Grover Beach to continue to operate as the FCFA.
- B. During the Wind Down Period, the Parties will establish the obligations of the Parties to pay future obligations that were incurred by the FCFA prior to April 1, 2020, including, but not limited to the following:
 - a. Lease payments on Engine 2 and 3; however, the Parties mutually agree and understand that as a result of the dissociation and/or withdrawal of Oceano or any other Party, no Party will be obligated for future payment lease obligations for any Engine that does not remain in the custody, control, and possession of that Jurisdiction.
 - b. Withdrawal and/or dissociation of Oceano or any other Party shall not absolve such Party of liabilities arising out of the participation in the JPA incurred in the ordinary course of business. The Parties mutually agree and understand that as a result of the dissociation and/or withdrawal of Oceano or any other Party, all Parties will remain obligated to pay future FCFA employment related obligations incurred prior to June 30, 2021, including but not limited to pension/PERS, accrued fringe benefits etc.
 - c. During the Wind Down period, the FCFA will perform an unfunded actuarial accrued liability analysis to calculate Oceano or any other dissociating and/or withdrawing Parties' share of unfunded PERS liability, which will be due to the remaining JPA Parties or the City of Arroyo Grande should the JPA be dissolved.
 - d. During the Wind Down Period, the Parties will meet and confer in good faith in regards to the distribution of assets and liabilities as follows:
 - a. A determination as to the distribution of equipment and physical assets by October 1, 2020 (effective June 30, 2021).
 - b. An estimate as to the distribution of debt, employment liability, pension/PERS and other post-employment obligations by February 1, 2021 (effective June 30, 2021).
 - c. An estimate as to the distribution of all other assets by March 1, 2021 (effective June 30, 2021).
 - e. The parties mutually agree and understand that any liability related to unresolved claims or litigation existing prior to June 30, 2021 will remain the obligation of all Parties whether remaining members of the FCFA or not.
 - f. Prior to October 1, 2021, the Parties shall complete a post-dissociation reconciliation of all assets and liabilities incurred prior to June 30, 2021. Any party owing funds shall pay such funds to the other immediately upon

determination. The parties agree to cooperate in completing this post closing reconciliation.

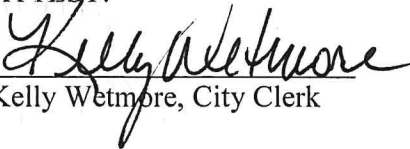
7. **Effect of Amendment**. All other provisions of the JPA shall remain unchanged and in full force and affect. To the extent there is inconsistency between this Amendment and the JPA, the terms of this Amendment shall control, including but not limited to JPA Sections 6.B, 8.B(3), and 17.
8. **Counterparts**. This Amendment may be executed in any number of counterparts and by the Parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.
9. **Severability**. If any part of this Amendment is found to be in conflict with applicable laws, that part will be inoperative, null and void insofar as it is in conflict with any applicable laws, but the remainder of the Amendment will remain in full force and effect.

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be executed by their proper officers hereunto duly authorized.


CITY OF ARROYO GRANDE


Caren Ray Russom, Mayor

ATTEST:


Kelly Wetmore, City Clerk

APPROVED AS TO FORM:


Heather K. Whitham, City Attorney

CITY OF GROVER BEACH


Jeff Lee, Mayor

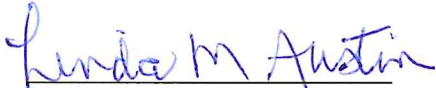
ATTEST:


Wendi Sims, City Clerk

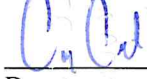
APPROVED AS TO FORM:


David Hale, City Attorney

OCEANO COMMUNITY SERVICES DISTRICT


Linda Austin, President

ATTEST:


By:

APPROVED AS TO FORM:


Jeff Minnery, District Counsel

ATTACHMENT 1

FUNDING FORMULA

Should the ballot measure pass, effective July 1, 2020, the Parties shall bear the costs of the Five Cities Fire Authority according to the following formula, to be calculated every three years when the budget is prepared. If the ballot measure fails, the funding will be in accordance with Section 5.B of this Second Amendment.

1. 33.33% of costs shall be assessed among the Parties in proportion to the population of each Jurisdiction as most recently determined by the U.S. Census and any intervening estimates prepared by the California Department of Finance when the Fire Chief prepares each annual budget.
2. 33.33% of costs shall be assessed among the Parties in proportion to the number of annual service calls, calculated on a three-year rolling average in each Jurisdiction as most recently determined when the Fire Chief prepares each annual budget.
3. 33.33% of costs shall be assessed among the Parties in proportion to the number of fire stations located in each Jurisdiction.

**THIRD AMENDMENT TO FIVE CITIES FIRE AUTHORITY
JOINT EXERCISE OF POWERS AGREEMENT**

This Third Amendment to the Five Cities Fire Authority (“FCFA”) Joint Exercise of Powers Agreement, dated June 7, 2010 (“JPA”) (“Third Amendment”), is made and entered into as of July 1, 2020, by and between the cities of Arroyo Grande and Grover Beach, and the Oceano Community Services District (“Oceano”), which are hereinafter referred to as “Party” and “Parties.”

WHEREAS, on June 7, 2010, the Parties entered into a JPA pursuant to Section 6500 et seq. of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, for the purpose of allowing the Parties to share a combined fire department in order to provide efficient and economical fire protection services; and

WHEREAS, in or about May of 2018, the Parties executed a Memorandum of Agreement Amending the FCFA JPA (“First Amendment”) in order to provide an opportunity for the Parties to meet and confer for the purpose of considering amendments to the JPA including, but not limited to, modifications to the funding formula contained in Exhibit B of the JPA (“Funding Formula”), the provisions regarding member withdrawal, and future staffing levels beyond Fiscal Year 2018/19; and

WHEREAS, the First Amendment required the Parties to agree upon amendments to the JPA by April 1, 2019 or the JPA would terminate as of December 31, 2019; and

WHEREAS, in March of 2019, the Parties executed an extension of the First Amendment, which extended the time for the Parties to mutually agree upon JPA Amendments to October 1, 2019; and

WHEREAS, the Parties executed the Second Amendment to the JPA as of July 1, 2019 which required Oceano to undertake the legally required procedures to place a special tax on the March 2020 ballot in accordance with Government Code Section 61121; and

WHEREAS, Oceano did undertake the legally required procedures to place a special tax on the March 2020 ballot which resulted in ballot Measure A-20 falling short of passage by 10 votes (66.1% compared to the required 66.67%); and

WHEREAS, the possibility of a citizen’s initiative to place a special tax measure on the November 2020 ballot was prevented by the COVID-19 pandemic and related statewide shelter at home order; and

WHEREAS, the economic situation of all Parties has drastically changed due to the COVID-19 pandemic and related statewide shelter at home order; and

WHEREAS, the Parties recognize it is in the economic best interests of all Parties to allow additional time for the community of Oceano to place another special tax measure on the ballot; and

WHEREAS, the parties have met in good faith and now desire to amend the JPA.

NOW THEREFORE, in consideration of the mutual covenants and conditions set forth herein, the Parties agree as follows:

1. **Recitals**. The above recitals are true and correct and incorporated herein.
2. **Fiscal Year 2020/21 and 2021/22**. Each Parties' contributions for funding the Fiscal Year 2020/21 and 2021/22 FCFA Budget shall be:

A. City of Arroyo Grande	\$2,580,955
45.01% _____	
B. City of Grover Beach	\$2,015,115
35.14% _____	
C. Oceano Community Services District	\$1,138,148
19.85% _____	

D. The Fire Chief will make every effort to maintain a flat budget through the fiscal years that the funding contributions set forth in this Section 2 apply. The Parties acknowledge that use of Fund Balance may be necessary to offset unanticipated or increased costs. In the event of significant emergency costs or purchases necessary during the fiscal years during which this Section 2 applies, the Parties will consider contributing additional funding, subject to FCFA Board budgetary approval. It is acknowledged that any such additional contributions may require the approval of the governing body of one or more Party.

3. **Funding Formula**.

A. The Funding Formula contained in Attachment 1 to the Second Amendment to the JPA is hereby amended and replaced in its entirety as set forth in Attachment 1 to this Amendment. All references in the JPA to Attachment 1 shall refer to Attachment 1 of the Third Amendment.

B. The funding contributions specified in Section 2 were determined using a transitional formula that modified component 3 of the Funding Formula related to fire stations to reflect current staffing levels. The funding contributions specified in Section 2 will be used for Fiscal Years 2020/21 and 2021/22 and possibly Fiscal Year 2022/23 as provided in Section 4B.

C. The Funding Formula will be reviewed by the Jurisdiction every three years in the month of January, commencing 2024.

4. **Ballot Measure**.

- A. Oceano agrees to undertake the legally required procedures to place a special tax on the 2022 primary ballot in accordance with Government Code Section 61121 or Elections Code 9300-9323. Oceano will seek a special tax amount sufficient to enable Oceano to be able to fund its share of the Funding Formula taking into account the priorities of the Strategic Plan as determined by the Five Cities Fire Authority Board of Directors.

- B. If the Oceano ballot measure does not pass and Oceano is unable to fund its share of the Funding Formula, by operation of this Third Amendment and subject to the Wind Down Period (identified below), Oceano will automatically and without further action cease to be a member of the JPA on June 30, 2023. The time between when the County Clerk Recorder concludes that the Oceano ballot measure has failed and June 30, 2023 will be known as the “Wind Down Period.” Oceano agrees that should it no longer be a member agency of the FCFA, the cities of Arroyo Grande and Grover Beach may continue to operate under the trademark name of Five Cities Fire Authority with no further rights of Oceano to that name. Should the ballot measure fail, the funding obligations set forth in Section 2 above for the Fiscal Year 2021/2022 FCFA Budget, shall be the same in Fiscal Year 2022/2023.

- C. If the Oceano ballot measure passes, the Funding Formula set forth in Attachment 1 of the Third Amendment shall apply beginning in Fiscal Year 2022/23.

5. **Wind Down Period.**

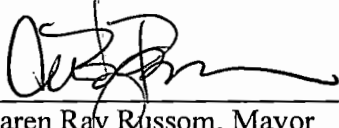
- A. During the Wind Down Period, the Parties shall establish the distribution of assets currently owned and/or in the possession of the JPA, including but not limited to major pieces of apparatus and capital equipment.
- B. During the Wind Down Period, the Parties will establish the obligations of the Parties to pay future obligations that were incurred by the FCFA prior to June 30, 2022, including, but not limited to the following:
 - a. Lease payments on Engine 2 and 3; however, the Parties mutually agree and understand that as a result of the dissociation and/or withdrawal of Oceano or any other Party, no Party will be obligated for future payment lease obligations for any Engine that does not remain in the custody, control, and possession of that Jurisdiction.
 - b. Withdrawal and/or dissociation of Oceano or any other Party shall not absolve such Party of liabilities arising out of the participation in the JPA incurred in the ordinary course of business. The Parties mutually agree and understand that as a result of the dissociation and/or withdrawal of Oceano or any other Party, all Parties will remain obligated to pay future FCFA employment related obligations incurred prior to June 30, 2023, including but not limited to pension/PERS, accrued fringe benefits etc.
 - c. During the Wind Down period, the FCFA will perform an unfunded actuarial accrued liability analysis to calculate Oceano or any other dissociating and/or withdrawing Parties' share of unfunded PERS liability, which will be due to the remaining JPA Parties or the City of Arroyo Grande should the JPA be dissolved.
 - d. During the Wind Down Period, the Parties will meet and confer in good faith in regard to the distribution of assets and liabilities as follows:
 - a. A determination as to the distribution of equipment and physical assets by October 1, 2022 (effective June 30, 2023).
 - b. An estimate as to the distribution of debt, employment liability, pension/PERS and other post-employment obligations by February 1, 2023 (effective June 30, 2023).
 - c. An estimate as to the distribution of all other assets by March 1, 2023 (effective June 30, 2023).
 - e. The parties mutually agree and understand that any liability related to unresolved claims or litigation existing prior to June 30, 2023 will remain the obligation of all Parties whether remaining members of the FCFA or not.
 - f. Prior to October 1, 2023, the Parties shall complete a post-dissociation reconciliation of all assets and liabilities incurred prior to June 30, 2023. Any party owing funds shall pay such funds to the other immediately upon determination. The parties agree to cooperate in completing this post closing reconciliation.

6. **Effect of Amendment.** All other provisions of the JPA shall remain unchanged and in full force and affect. To the extent there is inconsistency between this Amendment and the JPA, the terms of this Amendment shall control, including but not limited to JPA Sections 6.B, 8.B(3), and 17.
7. **Counterparts.** This Amendment may be executed in any number of counterparts and by the Parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.
8. **Severability.** If any part of this Amendment is found to be in conflict with applicable laws, that part will be inoperative, null and void insofar as it is in conflict with any applicable laws, but the remainder of the Amendment will remain in full force and effect.

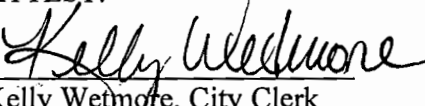
IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be executed by their proper officers hereunto duly authorized.

CITY OF ARROYO GRANDE

CITY OF GROVER BEACH


Caren Ray Russom, Mayor

Jeff Lee, Mayor

ATTEST:

Kelly Wetmore, City Clerk

ATTEST:

Wendi Sims, City Clerk

APPROVED AS TO FORM:

Tim Carmel, City Attorney

APPROVED AS TO FORM:

David Hale, City Attorney

OCEANO COMMUNITY SERVICES DISTRICT

Linda Austin, President

ATTEST:

By:

APPROVED AS TO FORM:

Jeff Minnery, District Counsel

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CITY OF ARROYO GRANDE

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ATTEST:

Kelly Wetmore, City Clerk

APPROVED AS TO FORM:

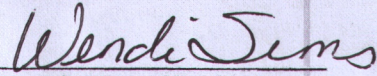
Tim Carmel, City Attorney

CITY OF GROVER BEACH



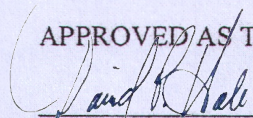
Jeff Lee, Mayor

ATTEST:



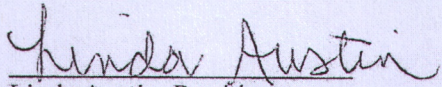
Wendi Sims, City Clerk

APPROVED AS TO FORM:



David Hale, City Attorney

OCEANO COMMUNITY SERVICES DISTRICT



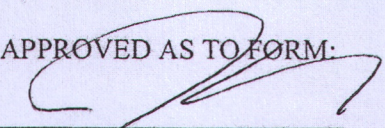
Linda Austin, President

ATTEST:



By:

APPROVED AS TO FORM:



Jeff Minery, District Counsel

ATTACHMENT 1

FUNDING FORMULA

Should the ballot measure pass, effective July 1, 2022, the Parties shall bear the costs of the Five Cities Fire Authority according to the following formula, to be calculated every three years when the budget is prepared. If the ballot measure fails, the funding will be in accordance with Section 4.B of this Third Amendment.

1. 33.33% of costs shall be assessed among the Parties in proportion to the population of each Jurisdiction as most recently determined by the U.S. Census and any intervening estimates prepared by the California Department of Finance when the Fire Chief prepares each annual budget.
2. 33.33% of costs shall be assessed among the Parties in proportion to the number of annual service calls, calculated on a three-year rolling average in each Jurisdiction as most recently determined when the Fire Chief prepares each annual budget.
3. 33.33% of costs shall be assessed among the Parties in proportion to the number of fire stations and personnel located in each Jurisdiction.

Exhibit “B” – Actuary Report of Five Cities Fire Authority Unfunded Accrued Pension Liability



Five Cities Fire Authority



CalPERS Miscellaneous and Safety Plans

Unfunded Liability Analysis Fiscal Years 2021/22 and 2022/23

Draft for Discussion

Foster & Foster, Inc.
January 5, 2023

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SECTION 1

SUMMARY OF RESULTS

Summary

Our calculations have determined that the CalPERS Unfunded Actuarial Liability attributable to FCFA employees is \$176,223 at June 30, 2021 on the ongoing basis used by CalPERS to calculate required contributions.

If the Plans had been terminated June 30, 2021 or if FCFA had withdrawn from the CalPERS system on that date, the estimated unfunded termination liability owed to CalPERS for FCFA members would have been approximately \$8.0 million.

Our calculations also determined that since FCFA's inception through June 30, 2022, without adjustment for interest, FCFA has paid \$982,169, to CalPERS for benefits attributable to the City of Arroyo Grande, and the City has paid \$94,768 for benefits attributable to FCFA service. The net of these two amounts, without considering interest, is \$887,401.

FCFA Unfunded CalPERS Liability at June 30, 2021

The report details the calculation of FCFA's CalPERS unfunded actuarial accrued liability as of June 30, 2021 and presents the calculation methodologies used. Following is a summary of our calculation results.

FCFA - CalPERS Unfunded Actuarial Liability June 30, 2021

Ongoing Basis, 6.8% Discount Rate				
	Fire Safety Classic Tier	Fire Safety PEPRA	Miscellaneous Classic Tier 1	Total
■ Actuarial Accrued Liability (AAL)	\$7,305,908	\$ 602,691	\$ 310,095	\$ 8,218,694
■ Allocated Assets	<u>7,161,156</u>	<u>645,706</u>	<u>235,609</u>	<u>8,042,471</u>
■ Unfunded AAL (UAAL)	\$ 144,752	\$ (43,015)	\$ 74,486	\$ 176,223
Sample Plan Termination Basis, 2.25% Discount Rate				
■ Unfunded AAL (UAAL)	\$ 7,268,114	\$ 397,800	\$ 323,414	\$ 7,989,328

SECTION 2

PURPOSE AND METHODOLOGY

The purpose of this study is to (1) determine the unfunded actuarial accrued liability (“UAAL”) for the CalPERS pension benefits for current and past employees and retirees of the Five Cities Fire Authority (“FCFA”) and (2) determine the amount of any CalPERS contributions paid by the City or FCFA that should have been paid by the other party. Since the CalPERS Fire Safety Classic and the Miscellaneous Classic tiers have members with service for the City of Arroyo Grande (“City”) and FCFA, this study involves allocating the UAAL of those tiers between the City and FCFA

Background

FCFA was formed in July 2010 as a Joint Powers Authority between the Cities of Arroyo Grande and Grover Beach, and the Oceano Community Services District (“Oceano CSD”). FCFA became the employer for fire safety personnel previously employed by its member agencies. The City of Grover Beach and Oceano CSD retained the CalPERS liabilities for past service of their employees. No new CalPERS plan was created for FCFA and instead all FCFA employees have been covered under the City of Arroyo Grande’s CalPERS pension plans. As a result, the City’s CalPERS plans include liabilities for employees and retirees of the City and of FCFA. We understand that since it was formed, FCFA has paid the full costs of the City’s Fire Safety CalPERS plans and the City has paid the full costs of the Miscellaneous plans.

Actuarial Accrued Liability (AAL)

The City’s Fire Safety Classic tier (3.0%@55) has members with both City and FCFA service. Members of the PEPR Fire Safety tier (2.7%@57) have entirely FCFA service. We calculated the actuarial accrued liability (AAL) for each person in the Fire Safety Classic tier, mirroring CalPERS actuarial valuation methods and assumptions. Our valuation came within 2% of CalPERS’ published results. We allocated the difference for each status group among members of that status group based on our calculated AAL. Because CalPERS pension benefits are earned for each year of service, we next allocated each member’s AAL between the City and FCFA based on each member’s past service. The AAL was then totaled for the City and FCFA.

Since inception of FCFA, there has been one non-Safety FCFA position filled by employees who are members of the City’s Classic Miscellaneous plan. We estimated the AAL for the current employee based on an actuarial valuation of their benefits following CalPERS actuarial methods and assumptions. We did not replicate the CalPERS valuation for the entire tier, as we did for the Safety group.

SECTION 2

PURPOSE AND METHODOLOGY

Unfunded Actuarial Accrued Liability (UAAL) and Assets

Because the plans are in CalPERS risk pool, the plans' normal cost is not equal to the sum of the individually calculated normal costs; instead, it is calculated by CalPERS on a pooled basis and is the same for all plans in the risk pool with the same benefit formula.

The UAAL is not calculated directly for plans in the CalPERS risk pool, and plan assets are also not recorded and maintained separately for each risk pool plan. Instead, beginning with the June 30, 2013 actuarial valuations, CalPERS has allocated actuarial and investment gains and losses to each plan to determine the each plans' UAAL, and then assigned assets to each plan as the difference between the AAL and the UAAL. We followed CalPERS procedures, detailed in Section 11 of this report, to allocate the Fire Safety Classic UAAL between the City and FCFA.

AAL Allocation Methodology – Fire Safety Classic Tier

To determine the AAL for the City and FCFA at each year, we began with CalPERS 6/30/2011 actuarial valuations. We projected the AAL forward as follows:

- The 6/30/2011 AAL was allocated entirely to the City. It was projected forward taking into account interest, benefits paid and the impact of actuarial assumption changes.
- FCFA had no initial AAL. Its AAL was projected forward from 6/30/2011 taking into account interest, benefits paid, the impact of actuarial assumption changes plus the entire plan normal cost
- Benefit payments in each year were determined by beginning with retirees as of June 30, 2019 and projecting their benefits backward and forward, taking into account retirement dates and actual cost of living adjustments, and then pro-rating the benefits between the City and FCFA based on service at retirement.
- Differences between the projected total AAL of City and FCFA and CalPERS published AAL in each year were allocated between City and FCFA using our professional judgement, in general, reflecting the reduction in the number of initial retirees in the first few years, and the inherent difference between normal costs calculated on a pooled basis and the plan members' actual AAL.

Based on census data as of June 30, 2019, 2020, and 2021 and CalPERS actuarial methods and assumptions, we performed actuarial valuations as of June 30, 2019, 2020, and 2021 and allocated the resulting AAL between City and FCFA based on each members' service to each valuation date.

SECTION 2

PURPOSE AND METHODOLOGY

UAAL Allocation Methodology – Fire Safety Classic Tier

Beginning from June 30, 2013, the Fire Safety Classic Tier UAAL at each valuation date was allocated between the City and FCFA following CalPERS methodology detailed in Section 11, based on the AAL for each group at each valuation date and on the outstanding amounts of previously allocated UAAL. In our opinion, this produces the same results as would have occurred if the plan had been split between groups at inception.

UAAL Allocation Methodology – Fire Safety PEPRA Tier

Since all members of this plan are FCFA employees, no allocation is needed.

UAAL Allocation Methodology – Miscellaneous Classic Tier 1

Because our calculated AAL for the current FCFA employee in the Miscellaneous Classic Tier 1 plan is less than 1% of the total plan AAL, we believe that projection of historical AALs and then following CalPERS risk pool UAAL allocation methodology would likely not produce accurate results. Instead, we assumed FCFA's portion of the plan was the same percentage funded as the total plan.

Estimated Plan Termination UAAL

The actuarial liabilities and contributions calculated in CalPERS funding valuations are on an ongoing plan basis. This means that employees will continue earning benefits in the future, new agency employees will become CalPERS members, and CalPERS can adjust required future contributions as needed to fund those benefits.

When a public agency leaves CalPERS (“terminates”), CalPERS agrees to pay all accrued benefits for all plan members, whether currently active, terminated, or retired. CalPERS also agrees that following termination, the agency will not be obligated to make any future payments to CalPERS. Therefore, CalPERS changes the basis used to calculate the actuarial liabilities to ensure that it has sufficient funds to pay benefits under any circumstances. In particular, liabilities are increased to allow for future mortality improvement and are calculated using a discount rate estimated as the yield on 20-year Treasury bonds.

To illustrate the UAAL on a plan termination basis, we have estimated the liability using the higher of the two termination discount rates in CalPERS June 30, 2021 actuarial valuation report, 2.25%, as well as a recent 20 year Treasury bond yield, 4.38% as of October 28, 2022.¹

¹ https://home.treasury.gov/resource-center/data-chart-center/interest-rates/TextView?type=daily_treasury_long_term_rate&field_tdr_date_value_month=202210

SECTION 3

FIRE SAFETY CLASSIC TIER UAAL ANALYSIS

As described above, we performed an actuarial valuation as of June 30, 2021 to determine the actuarial accrued liability (AAL) attributable to the City and to FCFA. The AAL was allocated to the City or FCFA based on the member’s period of service for each entity.

The allocated assets at June 30, 2021 were determined by following CalPERS current risk pool methodology beginning with its inception as of June 30, 2013. Details of the calculation are in section 11.

A breakdown of our actuarial valuation results for the Fire Safety Classic tier by status as of June 30, 2021 is as follows:

Fire Safety Classic Tier UAAL June 30, 2021

	City		FCFA		Total
AAL:					
■ Active employees	\$ 679,691	10%	\$ 6,097,006	90%	\$ 6,776,697
■ Inactives	583,427	51%	550,477	49%	1,133,904
■ Retirees	<u>2,305,272</u>	78%	<u>658,425</u>	22%	<u>2,963,698</u>
■ Total	3,568,391	33%	7,305,908	67%	10,874,299
■ Allocated assets	2,720,564		7,161,156		9,881,720
■ UAAL	847,827		144,752		992,579

We note that the FCFA portion of the plan has a higher funded ratio (98%) than the City’s portion (76%). This result is expected. The FCFA portion of the plan began with all employees treated as new hires on July 1, 2010, and all past service and retiree benefit liabilities, as well as the unfunded liability remaining from asset losses incurred during the 2008-2009 Great Recession, remaining with the City. Given this “clean slate” beginning, the FCFA plan was able to maintain a funded status at close to 100% by paying each year’s normal costs. This result is similar to most CalPERS PEPRA plans, which cover only new employees hired in 2013 or later.

SECTION 4
MISCELLANEOUS CLASSIC TIER 1 UAAL ANALYSIS

The following table shows the allocation of the UAAL for Miscellaneous Classic Tier 1 at June 30, 2021. The actuarial accrued liability for the current Miscellaneous FCFA employee was calculated from our actuarial valuation as of June 30, 2021. We have ignored any possible AAL for previous Miscellaneous employees who worked only a short time for FCFA.

Miscellaneous Classic Tier 1 UAAL
 June 30, 2021

	FCFA Employee	City	Total
■ Actuarial Accrued Liability	\$ 310,095*	\$ 43,948,774	\$ 44,258,869
■ Percent of total	0.70%	99.30%	100.00%
■ Assets allocated in proportion to AAL	235,609	33,392,126	33,627,735
■ UAAL allocated in proportion to AAL	74,486	10,556,648	10,631,134
■ Funded status	76.0%	76.0%	76.0%

* Calculated by Foster & Foster

SECTION 5
FIRE SAFETY PEPRA UAAL ANALYSIS

Since all members of the Fire Safety PEPRA plan are and have always been FCFA employees, no allocation is required and the entire actuarial liability is allocated to FCFA.

Fire Safety PEPRA UAAL
 June 30, 2021

	Total
■ Actuarial Accrued Liability	\$ 602,691
■ Assets	645,706
■ UAAL/(Overfunded AAL)	(43,015)
■ Funded status	107.1%

SECTION 6

PLAN TERMINATION ANALYSIS

The following tables present details of our estimation of FCFA’s liability on a plan termination basis. This represents the actuarial liability on the basis CalPERS would use if an agency were leaving CalPERS. In that situation, CalPERS would retain the obligation to make all future payments of benefits accrued to date, and CalPERS would invest the plan assets very conservatively as the terminating agency would have no obligation to make any future payments to CalPERS.

The June 30, 2021 termination basis shown below is the lower of the two liability options (based on the higher of the two discount rates) presented as an estimate in CalPERS valuation report. It includes a 5% liability load for contingencies.

We understand that interest rates in general have risen since June 30, 2021. 4.38% is a recent 20 year Treasury bond rate: it is an estimate of the rate that could actually be used for termination. However, the AAL is as of June 30, 2021 and has not been increased for benefit accruals or other changes since then.

To estimate FCFA’s termination liability for each plan, we allocated the published termination liability for the entire plan on the Ongoing Plan Basis AALs, allocated between FCFA and the City as described earlier in this report. This is a reasonable estimate for illustrative purposes. However, an actual calculation would likely show a higher percentage increase between the ongoing and termination basis for the FCFA portion of the plan than would the City’s portion of the plan. This is because much of the liabilities in the City’s portion of the plan are for retirees, and, due to their shorter life expectancies, their liabilities are less impacted by a change in the discount rate.

Fire Safety Classic Tier

	Ongoing Plan Basis at June 30, 2021	Termination Basis at June 30, 2021	Estimated June 30, 2021 Termination Liability at Recent Treasury Rate
■ Discount Rate	6.8%	2.25%	4.38%
■ Total AAL	\$10,874,299	\$21,476,892	\$16,513,480
■ FCFA AAL	7,305,908	14,429,270	11,094,597
■ FCFA Assets	<u>7,161,156</u>	<u>7,161,156</u>	
■ FCFA UAAL	144,752	7,268,114	

SECTION 6
PLAN TERMINATION ANALYSIS

Miscellaneous Classic Tier 1

	Ongoing Plan Basis at June 30, 2021	Termination Basis at June 30, 2021	Estimated June 30, 2021 Termination Liability at Recent Treasury Rate
■ Discount Rate	6.8%	2.25%	4.38%
■ Total AAL	\$44,258,869	\$79,787,584	\$64,191,410
■ FCFA AAL	310,095	559,023	449,340
■ FCFA Assets	<u>235,609</u>	<u>235,609</u>	
■ FCFA UAAL	74,486	323,414	

Fire Safety PEPRA

	Ongoing Plan Basis at June 30, 2021	Termination Basis at June 30, 2021	Estimated June 30, 2021 Termination Liability at Recent Treasury Rate
■ Discount Rate	6.8%	2.25%	4.38%
■ FCFA AAL	\$ 602,691	\$ 1,043,506	\$ 837,146
■ FCFA Assets	<u>645,706</u>	<u>645,706</u>	
■ FCFA UAAL	(43,015)	397,800	

Total FCFA Termination Basis Estimated Unfunded Liability

	Ongoing Plan Basis at June 30, 2021	Termination Basis at June 30, 2021
■ Discount Rate	6.8%	2.25%
■ Fire Safety Classic	\$ 144,752	\$ 7,268,114
■ Miscellaneous Classic	74,486	323,414
■ Fire Safety PEPRA	<u>(43,015)</u>	<u>397,800</u>
■ Total Estimated UAAL	176,223	7,989,328

SECTION 7

EMPLOYER CONTRIBUTION ANALYSIS

Fire Safety Classic Tier

Since FCFA’s inception, all of the active employees in this tier have been FCFA employees. Therefore, the normal cost should have been, and was, paid by FCFA. However, the City retained the liability for benefits earned for service with the City before FCFA’s inception and so both the City and FCFA should pay a portion of the UAAL payment. Below, we have allocated the UAAL payment for each payment year beginning with FY 2015-16 in accordance with the allocation of the outstanding UAAL bases for the year, as described previously and detailed in Section 11.

The required UAAL payment in fiscal years 2010-11, 2011-12, and 2012-13 were based on the actuarial valuations as of June 30, 2008, 2009, and 2010 respectively. Since FCFA did not exist at those dates, the entire UAAL payment related to service for the City. We calculated the UAAL payment as the total CalPERS payment reported in FCFA’s financial statements minus the employer and employer-paid member normal costs for each year.

The UAAL payment for FY 2013-14 was based on the June 30, 2011 actuarial valuation. Any FCFA UAAL would have been minimal and we have estimated it as \$0.

No amortization base schedule is available for fiscal year 2014-15, which is based on the June 30, 2012 actuarial valuation. That information was not provided by CalPERS prior to its methodology change at June 30, 2013. We have allocated the UAAL payment for FY 2014-15 in proportion to the allocated AAL on the associated June 30, 2012 valuation date.

Schedule of Allocated Fire Safety Classic Tier UAAL Payments

Valuation Date	6/30/08	6/30/09	6/30/10	6/30/11	6/30/12	6/30/13	6/30/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	
Payment Year	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	Total
City	\$57,451	\$89,161	\$145,532	\$101,196	\$113,017	\$40,827	\$46,730	\$54,803	\$65,912	\$78,412	\$88,209	\$100,919	\$982,169
FCFA	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>13,745</u>	<u>11,037</u>	<u>12,470</u>	<u>15,550</u>	<u>22,122</u>	<u>29,352</u>	<u>38,701</u>	<u>52,016</u>	<u>194,993</u>
Total	57,451	89,161	145,532	101,196	126,762	51,864	59,200	70,353	88,034	107,764	126,910	152,935	1,177,162

In total, we calculate, without considering timing or interest, that between July 1, 2010 and June 30, 2022, FCFA has paid \$982,169 in CalPERS Fire Safety Classic costs that should have been paid by the City.



SECTION 7

EMPLOYER CONTRIBUTION ANALYSIS

Miscellaneous Classic Tier 1

Since FCFA's inception, FCFA has had one position filled sequentially by employees who are members of the City's Miscellaneous Classic (Tier 1 and Tier 2) plans. The current employee has filled that position since FY2013-14. The normal cost for these employees should have been paid by FCFA. However, the City retained the liability for benefits earned for service with the City, so both the City and FCFA should pay a portion of the UAAL payment.

Normal cost for each year is calculated as covered FCFA earnings multiplied by the Tier 1 or Tier 2 employer normal cost rate for the year. We have included the required employer normal cost only. If the City also pays the required member contribution for these Classic Miscellaneous employees, the normal cost shown below would approximately double.

Rather than replicating CalPERS actuarial valuation for all Miscellaneous Classic members, we calculated the AAL for the current employee. For simplicity, since the current Miscellaneous employee has 0.70% of the Miscellaneous Classic Tier 1 AAL as of June 30, 2021, we allocated 0.70% of the 2023-24² fiscal year's \$1,072,588 UAAL payment to FCFA, or \$7,508.

For past years, we believe no significant Miscellaneous UAAL would have been present until the June 30, 2015 actuarial valuation, and no UAAL payment would have been due until the 2017-18 fiscal year. The payment would have been very small in the first year and grown over the 7 years to the \$7,508 for FY 2023-24. Because these amounts are small, we have used a straight-line interpolation to estimate the UAAL payments for fiscal years 2017-18 through 2021-22.

In total, we calculate, without considering timing or interest, that between July 1, 2010 and June 30, 2022, the City has paid \$94,768 in CalPERS Miscellaneous costs that should have been paid by FCFA.

² CalPERS' June 30, 2021 actuarial valuation calculated the UAAL payments due in fiscal year 2023-24.



SECTION 7

EMPLOYER CONTRIBUTION ANALYSIS

Schedule of Allocated Miscellaneous Classic Tier 1 CalPERS Payments

Valuation Date Payment Year	6/30/08	6/30/09	6/30/10	6/30/11	6/30/12	6/30/13	6/30/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	Total
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	
Tier 1 Employer Normal Cost Rate	9.061%	9.319%	9.387%	9.665%	9.462%	9.671%	10.069%	10.110%	10.609%	11.432%	12.361%	12.200%	
Tier 2 Employer Normal Cost Rate	N/A	N/A	7.720%	8.052%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
FCFA Normal Cost	\$5,398	\$5,982	\$4,083	\$2,829	\$5,727	\$6,396	\$6,479	\$6,724	\$7,702	\$8,317	\$8,993	\$10,042	\$78,673
Allocated portion of UAAL payment				-	-	-	-	1,073	2,146	3,219	4,292	5,365	16,095
Total FCFA Miscellaneous Classic Tier 1 Cost	5,398	5,982	4,083	2,829	5,727	6,396	6,479	7,797	9,848	11,536	13,285	15,407	94,768

Summary – Net Difference

In total for both the Miscellaneous and Safety plans, we calculate, without considering timing or interest, that between July 1, 2010 and June 30, 2022, FCFA has paid \$887,401 in CalPERS Miscellaneous and Safety costs that should have been paid by the City.

SECTION 8 DATA SUMMARY

CalPERS Fire Safety Classic Tier Participants - June 30, 2021

	All Service with City	Both City and FCFA Service	All Service with FCFA	Total
■ Actives				
● Count	n/a	3	13	16
● Average Age	n/a	51.3	46.4	49.3
● Average Service	n/a	14.6	7.4	10.8
■ Inactives (Transferred or separated)				
● Count	4	2	6	12
● Average Age	49.1	41.1	45.2	45.8
■ Retirees				
● Counts	4	3	1	8
● Average Age	80.7	68.4	57.3	71.2

SECTION 9

ACTUARIAL ASSUMPTIONS

	June 30, 2021 Actuarial Valuation for Fire Safety Classic Tier
■ Valuation Date	■ June 30, 2021
■ Discount Rate	■ 6.8%, same as CalPERS 6/30/21 valuation
■ Pay Increases	<ul style="list-style-type: none"> ■ Aggregate: 2.80% annually ■ Merit: CalPERS 1997-2019 Experience Study
■ Retirement, Mortality, Termination, Disability	■ Rates from CalPERS 1997-2019 Experience Study
■ All Other	■ Same as in 6/30/2021 CalPERS actuarial valuation
■ Census Data	<ul style="list-style-type: none"> ■ Provided by City of Arroyo Grande ■ Pension reports downloaded by City from MyCalPERS ■ CalPERS OPEB database downloaded by City from MyCalPERS ■ Census files contain earnings and employment history for FCFA Fire Safety employees and current information for Fire Safety retirees.
■ Cost Method and Actuarial Liability	<ul style="list-style-type: none"> ■ Entry Age Normal cost method ■ Pension Actuarial Accrued Liability (AAL) calculated on all City + FCFA service for active employees and on the pension benefit retirees are receiving for service
■ Future Employees	■ None considered in study - closed group



SECTION 10 SUMMARY OF CALPERS BENEFITS

	Summary of CalPERS Benefits
■ Eligibility	■ Service or Disability retirement under CalPERS
■ Service Retirement Benefit	<ul style="list-style-type: none"> ■ Fire Safety Classic Tier: <ul style="list-style-type: none"> ● 3% @55 ● 1-year FAC (Final Average Compensation) ■ Miscellaneous Classic Tier 1: <ul style="list-style-type: none"> ● 2.5% @55 ● 1-year FAC ■ Miscellaneous Classic Tier 2: <ul style="list-style-type: none"> ● 2.0% @55 ● 3-year FAC ■ Fire Safety PEPRA Tier: <ul style="list-style-type: none"> ● 2.7% @57 ● 3-year FAC
■ Normal Benefit Form	■ Single life annuity
■ Statutory Member Contributions	<ul style="list-style-type: none"> ■ Fire Safety Classic: 9% of pay ■ Miscellaneous Classic Tier 1: 8% ■ Miscellaneous Classic Tier 2: 7% ■ Fire Safety PEPRA: 13% for FY 2022-23, 13.75% for FY 2023-24
■ Employer Paid Member Contributions, Employee Cost Sharing	■ None
■ COLA	■ Up to 2% per year

SECTION 11

DETAIL OF FIRE SAFETY CLASSIC TIER UAAL ALLOCATION

The UAAL is not calculated directly for plans in the CalPERS risk pool, and plan assets are also not recorded and maintained separately for each risk pool plan. Instead, CalPERS uses the following procedure, which we followed in this study for purposes of splitting the Fire Safety Classic tier. CalPERS began the above methodology beginning with the June 30, 2013 actuarial valuations.

1. The plan's AAL is calculated at the valuation date
2. The plan's projected UAAL balance is calculated as of the valuation date equal to the balance of the previous year's amortization bases remaining at the valuation date.
3. The AAL is calculated for the risk pool
4. The projected UAAL balance for all plans in the risk pool is totaled
5. The investment (gain) or loss for the risk pool for the year ending on the valuation date is calculated, reduced by any amounts needed to offset risk mitigation
6. The non-investment (gain) or loss for the risk pool for the year ending on the valuation date is calculated
7. The plan is allocated a share of the risk pool's investment (gain) or loss in proportion to the difference between the plan's AAL and its projected UAAL (item (2) above): $[(1) - (2)] \div [(3) - (4)] \times (5)$
8. The plan is allocated a share of the risk pool's non- investment (gain) or loss in proportion to the AAL: $[(1) \div (3)] \times (6)$
9. Any increase in the risk pool's AAL due to actuarial assumption or method changes, risk mitigation, and risk mitigation offsets are calculated
10. The plan is allocated a share of the risk pool's change in assumptions or method, risk mitigation, and risk mitigation offset UAAL in proportion to the AAL: $[(1) \div (3)] \times (9)$
11. The plan's UAAL at the valuation date is the sum of the projected UAAL plus additional allocated UAL amounts: $(2) + (7) + (8) + (10)$
12. The plans share of the risk pool assets at the valuation date is the plan's AAL less its allocated UAAL: $(1) - (11)$

SECTION 11

DETAIL OF FIRE SAFETY CLASSIC TIER UAAL ALLOCATION

Valuation date	6/30/2011	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021
Discount rate	7.50%	7.50%	7.50%	7.50%	7.50%	7.375%	7.25%	7.00%	7.00%	7.00%	6.80%
Counts (Total Plan) (CalPERS reports)											
Active employees	16	17	21	21	17	17	15	15	16	16	16
Transferred	4	4	6	6	8	7	9	8	9	9	9
Separated	1	1	2	2	5	6	5	5	3	3	3
Retired	6	5	4	4	4	4	6	7	8	8	8
Actuarial Accrued Liability											
Allocated City AAL	2,942,938	2,933,663	2,891,099	3,019,230	2,785,225	2,943,477	3,088,902	3,246,904	3,418,715	3,449,310	3,568,391
Allocated FCFA AAL	-	<u>356,794</u>	<u>781,626</u>	<u>1,432,538</u>	<u>2,002,429</u>	<u>2,786,799</u>	<u>3,616,082</u>	<u>4,680,862</u>	<u>5,488,356</u>	<u>6,225,397</u>	<u>7,305,908</u>
Total AAL (CalPERS reports)	2,942,938	3,290,457	3,672,725	4,451,768	4,787,654	5,730,276	6,704,984	7,927,766	8,907,071	9,674,707	10,874,299
New UAAL Amounts at each valuation date from CalPERS reports:											
Plan's unamortized balance of previous UAAL bases				886,322	716,195	959,726	1,364,859	1,366,426	1,661,053	1,765,570	1,983,320
Plan's share of investment (gain)				-323,343	211,293	316,121	-182,517	-64,840	35,276	181,875	-962,770
Plan's share of other (gain)				3,954	-743	-48,572	4,232	27,859	37,569	28,813	-40,832
Plan's share of assumption (gain)				210,805	0	87,694	123,856	217,538			57,539
Plan's share of method/risk mitigation (gain)								51,149			262,638
Plan's risk mitigation offset											-307,316

SECTION 11

DETAIL OF FIRE SAFETY CLASSIC TIER UAAL ALLOCATION

Valuation date	6/30/2011	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021
Determination of UAAL and Assets at each valuation date											
City AAL%			78.718%	67.821%	58.175%	51.367%	46.069%	40.956%	38.382%	35.653%	32.815%
FCFA AAL%			21.282%	32.179%	41.825%	48.633%	53.931%	59.044%	61.618%	64.347%	67.185%
City basis for investment gain allocation ³				2,321,534	2,201,139	2,223,881	2,177,252	2,326,490	2,378,377	2,380,522	2,446,467
FCFA basis for investment gain allocation				1,243,912	1,870,321	2,546,668	3,162,873	4,234,851	4,867,641	5,528,615	6,444,512
City Investment Gain%			0.000%	65.112%	54.063%	46.617%	40.772%	35.458%	32.823%	30.098%	27.516%
FCFA Investment Gain%			0.000%	34.888%	45.937%	53.383%	59.228%	64.542%	67.177%	69.902%	72.484%
City share of previous UAAL bases			-	697,696	584,085	719,596	911,650	920,414	1,040,338	1,068,788	1,121,924
FCFA share of previous UAAL bases			-	188,626	132,109	240,131	453,209	446,011	620,715	696,782	861,396
City share of new UAAL bases			734,453	(64,884)	113,798	167,462	(15,406)	98,463	25,998	65,014	(274,097)
FCFA share of new UAAL bases			198,564	(43,700)	96,752	187,781	(39,023)	133,243	46,847	145,674	(716,644)
Total UAAL (CalPERS reports)			933,017	777,738	926,744	1,314,970	1,310,430	1,598,131	1,733,898	1,976,258	992,579
Summary											
City AAL			2,891,099	3,019,230	2,785,225	2,943,477	3,088,902	3,246,904	3,418,715	3,449,310	3,568,391
City Assets			<u>2,156,646</u>	<u>2,386,418</u>	<u>2,087,341</u>	<u>2,056,419</u>	<u>2,192,659</u>	<u>2,228,027</u>	<u>2,352,378</u>	<u>2,315,508</u>	<u>2,720,564</u>
City UAAL			734,453	632,812	697,884	887,058	896,243	1,018,877	1,066,337	1,133,802	847,827
FCFA AAL			781,626	1,432,538	2,002,429	2,786,799	3,616,082	4,680,862	5,488,356	6,225,397	7,305,908
FCFA Assets			<u>583,062</u>	<u>1,287,612</u>	<u>1,773,569</u>	<u>2,358,887</u>	<u>3,201,895</u>	<u>4,101,608</u>	<u>4,820,795</u>	<u>5,382,941</u>	<u>7,161,156</u>
FCFA UAAL			198,564	144,926	228,860	427,912	414,187	579,254	667,561	842,456	144,752

³ Plan's AAL minus Plan's unamortized balance of previous UAAL bases

SECTION 12 DEFINITIONS

- **Present Value of Benefits (PVB):** An actuarial valuation begins with participant data (including active employees, former employees not in payment status, participants and beneficiaries in payment status) at the valuation date. Using this data and actuarial assumptions, the actuary projects future benefit payments. The assumptions model, among other things, when people will retire, terminate, die or become disabled, as well as what future benefits might be, depending on such things as future salary increases and cost of living. Those future benefit payments are discounted, using expected future investment return and the likelihood of receiving a benefit, back to the valuation date. This discounted present value is the plan's present value of benefits. It represents the amount the plan needs as of the valuation date to pay all future benefits – if all assumptions are met and no future contributions (employee or employer) are made.
- **Normal Cost (NC):** The Present Value of Benefits is not funded immediately upon an employee's hire. Instead it is treated as deferred compensation and funded over an employee's working career. The Normal Cost represents the portion of the present value of benefits allocated to, or expected to be earned (on an actuarial, not actual, basis) in the coming year. The Normal Cost is paid by employees and the employer each year as a percentage of PERSable payroll.
- **Actuarial Accrued Liability (AAL):** This represents the portion of the present value of benefits that participants have earned (on an actuarial, not actual, basis) through the valuation date, or allocated are considered to be allocated to periods of past service. This includes the full PVB for retirees and inactive participants, and a portion of the PVB for current active employees.
- **Plan Assets:** This includes funds that have been accumulated in CalPERS' trust fund so they can pay plan benefits and expenses. Amounts are attributable to contributions made by employees and the employer, and to past investment earnings.
- **Unfunded Actuarial Accrued Liability (UAAL):** If all actuarial assumptions had always been exactly met, the accumulated plan assets would equal the actuarial accrued liability. The difference between the actuarial accrued liability and plan assets is the UAAL. It represents the amount of the actuarial accrued liability that must still be funded.

Every year, during the actuarial valuation, the plan actuary calculates the increase or decrease in the UAAL from several sources including investment return and experience different than expected, and plan changes. Each of these is a new UAAL layer which is amortized – paid off over time by additional employer contributions. The total UAAL amortization payment is paid monthly as a separate portion of the employer contribution.