

Pursuant to Government Code Section 54953(e), members of the Board of Directors and staff will participate in this meeting via a teleconference. Members of the public can submit written comments to the Board Secretary at boardcomment@cambriacsd.org.



CAMBRIA COMMUNITY SERVICES DISTRICT

Thursday, June 9, 2022 - 1:00 PM

AGENDA

REGULAR MEETING OF THE CAMBRIA COMMUNITY SERVICES DISTRICT BOARD OF DIRECTORS

Please click the link below to join the webinar:

<https://us06web.zoom.us/j/85360096310?pwd=NDZTaUNaQ3hmc3ZlWS9LdkJQSG9kQT09>

Passcode: 213175

Or One tap mobile:

US: +16699006833,,85360096310# or +12532158782,,85360096310#

Or Telephone:

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

US: +1 669 900 6833 or +1 253 215 8782 or +1 346 248 7799 or +1 312 626 6799 or +1 929 205 6099
or +1 301 715 8592

Webinar ID: 853 6009 6310

International numbers available: <https://us06web.zoom.us/j/85360096310>

1. OPENING

- A. Call to Order
- B. Pledge of Allegiance
- C. Establishment of Quorum
- D. President's Report
- E. Agenda Review: Additions/Deletions

2. BOARD MEMBER COMMUNICATIONS

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

3. COMMISSION REPORT

- A. PROS Chairman's Report

4. PUBLIC COMMENT

Members of the public may now address the Board on any item of interest within the jurisdiction of the Board but not on its agenda today. Future agenda items can be suggested at this time. In compliance with the Brown Act, the Board cannot discuss or act on items not on the agenda. Each speaker has up to three minutes.

5. CONSENT AGENDA

All matters on the consent calendar are to be approved by one motion. If Directors wish to discuss a consent item other than simple clarifying questions, a request for removal may be made. Such items are pulled for separate discussion and action after the consent calendar as a whole is acted upon.

- A. Consideration of Adoption of Resolution 37-2022 Amending the Fiscal Year 2021/22 Budget
- B. Consideration of Adoption of Resolution 38-2022 Approving a Navia Benefit Solutions Administrative Services Agreement for Health Benefit Reimbursement Arrangement Services and Authorizing the General Manager to Execute the Agreement

6. HEARINGS AND APPEALS

- A. Public Hearing to Discuss and Consider Adoption of Resolution 33-2022 Confirming 2021 Fire Hazard Fuel Reduction Itemized Cost Report of the Cambria Community Services District
- B. Public Hearing to Discuss and Consider Resolution 34-2022 Approving a Fire Suppression Benefit Assessment Consumer Price Index (CPI) Adjustment at the Rate of 5.4% for FY 2022/2023 and Confirming the Itemized Report to Collect the Assessment on the County Tax Rolls
- C. Public Hearing to Discuss and Consider Adoption of Resolution 35-2022 Confirming the Itemized Report to Collect Delinquent Solid Waste Collection and Disposal Charges on the Fiscal Year 2022/2023 County Tax Rolls

7. REGULAR BUSINESS

- A. Discussion and Consideration of the 2022 Annual Water Shortage Assessment Report
- B. Discussion and Consideration of Adoption of Resolution 36-2022 Implementing the Governor's Executive Order Declaring a Stage 2 Water Shortage Watch and Establishing and Implementing Regulations Related Thereto
- C. Discussion and Consideration to Adopt Resolution 39-2022 Authorizing Employee Contributions to the District's 401(a) Deferred Compensation Plan

8. BOARD MEMBER, COMMITTEE AND LIAISON REPORTS

- A. Finance Committee's Report
- B. Policy Committee's Report
- C. Resources and Infrastructure Committee's Report
- D. Other Liaison Reports and Ad Hoc Committee Reports

9. FUTURE AGENDA ITEM(S)

This is an opportunity to request a formal agenda report be prepared and the item placed on a future agenda. No formal action can be taken except to direct the General Manager to place a matter of business on a future agenda by majority vote

10. ADJOURN

CAMBRIA COMMUNITY SERVICES DISTRICT

TO: Board of Directors

AGENDA NO. **5.A.**

FROM: John F. Weigold IV, General Manager

Meeting Date: June 9, 2022

Subject: Consideration of Adoption of
Resolution 37-2022 Amending the
Fiscal Year 2021/2022 Budget**RECOMMENDATIONS:**

Staff recommends that the Board of Directors consider adoption of Resolution 37-2022 amending the fiscal year 2021/2022 budget.

FISCAL IMPACT:

The fiscal year 2021/2022 Administration Department budget includes \$71,804, for legal services. This budget has been exceeded due to the Windeler litigation expenses. A budget adjustment is requested to increase funding for legal services, in the amount of \$545,341, which will be funded from General Fund Reserves. General Fund Reserves are estimated to be \$3,004,702 at June 30, 2022. The budget adjustment is detailed in the chart below:

Budget Adjustment				Sources	Uses
Fund	Date	Agenda Item	Purpose		
General Fund			Funding from General Fund Reserves	\$ 545,341	\$ -
General Fund			Legal Services	\$ -	\$ 545,341
			Fund Sub-Total	\$ 545,341	\$ 545,341
			Difference (unidentified sources of funding)	\$ -	

DISCUSSION:

During fiscal year 2021/2022, unanticipated legal expenses were incurred for the Windeler litigation. The total legal expenses from July 1, 2021 to May 26, 2022 totaled \$545,341. The Board of Directors reviewed and discussed these unanticipated legal expenses at the May 19, 2022 Board meeting, and directed staff to return with a budget adjustment and to fund the unanticipated legal expenses with General Fund Reserves.

Staff recommends the Board of Directors adopt Resolution 37-2022 amending the fiscal year 2021/2022 budget, for unanticipated legal expenses funded with General Fund Reserves.

Attachment: Resolution 37-2022

RESOLUTION NO. 37-2022
June 9, 2022

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE CAMBRIA COMMUNITY SERVICES DISTRICT
AMENDING THE FISCAL YEAR 2021/2022 BUDGET

WHEREAS, on August 19, 2021, the Board of Directors adopted Resolution 30-2021 approving the Final Budget for Fiscal Year 2021/2022; and

WHEREAS, Government Code Section 61111(a) authorizes the board of directors of a community services district to amend the budget by resolution; and

WHEREAS, the Board of Directors desires to amend the Fiscal Year 2021/2022 Budget.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Cambria Community Services District that the Fiscal Year 2021/2022 Budget is hereby amended as shown on Exhibit "A," attached hereto and incorporated herein by this reference.

PASSED AND ADOPTED this 9th day of June, 2022.

Donn Howell
Board President

ATTEST:

APPROVED AS TO FORM:

Leah Reedall
Board Secretary

Timothy J. Carmel
District Counsel

CAMBRIA COMMUNITY SERVICES DISTRICT
 2021-2022 FISCAL YEAR BUDGET
 RECOMMENDED BUDGET ADJUSTMENT

Budget Adjustment

Fund	Date	Agenda Item	Purpose	Sources	Uses
General Fund			Funding from General Fund Reserves	\$ 545,341	\$ -
General Fund			Legal Services	\$ -	\$ 545,341
			Fund Sub-Total	\$ 545,341	\$ 545,341
			Difference (unidentified sources of funding)	\$ -	

CAMBRIA COMMUNITY SERVICES DISTRICT

TO: Board of Directors

AGENDA NO. **5.B.**FROM: John F. Weigold IV, General Manager
Pamela Duffield, Finance Manager

Meeting Date: June 9, 2022

Subject: Consideration of Adoption of Resolution 38-2022 Approving a Navia Benefit Solutions Administrative Services Agreement for Health Benefit Reimbursement Arrangement Services and Authorizing the General Manager to Execute the Agreement

RECOMMENDATIONS:

Staff recommends that the Board of Directors consider adoption of Resolution 38-2022 approving a Navia Benefit Solutions Administrative Services Agreement for health benefit reimbursement arrangement services and authorizing the General Manager to execute the agreement.

FISCAL IMPACT:

There is no fiscal impact associated with changing the District's Health Reimbursement Arrangement (HRA) administrator. The District currently pays a \$7.00 monthly fee, per eligible employee or retiree for this benefit and this cost is included in the adopted FY 2021/22 Administrative Department budget.

DISCUSSION:

The District was notified that the current HRA provider, Business Plans, Inc., will transition to Navia Benefit Solutions, Inc. on June 24, 2022. Navia Benefit Solutions has requested the District execute a new administrative services agreement as part of this transition.

As background, the District offers its employees an HRA Plan as an employee or retiree benefit, which is currently administered by Business Plans. This benefit is for reimbursement of out of pocket medical and dental expenses and is called out in the District's negotiated MOUs with the employee bargaining units.

Staff recommends that the Board of Directors adopt Resolution 38-2022 approving the Navia Benefit Solutions Administrative Services Agreement and authorizing the General Manager to execute the agreement.

Attachments: Resolution 38-2022

Exhibit "A" to Resolution 38-2022 – Navia Benefit Solution Administrative Services Agreement

RESOLUTION NO. 38-2022
June 9, 2022

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CAMBRIA COMMUNITY SERVICES DISTRICT APPROVING A NAVIA BENEFIT SOLUTIONS ADMINISTRATIVE SERVICES AGREEMENT AND AUTHORIZING THE GENERAL MANAGER TO EXECUTE THE AGREEMENT

WHEREAS, the Cambria Community Services District offers its employees a Health Reimbursement Arrangement Plan as an employee benefit (the "HRA Plan"); and

WHEREAS, the HRA Plan is currently administered by Business Plans, Inc., which will transition to Navia Benefit Solutions, Inc. on June 24, 2022, as the new HRA Plan administrator.

NOW THEREFORE, BE IT RESOLVED that the Board of Directors of the Cambria Community Services District does hereby approve the Navia Benefit Solutions Administrative Services Agreement, a copy of which is attached hereto as Exhibit "A" and incorporated herein by reference, and authorizes the General Manager to execute the Agreement.

PASSED AND ADOPTED this 9th day of June, 2022.

Donn Howell, President
Board of Directors

ATTEST:

APPROVED AS TO FORM:

Leah Reedall, Board Secretary

Timothy J. Carmel, District Counsel



NAVIA BENEFIT SOLUTIONS ADMINISTRATIVE SERVICES AGREEMENT

CONTRACT INFORMATION PAGE

This NAVIA ADMINISTRATIVE SERVICES AGREEMENT ("Agreement") is entered into as of the Effective Date by and between Navia Benefit Solutions, Inc. ("Navia"), a Washington Corporation, and the below-named Employer ("Employer").

Name of Employer:	Cambria Community Services District
Effective Date:	June 24, 2022
Notices Sent to Employer:	PO Box 65 Cambria, CA 93428
Notices Sent to Navia	600 Naches Ave SW Renton, WA 98057

IN WITNESS WHEREOF, Employer and Navia have reviewed the forgoing Agreement in its entirety and have caused their undersigned Representative(s) to execute this Agreement, the same being duly authorized to do so.

EMPLOYER

NAVIA BENEFIT SOLUTIONS, INC.

SIGNATURE: _____

SIGNATURE: _____

NAME: _____

NAME: HILARIE AITKEN

TITLE: _____

TITLE: CEO

DATE: _____

DATE: _____

TABLE OF CONTENTS

Article I: Definitions	1
1.1 Affiliate	1
1.2 Agreement.....	1
1.3 Benefit Plans	1
1.4 Business Day.....	1
1.5 Card Recipient	1
1.6 Card Services Provider.....	1
1.7 Carrier	1
1.8 Claims Administrator.....	1
1.9 COBRA Election Notice.....	1
1.10 Code	2
1.11 Covered Dependent.....	2
1.12 Covered Employee.....	2
1.13 Covered Individual.....	2
1.14 Disbursement Report	2
1.15 Eligibility and Payroll Deduction Report (“EDR”)	2
1.16 Electronic Payment Card	2
1.17 Eligible Employee.....	2
1.18 Exhibit.....	2
1.19 Fees	2
1.20 Grace Period.....	2
1.21 Intellectual Property Rights	2
1.22 Party or Parties	2
1.23 Plan Administrator	3
1.24 Plan Application.....	3
1.25 Plan Year.....	3
1.25 Plan Year.....	3
1.26 Representative.....	3
1.27 Run-Out-Period.....	3
1.28 Schedule.....	3
1.29 Services.....	3
1.30 Specific Rights Notice	3
1.31 Subcontractor	3

1.32	We or Us	3
1.33	You or Your	3
1.34	Year-to-Date Report.....	3
Article II. Relationship and Term		4
2.1	Relationship of the Parties	4
2.2	Term of the Agreement	4
2.3	Termination without Cause.....	4
2.4	Termination for Cause	4
2.5	Post Termination Obligations	4
Article III. Fees		5
3.1	Fees for Services	5
3.2	Fees for Additional Services	5
3.3	Fee Terms and Changes in Fees.....	5
Article IV Warranties and Representations		6
4.1	Mutual Warranties and Representations	6
4.2	Navia’s Warranties and Representations	6
4.3	Employer’s Warranties and Representations	6
Article V. Information and Records.....		6
5.1	Records Generally.....	6
5.2	Confidential and Proprietary Information - Generally.....	6
5.3	Media Releases and Public Announcements.....	7
5.4	Protected Health Information.....	8
5.5	Intellectual Property Rights	8
5.6	Online Services	8
Article VI. Liability and Indemnification		8
6.1	Limitation on Liability	8
6.2	Indemnity	9
6.3	Remedies.....	10
6.4	Statute of Limitations.....	10
Article VII Miscellaneous.....		10
7.1	Section Headings	10
7.2	Waiver of Rights	10
7.3	Invalid/Illegal/Unenforceable Provisions.....	10

7.4	Amendment.....	10
7.5	Agreement.....	10
7.6	Notices	11
7.7	Consent	11
7.8	Third Party Beneficiaries	11
7.9	Advertising.....	11
7.10	Insurance.....	11
	BENEFIT PLAN SERVICE SCHEDULE(S) AND FEES	12
	CAFETERIA PLAN SERVICE SCHEDULE.....	16
	HEALTH REIMBURSEMENT ARRANGEMENT (“HRA”) SCHEDULE	17
	EXHIBIT A BUSINESS ASSOCIATE AGREEMENT	20
	EXHIBIT B EMPLOYER CERTIFICATION	25

NAVIA ADMINISTRATIVE SERVICE AGREEMENT

Employer has asked Navia to provide administrative services for certain employee Benefit Plans maintained by Employer as described in this Agreement. In consideration of the mutual promises contained in this Agreement, Employer and Navia agree as follows:

GENERAL TERMS AND CONDITIONS

ARTICLE I: DEFINITIONS

All capitalized terms in this Agreement not defined in this Section shall have the meanings set forth in the Sections or Schedules of this Agreement in which they are defined.

1.1 AFFILIATE

“Affiliate” means a business entity now or hereafter controlled by, controlling or under common control with a Party. Control exists when an entity owns or controls directly or indirectly 50% or more of the outstanding equity representing the right to vote for the election of directors or other managing authority of another entity.

1.2 AGREEMENT

“Agreement” means the following: the Contract Information Page, the General Terms and Conditions, the Schedules and the Exhibits that are specifically incorporated by the Parties into this Agreement by reference.

1.3 BENEFIT PLANS

“Benefit Plan(s)” means one or more employee benefits plans, 132 Transportation benefits, COBRA Administration, or Direct Billing Administration established and maintained by Employer for the benefit of its employees and their eligible dependents for which Navia provides Services in accordance with this Agreement.

1.4 BUSINESS DAY

“Business Day” means Monday through Friday, excluding days deemed to be federal holidays.

1.5 CARD RECIPIENT

“Card Recipient” means the individual to whom Card Services Provider issues an Electronic Payment Card in accordance with this Agreement.

1.6 CARD SERVICES PROVIDER

“Card Services Provider” means the third party chosen by Navia to issue Electronic Payment Cards in accordance with this Agreement and/or process electronic payment card transactions.

1.7 CARRIER

“Carrier” means the insurance Carrier or other benefit provider designated by the Employer.

1.8 CLAIMS ADMINISTRATOR

“Claims Administrator” means Navia.

1.9 COBRA ELECTION NOTICE

“COBRA Election Notice” means the election form included in the Specific Rights Notice.

1.10 CODE

“Code” means the Internal Revenue Code of 1986 and the regulations thereunder, as amended from time to time.

1.11 COVERED DEPENDENT

“Covered Dependent” means any person other than the Covered Employee who is covered under a Benefit Plan by virtue of his relationship to the Covered Employee.

1.12 COVERED EMPLOYEE

“Covered Employee” means any of Employer’s employees or former employees who are enrolled in a Benefit Plan or who have established a Health Savings Account as defined in Code Section 223.

1.13 COVERED INDIVIDUAL

“Covered Individual” means a Covered Employee or a Covered Dependent.

1.14 DISBURSEMENT REPORT

“Disbursement Report” means a file or report created by Navia, posted to the Website that details the benefit disbursements.

1.15 ELIGIBILITY AND PAYROLL DEDUCTION REPORT (“EDR”)

“Eligibility and Payroll Deduction Report” means a file or report created by Navia, posted to the Website, and verified by the Employer against payroll deductions for each processing date.

1.16 ELECTRONIC PAYMENT CARD

“Electronic Payment Card” means a debit card or store value card used to pay for eligible expenses under the Benefit Plan(s).

1.17 ELIGIBLE EMPLOYEE

“Eligible Employee” means an employee that is eligible for the Benefit Plan(s) as determined by the Employer.

1.18 EXHIBIT

“Exhibit” means the document or documents specifically incorporated by the Parties into this Agreement by reference that describe the specific rights, duties, and obligations of the Parties.

1.19 FEES

“Fees” means the amount that must be paid as indicated in each Schedule.

1.20 GRACE PERIOD

“Grace Period” means the 2.5-month period after the end of the Plan Year during which eligible expenses incurred during that time may be applied toward the previous Plan Year.

1.21 INTELLECTUAL PROPERTY RIGHTS

“Intellectual Property Rights” means all intellectual property rights throughout the world, including copyrights, patents, mask works, trademarks, service marks, trade secrets, inventions (whether or not patentable), know how, authors’ rights, rights of attribution, and other proprietary rights and all applications and rights to apply for registration or protection of such rights.

1.22 PARTY OR PARTIES

“Party” means Employer or Navia collectively, and Employer and Navia shall be referred to as “Parties”.

1.23 PLAN ADMINISTRATOR

“Plan Administrator” means Employer.

1.24 PLAN APPLICATION

“Plan Application” means the online or form questionnaire provided by Navia to Employer used to gather Employer and Plan design information.

1.25 PLAN DOCUMENT

“Plan Document” means a document that describes the Plan’s terms and conditions related to the operation and administration of the plan.

1.26 PLAN YEAR

“Plan Year” means a period of time determined by the Employer no longer than 12 months.

1.27 REPRESENTATIVE

“Representative” means an officer, director, or individual with authority to bind the Party.

1.28 RUN-OUT-PERIOD

“Run-out Period” means the period of time after the end of the Plan Year during which Covered Individuals can submit claims.

1.29 SCHEDULE(S)

“Schedule(s)” means the document or documents specifically incorporated by the Parties into this Agreement by reference that describe the specific Services and the specific rights and obligations of the Parties with respect to such Services.

1.30 SERVICES

“Services” means Benefit Plan related administrative services as described specifically in the Schedules, together with any materials, supplies, tangible items or other goods Navia furnishes in connection with the Services.

1.31 SPECIFIC RIGHTS NOTICE

“Specific Rights Notice” means the notice that must be provided to each qualified beneficiary in connection with a COBRA qualifying event.

1.32 SUBCONTRACTOR

“Subcontractor” means a third-party to whom a Party has delegated or subcontracted any portion of its obligations set forth herein.

1.33 WE OR US

“We” or “Us” means Navia.

1.34 YOU OR YOUR

“You” or “your” means Employer.

1.35 YEAR-TO-DATE REPORT

“Year-to-Date Report” means a file or report created by Navia, posted to the Website that details contributions, disbursements, and benefit election, if applicable.

ARTICLE II. RELATIONSHIP AND TERM

2.1 RELATIONSHIP OF THE PARTIES

Navia is an independent contractor. Nothing in this Agreement or in the activities contemplated by the Parties hereunder shall be deemed to create an agency, partnership, employment, or joint venture relationship between the Parties, their Affiliates, or any of their Subcontractors or Representatives. Employer acknowledges that Navia is not an accounting or law firm. No Services, and no written or oral communications made by Navia during the course of providing Services, are or should be construed by Employer as tax or legal advice.

2.2 TERM OF THE AGREEMENT

This Agreement shall be in effect from Effective Date set forth on the Contract Information Page and will continue until such time as the Agreement is terminated as set forth herein (“Term”). Each Schedule may have a later effective date than this Agreement to the extent that Employer and Navia agree to the terms set forth in the Schedule after this Agreement has already become effective. If the Employer uses the Services of Navia, this Agreement will be deemed to be in effect as of the date Navia begins providing such Services even if a copy of this Agreement has not been signed and returned by the Employer—all fees and monthly charges will be due and payable as set forth herein.

2.3 TERMINATION WITHOUT CAUSE

Either Party may terminate this Agreement for convenience, without cause, at any time without further charge or expense with at least sixty (60) calendar days prior written notice to the other Party.

2.4 TERMINATION FOR CAUSE

In addition to any other remedies available to a Party, a Party may immediately terminate this Agreement upon the occurrence of a Termination Event by the other Party by providing written notice of termination to the other Party.

The following events constitute a Termination Event:

- (a) Employer fails to pay the applicable Fees or satisfy the applicable funding requirements as set forth herein;
- (b) Failure of a Party to cure a material breach (to the extent curable) within thirty (30) calendar days after written notice of the breach and intent to terminate is provided by the non-breaching Party;
- (c) Employer files for bankruptcy, becomes or is declared insolvent (generally unable to pay its debts as they become due), is the subject of any proceedings (not dismissed within 30 days) related to its liquidation, insolvency or the appointment of a receiver or similar officer, makes an assignment for the benefit of all or substantially all of its creditors, takes any corporate action for its winding-up, dissolution or administration, enters into an Agreement for the extension or readjustment of substantially all of its obligations, or recklessly or intentionally makes any material misstatement as to its financial condition. In the interest of risk reduction for both Parties, Navia may immediately suspend Benefit Plan processing (including debit cards) without notice upon the occurrence of any of the circumstances described in this section (c). Upon written notice to Employer, Navia may terminate services for a Covered Employee for persistent abusive, offensive, or similar behavior toward Navia employees.

2.5 POST TERMINATION OBLIGATIONS

- (a) If Employer terminates this Agreement, Navia shall reasonably cooperate with Employer to transition information to Employer or a new third party pursuant to the reasonable instructions of

Employer, in accordance with the terms of this Agreement, as necessary to enable the new service provider to perform services without disruption to Covered Individuals. Employer is obligated to reimburse all reasonable costs and expenses incurred by Navia for continued administration during the transition process (including administration Fees during the claims run-out period) and transitioning any necessary information as set forth herein. Covered Individual claims submitted to Navia after termination of the Agreement or expiration of the claims run-out period, whichever is later, will be denied and Participants will be redirected to the Employer and Navia will have no further responsibility with respect to Covered Individual claims received after such time.

- (b) The rights and obligations of the Parties that by their nature must survive termination or expiration of this Agreement in order to achieve its fundamental purposes include, without limitation, Section 5.1 through Section 5.5, Article VI, Section 7.7, and the Business Associate Agreement Exhibit.
- (c) Termination of this Agreement shall not terminate the rights or obligations of either Party arising prior to the effective date of such termination. Notwithstanding anything to the contrary herein upon termination of this Agreement, all Fees, funding, and other amounts owed will become immediately due and payable.

ARTICLE III. FEES

3.1 FEES FOR SERVICES

The Fees that Employer must pay Navia for Services are set forth in the Fee section of each Schedule. To the extent that Navia sends a monthly invoice, all Fees are due upon receipt of the monthly invoice; however, there is a thirty (30) day period after which 1.5% interest per month will accrue with respect to any unpaid Fees to the extent Navia does not terminate the Agreement in accordance with Article III herein. If the invoice is mailed by Navia, the recipient is deemed to have received the invoice within three (3) Business Days after Navia mails the invoice. Failure to timely and completely pay such Fees may also result in suspension of all or part of the Services provided or, in Navia's discretion, termination of the Agreement. In addition to the Fees outlined in this Section 3 and the Schedule(s), Navia may, in connection with the Services provided, receive interest, investment income, transaction fees, including transaction fees charged to a merchant bank, or similar payments from third parties. Employer acknowledges that Navia will retain such payment as additional consideration for the Services Navia provides hereunder.

3.2 FEES FOR ADDITIONAL SERVICES

Additional Fees for additional Services not listed in the Schedules shall be as mutually agreed in writing between Employer and Navia prior to performance. Such Fees may result from Employer's specific requests for legal guidance provided by an outside firm, development time, or third-party audit Fees.

3.3 FEE TERMS AND CHANGES IN FEES

- (a) Fees are effective beginning with the Effective Date unless otherwise provided herein.
- (b) Navia may change Fees to the extent that (i) changes are made in applicable law that materially affect the rights and obligations of Navia set forth herein, (ii) Employer amends the Benefit Plan in a manner that materially impacts the Services provided herein; or (iii) Navia provides written notice of a proposed Fee change to Employer. If Employer does not affirmatively reject any proposed Fee changes in writing within thirty (30) days of receiving written notice of the proposed Fee changes from Navia, such proposed Fees will become effective the first day of the month following the end of the thirty-day response period. If Employer does not agree with such

proposed Fee changes, Employer may terminate the Agreement with no less than thirty (30) days prior written notice from the date that Navia notified Employer of the Fee changes.

ARTICLE IV. WARRANTIES AND REPRESENTATIONS

4.1 MUTUAL WARRANTIES AND REPRESENTATIONS

Each Party represents and warrants the following:

- (a) the Party's execution, delivery and performance of this Agreement: (i) have been authorized by all necessary corporate action, (ii) do not violate the terms of any law, regulation, or court order to which such Party is subject or the terms of any material agreement to which the Party or any of its assets may be subject and (iii) are not subject to the consent or approval of any third party;
- (b) This Agreement is the valid and binding obligation of the representing Party, enforceable against such Party in accordance with its terms;
- (c) Such Party is not subject to any pending or threatened litigation or governmental action which could interfere with such Party's performance of its obligations hereunder; and
- (d) Both Parties will perform their respective obligations under this Agreement in compliance with all laws, rules, regulations, and other legal requirements applicable to the Party.

4.2 NAVIA'S WARRANTIES AND REPRESENTATIONS

- (a) Navia represents and warrants that the Services shall reasonably conform to the Schedules described herein.
- (b) Other than as specifically set forth herein, Navia makes no representation or warranty, express or implied, written or oral, and, to the full extent permitted by law, disclaims all other warranties including, but not limited to, the implied warranties of merchantability or fitness for a particular purpose.

4.3 EMPLOYER'S WARRANTIES AND REPRESENTATIONS

Employer represents and warrants they are not subject to any pending or threatened litigation, governmental action, or investigation from the IRS, DOL, HHS, or otherwise with respect to any Benefit Plans. If Employer is subject to any litigation, action, or investigation, or becomes subject while this Agreement is in effect, Employer shall promptly notify Navia in writing in advance of the Effective Date of this agreement, or within 10 days of Employer becoming aware of such litigation, action, or investigation.

ARTICLE V: INFORMATION AND RECORDS

5.1 RECORDS GENERALLY

Employer and Navia shall retain records and supporting documentation sufficient to document its satisfaction of its obligations under this Agreement in accordance with laws and generally accepted accounting principles for at least eight (8) years from the date such record or documentation is created.

5.2 CONFIDENTIAL AND PROPRIETARY INFORMATION - GENERALLY

- (a) The term "Confidential Information" shall mean this Agreement and all non-public data, trade secrets, business information and other information of any kind whatsoever that a Party

(“Discloser”) discloses, in writing, orally, visually or in any other medium, to the other Party (“Recipient”) or to which Recipient obtains access and that relates to Discloser or, in the case of Navia, its customers. A “writing” shall include an electronic transfer of information by e-mail, over the Internet or otherwise. Confidential Information shall not include Benefit Plan information (i.e. card swipe data, Benefit Plan reports, claims, explanation of benefits and other Protected Health Information). Such information will be protected under the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) Health Information Technology for Economic and Clinical Health Act (HITECH”), and/or other applicable privacy and security laws.

- (b) Each of the Parties, as Recipient, hereby agrees that it will not, and will cause its Representatives, Affiliates, vendors, Subcontractors, and third-parties not to disclose Confidential Information of the other Party, during or after the Term of this Agreement, other than on a “need to know” basis and then only: (a) for the purposes of providing, enhancing, optimizing, or auditing the Services or to satisfy a legal or contractual requirement; (b) provided that any Representatives, Affiliates, vendors, Subcontractors, and third-parties who receive Confidential Information are subject to a written confidentiality agreement that shall be no less restrictive than the provisions of this Section.
- (c) Recipient shall not use or disclose Confidential Information of the other Party for any purpose other than to carry out its obligations set forth herein.
- (d) Recipient shall treat Confidential Information of the other Party with no less care than it employs for its own Confidential Information of a similar nature that it does not wish to disclose, publish, or disseminate, but not less than a reasonable level of care.
- (e) Upon the Discloser’s written request following expiration or termination of this Agreement for any reason, the Recipient shall promptly return or destroy all Confidential Information in the possession of Recipient or Recipient’s Representatives, Affiliates, vendors, Subcontractors, and third-parties, provided that either Party may retain copies of such files as needed to administer the Benefit Plan(s) or to protect its interests. If it is determined that returning or destroying all Confidential Information of Employer is infeasible Navia shall extend the protections of this Agreement to such Confidential Information.
- (f) The obligations of confidentiality in this Section shall not apply to any information that (i) Recipient rightfully has in its possession when disclosed to it, free of obligation to Discloser to maintain its confidentiality; (ii) Recipient independently develops without access to Discloser’s Confidential Information; (iii) is or becomes known to the public other than by breach of this Section or (iv) is rightfully received by Recipient from a third party without the obligation of confidentiality. Any combination of Confidential Information disclosed with information not so classified shall not be deemed to be within one of the foregoing exclusions merely because individual portions of such combination are free of any confidentiality obligation or are separately known in the public domain.
- (g) A Party’s Confidential Information and any results of processing Confidential Information or derived in any way therefrom shall at all times remain the property of that Party.

5.3 MEDIA RELEASES AND PUBLIC ANNOUNCEMENTS

Employer may not issue any media releases, public announcements and public disclosures, relating to this Agreement or use the name or logo of Navia, including, without limitation, in promotional or marketing material or on a list of vendors, provided that nothing in this paragraph shall restrict any disclosure

required by legal, accounting or regulatory requirements beyond the reasonable control of the releasing Party.

5.4 PROTECTED HEALTH INFORMATION

Protected Health Information (“PHI”), as defined by 45 C.F.R. 160.103, if any, that is used or disclosed by the Parties in accordance with this Agreement, will be governed by the terms and conditions set forth in the Business Associate Agreement between the Parties. Employer agrees that Navia may communicate confidential, PHI or otherwise sensitive information to Employer and hold Navia harmless in the event Employer misroutes or improperly uses or discloses such information where such information was used or disclosed by Navia for purposes of administration of the Benefit Plan(s) or used or disclosed for the purposes of carrying out Navia’s duties and responsibilities under this Agreement.

5.5 INTELLECTUAL PROPERTY RIGHTS

Each Party shall retain all rights in and/or title to its respective Intellectual Property Rights. Other than as expressly provided in this Agreement, (a) nothing contained herein shall be construed as granting a Party any license, right, title, or interest in or to any of other Party’s Intellectual Property Rights and (b) neither Party is developing any work product for the other.

5.6 ONLINE SERVICES

- (a) Navia may provide access to a password-protected website maintained by Navia or Navia’s Subcontractor(s) in connection with the Services (the “Website”). Navia may unilaterally make reasonable adjustments and improvements to the Website at any time and without prior notice. Neither Navia nor Navia’s Subcontractor is under any obligation to make any adjustments to the Website that are requested by Employer or any other third party.
- (b) The Website may include information related to Navia’s other services and/or links to other websites to the extent permitted by law. Navia neither grants a license for nor is responsible for any external links to third party websites provided on the Website.
- (c) Employer acknowledges that Employer and the Covered Individuals are solely responsible for maintaining the hardware and/or software necessary to access the Website. Individuals shall be directed to Navia’s online Privacy Policy, Privacy Notice, and Terms and Conditions regarding consent for collection, use, retention, disclosure, and disposal of information.

ARTICLE VI: LIABILITY AND INDEMNIFICATION

6.1 LIMITATION ON LIABILITY

- (a) NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR ANY SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, LOSS OF DATA, OR COST OF SUBSTITUTE SERVICES ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE SERVICES PERFORMED HEREUNDER UNDER ANY THEORY OF LIABILITY EVEN IF SUCH PARTY ALLEGED TO BE LIABLE HAS KNOWLEDGE OF THE POSSIBILITY OF SUCH DAMAGES, PROVIDED, HOWEVER, THAT THE LIMITATIONS SET FORTH IN THIS SECTION SHALL NOT APPLY TO OR IN ANY WAY LIMIT THE OBLIGATIONS OF THE SECTIONS ENTITLED “INDEMNITY,” AND “CONFIDENTIALITY AND PROPRIETARY INFORMATION”. IF NAVIA IS FOUND LIABLE TO EMPLOYER FOR ANY DIRECT DAMAGES, SUCH DAMAGES SHALL NOT EXCEED AN AMOUNT EQUAL TO ACTUAL DAMAGES OR THE FEES PAID FOR SERVICES GIVING RISE TO THE CLAIM WITHIN THE TWELVE (12) MONTHS PRECEDING THE CLAIM, WHICHEVER IS LESS.

- (b) Navia is not liable for the acts or omissions of a prior administrator or the acts or omissions of Employer if prior administration was conducted by Employer.
- (c) Navia shall not be liable for any action, conduct, or activity taken by Navia, or any failure to act, at the request of Employer.
- (d) Neither party will be liable for and will be excused from any failure or delay in satisfying its obligations set forth herein if such failure or delay is caused by circumstances beyond its control, including but not limited to any natural disaster (such as earthquakes, hurricanes or floods), emergency conditions (such as war, riot, fire, theft, severe inclement weather, or labor dispute), outages, legal constraint or governmental action or inaction, breakdown or failure of equipment not due directly to the negligence of the Party maintaining the equipment, or the act, omission, negligence or fault of the other party. This section does not excuse Employer from its obligations to pay any of the Fees or to fund the Benefit Plans as provided herein.

Navia neither assumes nor underwrites any liability of Employer under the Benefit Plans, and acts only as provider of the services specifically described herein. Navia shall not be responsible for any over disbursed benefits, including but not limited to over disbursements due to insurance claim adjustments after benefits have been reimbursed. The Services performed shall be ministerial in nature and shall be performed in accordance with the direction, guidance, framework, and interpretation of the Benefit Plan(s) established and communicated by Employer. Navia shall have no discretionary authority or control over the Benefit Plan(s), funds, and Covered Individuals. Specifically, the Employer has the absolute authority with respect to the control, management, investment, or disposition and utilization of all plan assets, if any; and Navia shall neither have nor be deemed to exercise any discretion, control, or authority with respect to the disposition of any plan assets.

6.2 INDEMNITY

- (a) Each Party (“Indemnitor”) shall indemnify, defend, and hold harmless the other Party, its Representatives, successors and permitted assigns (collectively, the “Indemnitee”) from and against any and all claims made or threatened by any third party and all related losses, expenses, damages, costs and liabilities, including reasonable attorneys' Fees and expenses incurred in investigation or defense (“Damages”), to the extent such Damages arise out of or relate to the following:
 - i. Any negligent act or omission or willful misconduct by an Indemnitor, its Representatives or its Subcontractor; or
 - ii. Any material breach in a representation, covenant, or obligation of the Indemnitor contained in this Agreement.
- (b) Indemnitee shall give Indemnitor reasonably prompt notice of, and the Parties shall cooperate in, the defense of any such claim, suit or proceeding, including appeals, negotiations and any settlement or compromise thereof, provided that Indemnitee must approve the terms of any settlement or compromise that may impose any un-indemnified or nonmonetary liability on Indemnitee.
- (c) Navia shall not be liable to Employer for mistakes of judgment or other actions taken in good faith unless such error results directly from an intentionally wrongful or grossly negligent act of Navia.

6.3 REMEDIES

The remedies under this Agreement shall be cumulative and are not exclusive. Election of one remedy shall not preclude pursuit of other remedies available under this Agreement or at law or in equity.

6.4 STATUTE OF LIMITATIONS

The Parties agree that no legal action may be brought by a Party (“Plaintiff”) against the other more than two (2) years after the date the claim giving rise to such action became known by the Plaintiff or, exercising reasonable diligence should have been known by the Plaintiff.

ARTICLE VII: MISCELLANEOUS

7.1 SECTION HEADINGS

Section headings are included for convenience or reference only and are not intended to define or limit the scope of any provision of this Agreement and should not be used to construe or interpret this Agreement.

7.2 WAIVER OF RIGHTS

No delay, failure, or waiver of either Party's exercise or partial exercise of any right or remedy under this Agreement shall operate to limit, impair, preclude, cancel, waive, or otherwise affect such right or remedy. Any waiver by either Party of any provision of this Agreement shall not imply a subsequent waiver of that or any other provision of this Agreement.

7.3 INVALID/ILLEGAL/UNENFORCEABLE PROVISIONS

If any provision of this Agreement is held invalid, illegal, or unenforceable, the validity, legality, or enforceability of the remaining provisions shall in no way be affected or impaired thereby.

7.4 AMENDMENT

Except as otherwise set forth herein, no amendments of any provision of this Agreement shall be valid unless made by an instrument in writing signed by both Parties specifically referencing this Agreement.

7.5 AGREEMENT

- (a) This Agreement, the Schedules, and any Exhibits reflect the final, full and exclusive expression of the agreement of the Parties and supersedes all prior agreements, understandings, writings, proposals, representations and communications, oral or written, of either Party with respect to the subject matter hereof and the transactions contemplated hereby.
- (b) This Agreement may be executed by the Parties in one or more counterparts, and each of which when so executed shall be an original but all such counterparts shall constitute one and the same instrument. The Parties agree to accept a digital image of this Agreement, as executed, as a true and correct original and admissible as best evidence to the extent permitted by a court with proper jurisdiction
- (c) Notwithstanding the general rules of construction, both Employer and Navia acknowledge that both Parties were given an equal opportunity to negotiate the terms and conditions contained in this Agreement and agree that the identity of the drafter of this Agreement is not relevant to any interpretation of the terms and conditions of this Agreement.
- (d) This Agreement shall be governed by the applicable laws of Washington without regard to any of its conflict of law principles and any dispute arising out of this Agreement will be settled in any court of competent jurisdiction in King County, Washington.

7.6 NOTICES

- (a) All legal notices required to be sent by one Party to the other Party under this Agreement shall be given to the Parties in writing to the addresses identified on the Contract Information Page or to such other addresses as the Parties may substitute by written notice given in the manner prescribed in this Section as follows:
- i. By first class, registered or certified United States mail, return receipt requested and postage prepaid,
 - ii. Over-night express courier,
 - iii. By hand delivery to such addresses, or
 - iv. Electronic mail with return receipt.
- (b) Such notices shall be deemed to have been duly given (i) five (5) Business Days after the date of mailing as described above, (ii) one (1) Business Day after being received by an express courier during business hours, or (iii) the same day if by hand delivery or by email

7.7 CONSENT

Wherever this Agreement requires either Party's approval or consent such approval or consent shall not be unreasonably withheld or delayed.

7.8 THIRD PARTY BENEFICIARIES

Except as expressly set forth in this Agreement, the Parties do not intend the benefits of this Agreement to inure to any third party, including but not limited to Covered Individuals and Eligible Employees, and nothing contained herein shall be construed as creating any right, claim or cause of action in favor of any such other third party, against either of the Parties hereto.

7.9 ADVERTISING

Navia may indicate in its marketing materials and proposals to other prospective customers that this Agreement has been awarded and may describe the nature and objective(s) of this engagement. No such statements by, or materials of, Navia will disclose any Employer Confidential Information.

7.10 INSURANCE

Navia agrees throughout the term of the Agreement to maintain in full force and effect commercial general liability, umbrella liability, error and omissions liability, and professional liability insurance coverage in a reasonable amount, and workers' compensation insurance in the amount required by law, at its own expense. Upon request, Navia shall furnish to Employer a certificate of insurance evidencing the same.

BENEFIT PLAN SERVICE SCHEDULE(S) AND FEES

Employer has established one or more of the following Benefit Plans (the “Plan” or “Plans”) for purposes of providing benefits administration and/or reimbursement of certain eligible expenses incurred by Covered Individuals:

- Cafeteria Plan Document and Forms
- Health and Dependent Care Flexible Spending Arrangements
- Health Reimbursement Arrangements
- Section 132 Transportation and Parking Plan
- Code Section 223 Health Savings Account

In addition, Employer may offer one or more of the following other Plans for purposes of complying with applicable laws or providing additional benefits.

- Wellness Plan
- Federal COBRA Administration
- Direct Billing or Direct Billing Administration

Employer has asked Navia to assist it with its administrative obligations under one or more of the Plans identified above. The specific Plan-related Services are described in each Schedule. Only those Services chosen by Employer pursuant to an Application and for which the applicable Fee is paid as set forth in the Fee section of each Schedule (or, as set forth below with respect to additional requested Services), will be provided by Navia.

ARTICLE I. STANDARD BENEFIT PLAN SERVICES

- 1.1. Employer is solely responsible for the operation and maintenance of the Plans. It is Employer’s sole responsibility and duty to ensure that each Plan complies with the applicable laws and regulations, and Navia’s provision of Services under this Agreement does not relieve Employer of this obligation.
- 1.2. If applicable to the particular Plan, Navia will provide Navia’s standard plan document, summary plan description, and forms to be used by Employer as a template for creating the governing documents for the Plan(s). Such standard documents and forms have been prepared in accordance with the standard of care set forth in the Agreement but are general in nature and do not take into consideration facts and circumstances specific to Employer and Employer’s Plans. Consequently, Navia makes no warranties and representations that such documents and forms will comply with applicable law as they relate to the Plan(s). Navia is not responsible for making any changes or amending the documents. It is Employer’s responsibility to review the documents and ensure they conform to the facts and circumstances specific to Employer and the Plans, and ensure the documents comply with applicable laws. Employer shall also make such documents available to Covered Individuals as required by law.
- 1.3. Employer will provide to Navia timely, accurate and complete information relating to the Covered Individuals and the Plans as is necessary for Navia to satisfy its obligations hereunder. Employer shall provide information in the format and method approved by Navia (consolidated spec file) In the event such information (i.e. data reports and files) requires manual processing or requires a method not in Navia’s business process, such processing shall be subject to Fees (Noncompliant File Processing Fee) as provided in the applicable Schedule. In the event that the

information is not timely reported or verified, and in the event that there are disbursements made by Navia that would not have been made if the occurrence had been reported on the same day of each such occurrence, then Employer shall be responsible for such disbursements and shall reimburse Navia therefore upon request by Navia. Employer shall be responsible for accurate Participant payroll deductions, reporting of deductions, and W-2 reporting and shall ensure that any terminated employer contacts (human resources, payroll, broker contacts, or other Employer contacts with access to the Website) are immediately reported to Navia on the same day of the occurrence. Employer shall be responsible for any consequences of failing to report such terminations on the same day of the occurrence, including but not limited to the unauthorized disclosure of information to former Employer contacts. Navia is not “a person” who is responsible for administering or providing benefits under the COBRA benefit within the meaning of Internal Revenue Code section 4980B (e)(1)(B). Navia is not responsible for the payment of excise taxes imposed under Internal Revenue Code section 4980B and is not responsible for the preparation or filing of Internal Revenue Service Form 8928. Navia shall provide such information as Employer reasonably requests in order to calculate excise taxes imposed under Internal Revenue Code section 4980B or to prepare IRS Form 8928. With respect to COBRA services, Navia is merely a collection agent for the employer and any amounts collected belong to the Employer. Employer agrees to reimburse Navia for any taxes, or other similar charges, in connection with COBRA administration, assessed against Navia. Employer understands and agrees that Navia may rely on all information provided to it by Covered Individuals and/or Employer in accordance with this Agreement as true and accurate without further verification or investigation by Navia. Navia shall not be responsible and shall be held harmless for the receipt of inaccurate and/or incomplete information or data files. Navia shall not be responsible for any delays in providing services under this Agreement and any financial or adverse consequences due to the receipt of the inaccurate and/or incomplete information or data files or for Employer’s failure to send data files.

- 1.4 If applicable to the Plan(s), Navia will send education and engagement materials in the form of electronic mail campaigns direct to Employees and make enrollment kits (describing the benefit), enrollment forms, online enrollment specification files, and claim forms available on the Website and/or to Employer for distribution to Covered Individuals. Navia is only obligated to process claims submitted to Navia in accordance with the instructions set forth on Navia’s claim forms. Navia will process claims in accordance with applicable law, its standard operating procedures, and the terms of the Plan to the extent that such terms are provided to Navia and are consistent with Navia’s standard operating procedures. Navia may also provide claims submission capabilities via online and through a smart phone application for certain Plans. If Navia denies a request for reimbursement, Navia will review the 1st level appeal. If the Plan provides for 2 levels of appeal Employer will be responsible for the final determination. Employer shall be the fiduciary and Plan Administrator of the Benefits Plans and shall be responsible for interpreting the Plans, its provisions, terms and conditions and make any and all determinations as to eligibility, appeal, and change in status events, as applicable.
- 1.5 In the event that a Covered Employee is reimbursed less than is otherwise required by the Plans, Navia will promptly adjust the underpayment to the extent that Employer has satisfied its funding obligations as set forth herein. If it is discovered that a Covered Employee was overpaid, or the Covered Employee fails to substantiate an Electronic Payment Card Transaction as required by applicable rules and regulations, Navia will make reasonable attempts to request repayment of overpaid or unsubstantiated Electronic Payment Card claims or offset the ineligible payment against any claims for future eligible expenses in accordance with applicable rules and regulations. If the Covered Employee fails to repay or offset, Navia will notify Employer upon Employer’s written request for such report or data. Employer is responsible for taking any

additional action permitted or required by law (e.g., including such amounts in income or garnishing wages consistent with applicable laws). Navia shall have no obligation to request repayment or offset to the extent such overpayment is a result of Employer's acts or omissions, such payments were authorized by Employer or Employer has failed to satisfy its funding obligations.

- 1.6 The specific funding requirements are set forth in each Schedule. Generally, Employer shall make sufficient employer funds from its general assets available to pay benefits under the Plan(s). These employer funds shall not be deemed employee salary reductions or plan assets. Employer shall grant Navia withdrawal authority over the account sufficient to enable it to pay benefits. If at any time the amount of benefits payable under the Plan exceeds the amount received Employer shall transfer an amount necessary to fulfill its funding obligations under the applicable Plan(s). Navia will deposit these Employer funds into a separate account to facilitate the payment of claims. Any interest generated by Employer funds deposited into a separate account shall belong to Navia as reasonable compensation under this Agreement. Navia may use such compensation for any legal purpose including, but not limited to, to offset any fees of the financial institution with respect to such account. To the extent that such interest (after deducting applicable fees) is not in excess of The US Prime Rate plus 2-percent, Navia shall be entitled to retain such interest. Navia will deliver interest in excess of these permissible amounts to the Employer and the Employer agrees that it will use such amounts in accordance with applicable laws, including but not limited to ERISA when applicable.

Navia may suspend processing all benefit payments, electronic payment cards, and any other reimbursements, and distributions in the event Employer fails make sufficient funds available to pay benefits under the Plan(s) and/or fails to fund the Plan(s) according to the relevant Schedule. Navia shall not be responsible or liable for the funding of claims for benefits under any Plan. If at any time Navia has paid out more in benefits than received in funding (based upon either individual Covered Employee accounts or the Plan(s) aggregate balance) Employer shall deliver to Navia an amount equal to that deficit upon Navia's written request. If such funding is not received within two (2) days Navia may suspend all Services including but not limited to suspension of Electronic Payment Cards and benefit reimbursements.

- 1.7 If relevant to the Plan(s), Navia shall provide on-site enrollment meetings and attendance at benefits fairs, as reasonably requested by Employer, for the Fee and costs set forth in the Schedule.
- 1.8 Navia shall provide customer support weekdays, 5 a.m. to 5 p.m. Pacific Time, excluding holidays.
- 1.9 Navia will conduct Nondiscrimination Testing ("NDT") required under the Code for the attached Schedules. Navia will provide Employer with a Request for Information ("RFI") form requesting the data necessary to complete the NDT or provide an online version of the RFI. Within a reasonable amount of time after receipt of the requested information, Navia will provide test results, which will be based solely on the information provided by Employer and/or information maintained by Navia in accordance with the Schedule. Such test results are not intended as legal or tax advice and shall not be relied upon as legal or tax advice. Navia is under no obligation to advise Employer regarding specific corrective measures beyond providing the test results.
- 1.10 Employer may review reports summarizing the Plan via the Website. Employer is responsible for reviewing the reports submitted by Navia and notifying Navia of any errors of which it is aware within a reasonable period of time after reviewing them.

ARTICLE II. ELECTRONIC PAYMENT CARD SERVICES

- 2.1. If applicable to the Plan(s) selected in the attached Schedule(s), at Employer's request and payment of all applicable Fees, the Card Services Provider may make an Electronic Payment Card available to Covered Individuals through which eligible expenses may be paid in accordance with the following terms:
- 2.2. Covered Employees or Employer shall provide to Navia a valid email address for each Covered Employee requesting an Electronic Payment Card.
 - 2.2.1. The Card Services Provider will issue an Electronic Payment Card to each Card Recipient within thirty (30) days of Navia's receipt of the Covered Employee's enrollment data or the Covered Employee's online, electronic mail or form request. Employer understands and acknowledges that the Card Services Provider issues Electronic Payment Cards based solely on the information provided by Employer. Navia and the Card Services Provider have no obligation to verify or confirm that Card Recipients are Covered Individuals.
 - 2.2.2. Card Recipients must agree to use the Electronic Payment Card in accordance with the terms of the Cardholder Agreement that accompanies the Electronic Payment Card. The Electronic Payment Card will be deactivated if the Covered Individual fails to use the Electronic Payment Card in accordance with the Cardholder Agreement or as otherwise required by applicable law.
 - 2.2.3. The Electronic Payment Card may be used by Card Recipients to pay for eligible expenses (as defined by applicable law and the applicable Plan to the extent consistent with Navia's standard operating procedures) in accordance with the applicable rules and regulations.
 - 2.2.4. Navia will require substantiation of expenses paid with the Electronic Payment Card in accordance with the requirements set forth in the Code and/or other applicable guidance. The Electronic Payment Card will be deactivated if the Card Recipient fails to provide the requested substantiation in a timely manner as determined by Navia in accordance with Federal guidelines.
 - 2.2.5. All Cards will be deactivated on the date this Agreement is terminated, the date that Employer fails to satisfy its funding obligations as set forth herein, the date Employer files for bankruptcy and/or as necessary to prevent fraud or abuse (as determined by Navia).

CAFETERIA PLAN SERVICE SCHEDULE

Employer has established a Code Section 125 Plan to allow eligible employees to pay for their share of certain Benefit Plan coverage with pre-tax salary reductions (including but not limited to Employer contributions).

This Schedule is incorporated into and made a part of the Agreement. The responsibilities of the Parties set forth in this Schedule are in addition to any responsibilities set forth in the Agreement. If there is a conflict between this Schedule and any other part of the Agreement with respect to the subject matter of this Schedule, the Schedule will control. In all other conflicts, the Agreement controls. Capitalized terms not otherwise defined herein are defined as set forth in the Agreement.

ARTICLE I. STANDARD SERVICES

1. Navia will provide a sample Code Section 125 plan document, summary plan description, and forms for review by Employer and Employer's legal counsel. Such standard documents and forms have been prepared in accordance with the standard of care set forth in the Agreement but are general in nature and do not take into consideration facts and circumstances specific to Employer and the Benefit Plans. Consequently, Navia makes no warranties and representations that such documents and forms will comply with applicable law as they relate to the Benefit Plans. Navia is not responsible for making changes or amending the documents.
2. All Benefit Plan elections and changes to elections will be processed as instructed by Employer and in accordance with the terms of the sample plan document referenced in 1.1 above and applicable law. Employer will provide Eligible Employees with election and change of election forms provided by Navia. If necessary, for Navia to administer the other Services provided under this Agreement, Employer will collect and submit the completed election forms and/or change of election forms to Navia as soon as possible after receipt of such forms but no later than the effective date of such elections or change of elections. Employer is responsible for determining who is eligible for the Benefit Plan and who has satisfied the requirements to become a Covered Individual in the Benefit Plan. In addition, Employer is ultimately responsible for determining whether a requested change in election is permitted.

HEALTH REIMBURSEMENT ARRANGEMENT (“HRA”) SCHEDULE

This Service Schedule is incorporated into and made a part of the Agreement. The responsibilities of the Parties set forth in this Schedule are in addition to any responsibilities set forth in the Agreement. If there is a conflict between this Schedule and any other part of the Agreement with respect to the subject matter of this Schedule, the Schedule will control. In all other conflicts, the Agreement controls. Capitalized terms not otherwise defined herein are defined as set forth in the Agreement. As part of the Services, Employer has asked Navia to assist it with HRA administration as more particularly described in this Schedule below.

1. RESPONSIBILITIES OF NAVIA

1.1. IMPLEMENTATION

Navia shall implement the Plan subject to the Plan Application and the direction and approval of Employer.

1.2. PLAN PROCESSING AND ADMINISTRATION Navia shall:

1.2.1. Provide claim reimbursements by check or direct deposit. Such claim reimbursements will be issued within two (2) Business Days after the later of: (1) the scheduled processing date; (2) the date Employer reconciles the online contribution report or submits an approved contribution report; or (3) the receipt of funds as required in the funding section.

1.2.2. Provide notification of availability of the online contribution report, disbursement, and Year-to-Date report.

1.2.3. Provide annual year-end report within ninety (90) days after the claims Run-Out Period has expired.

1.2.4. Perform claims adjudication, including verification of date, service, and cost of service.

2. RESPONSIBILITIES OF EMPLOYER

2.1. REPORTING

2.1.1. Employer shall report to Navia all new Covered Individuals, and all changes in employment or Covered Individual information, and all terminations of Covered Individuals from the Plan on the same day of such occurrence.

2.1.2. Employer is responsible to review and verify all Year-to-Date reports and the information therein, including Covered Individual benefit maximums, contributions and account balances.

2.2. FUNDING

For the initial term, Navia shall invoice Employer within sixty (60) days after the commencement of the Plan Year and Employer Deposit equal to the greater of \$1,000 or five percent (5%) of the projected annual benefit for the Plan (the “Deposit”). Such deposit shall not exceed \$5,000. Employer shall pay the Deposit within thirty (30)

days of receipt of the invoice. In the event the direct debit authorization is not received, or the direct debit fails the Deposit shall be adjusted from 5% to 10%. At the beginning of each subsequent Plan Year Navia reserves the right to recalculate the Deposit for that Plan Year to be paid by Employer within 30 days after the commencement of such Plan Year. Said sum, or the portion thereof not utilized, shall then be reimbursed to Employer one-hundred and eighty days (180) after the end of the final Plan Year. Employers using disbursement funding shall authorize Navia to direct debit for Employer dollars equal to Covered Individual claim reimbursements. Navia shall direct debit Employer's checking or savings account within two (2) Business Days of Employer's receipt of the Disbursement Report. In the event funding is not received within ten (10) days of the scheduled reimbursement date Navia may suspend claim processing.

3. FEES

- 3.1. Monthly Processing and Administration Fees:
 - 3.1.1. \$5.50 per month per HRA Covered Individual (\$100/month minimum)
 - 3.1.2. \$1.50 per debit card issued
- 3.2. Enrollment form processing: \$4.00 per enrollment form received and processed.
- 3.3.
- 3.4. Electronic Funds Transfer: \$10.00 per returned item from attempted deposit in Covered Employee account.
- 3.5. Electronic Funds Transfer: \$10.00 per failed direct debit from Employer account.
- 3.6. Summary Plan Description Fee: \$3.50 per Summary Plan Description printed and mailed to Employer or Covered Employees. Provided only upon Employer request.
- 3.7. Summary of Benefits & Coverage Fee: \$3.50 per Summary of Benefits & Coverage printed and mailed to Employer or employees. Provided only upon Employer request.
- 3.8. Enrollment Meetings and Benefit Fairs: For on-site enrollment meetings and attendance at benefit fairs by Navia:
 - 3.8.1. Employer shall pay to Navia \$75.00 per hour, or \$300.00 per eight-hour day, whichever is less;
 - 3.8.2. Air travel and lodging expenses shall be charged to Employer at Navia's cost;
 - 3.8.3. Automobile mileage is charged at \$.36/mile, plus \$37.50/hour driving travel time.
 - 3.8.4. Air travel time is charged as a full day cost, of \$300.00 per day.
- 1.1. Plan Document Amendment and Restatement Fee: In the event that Employer wishes to make changes to the Plan, Employer shall pay to Navia the following Fees:
 - 1.1.1. \$150 per amendment provided by Navia.
 - 1.1.2. \$300 per Restatement requested.

- 3.9. Ad Hoc Reporting: \$75 per hour for manual reports not part of the Navia reporting suite.
- 3.10. Noncompliant File Processing Fee: \$150 per month

EXHIBIT A BUSINESS ASSOCIATE AGREEMENT

This Exhibit is incorporated into and made part of the Agreement. The responsibilities of the Parties set forth in this Exhibit are in addition to any responsibilities set forth in the Agreement. If there is a conflict between this Exhibit and any other part of the Agreement with respect to the subject matter of this Exhibit, this Exhibit will control. In all other conflicts, the Agreement controls. This Exhibit is intended to comply with the Business Associate Agreement provisions set forth in 45 CFR §§ 164.314 and 164.504(e), and any other applicable provisions of 45 CFR parts 160 and 164, issued pursuant to the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 as amended, including by the Health Information Technology for Economic & Clinical Health Act of the American Recovery and Reinvestment Act of 2009 ('ARRA'), (collectively "HIPAA").

Navia recognizes that in the performance of Services under the Agreement it may have access to, create, and/or receive from the Benefit Plan(s) or on its behalf Protected Health Information ("PHI"). For purposes herein, PHI shall have the meaning given to such term in 45 CFR § 164.103, limited to the information created or received from the Benefit Plan(s) or on its behalf by Navia. Whenever used in this Exhibit A other capitalized terms shall have the respective meaning set forth below or in the Agreement, unless a different meaning shall be clearly required by the context. In addition, other capitalized terms used in this Exhibit A but not defined herein or in the Agreement, shall have the same meaning as those terms are defined under HIPAA. This Exhibit shall be automatically amended to incorporate changes by Congressional act or by regulations of the Secretary that affect Business Associate or Covered Entity's obligations under this Exhibit.

1. Definitions.

- 1.1. Breach. "Breach" shall have the same meaning as the term "breach" in 45 CFR 164.402.
- 1.2. Business Associate. "Business Associate" shall mean Navia Benefit Solutions, Inc. ("Navia").
- 1.3. Covered Entity. "Covered Entity" shall mean the Benefit Plan(s).
- 1.4. Electronic Protected Health Information. "Electronic Protected Health Information" ("ePHI") shall have the same meaning as the term "electronic Protected Health Information" in 45 CFR 160.103, limited to the information created, received, maintained, or transmitted by Business Associate on behalf of Covered Entity.
- 1.5. HHS. "HHS" shall mean the Department of Health and Human Services.
- 1.6. HIPAA. "HIPAA" shall mean the Health Insurance Portability and Accountability Act of 1996.
- 1.7. HITECH. "HITECH" shall mean the Health Information Technology for Economic and Clinical Health Act.
- 1.8. Individual. "Individual" shall have the same meaning as the term "individual" in 45 CFR 160.103 and shall include a person who qualifies as a personal representative in accordance with 45 CFR 164.502(g).
- 1.9. Privacy Rule. "Privacy Rule" shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 CFR part 160 and part 164, subparts A and E.
- 1.10. Protected Health Information. "Protected Health Information" ("PHI") shall have the same meaning as the term "protected health information" in 45 CFR 160.103, limited to the information created, received, maintained, or transmitted by Business Associate on behalf of Covered Entity.
- 1.11. Required by Law. "Required by Law" shall have the same meaning as the term "Required by Law" in 45 CFR 164.103.

- 1.12. Secretary. “Secretary” shall mean the U.S. Secretary of the Department of Health and Human Services or his or her designee.
- 1.13. Security Incident. “Security Incident” shall have the same meaning as the term “security incident” in 45 CFR 164.304.
- 1.14. Security Rule. “Security Rule” shall mean the Security Standards and Implementation Specifications at 45 CFR Part 160 and Part 164, subparts A and C.
- 1.15. Standards for Electronic Transactions Rule. “Standards for Electronic Transactions Rule” means the final regulations issued by HHS concerning standard transactions and code sets under the Administration Simplification provisions of HIPAA, 45 CFR Part 160 and Part 162.
- 1.16. Subcontractor. “Subcontractor” shall have the same meaning as the term “subcontractor” in 45 CFR 160.103.
- 1.17. Unsecured Protected Health Information. “Unsecured Protected Health Information” shall have the same meaning given the term “unsecured protected health information” in 45 CFR 164.402.

2. **Obligations and Activities of Business Associate**

- 2.1. Business Associate agrees to not use or disclose PHI other than as permitted or required by this Agreement or as Required by Law.
- 2.2. Business Associate agrees to take reasonable efforts to limit its use and disclosure of, and requests for, PHI to the minimum necessary to accomplish the intended purpose of the use, disclosure, or request. The foregoing minimum necessary standard does not apply to: 1) disclosures or requests by a health care provider for treatment purposes; (2) disclosures to the Individual who is the subject of the information; (3) uses or disclosures made pursuant to an Individual’s authorization; (4) uses or disclosures required for compliance with HIPAA; (5) disclosures to HHS when disclosure of information is required under the Privacy Rule for enforcement purposes; (6) uses or disclosures that are required by other law.
- 2.3. Business Associate agrees to develop, implement, maintain, and use appropriate administrative, technical, and physical safeguards to protect the privacy of PHI and comply with applicable requirements under the Security Rule.
- 2.4. Business Associate shall notify Covered Entity of any Breach of Unsecured PHI of which it becomes aware. Such notice shall include, to the extent possible, the information listed in Section 2.6. A Breach shall be treated as discovered as of the first day on which such Breach is known, or by exercising reasonable diligence would have been known, to any person, other than the individual committing the Breach, who is an employee, officer, or other agent of Business Associate.
- 2.5. Notice shall be made without unreasonable delay and in no case later than sixty (60) calendar days after the discovery of a Breach by Business Associate.
- 2.6. Notice of a Breach shall include, to the extent possible the following:
 - 2.6.1. Identification of each individual whose Unsecured PHI has been or is reasonably believed to have been accessed, acquired, used, or disclosed as a result of the breach.
 - 2.6.2. A brief description of what happened, including the date of the Breach and the date of the discovery of the Breach, if known.
 - 2.6.3. A description of the types of Unsecured PHI that were involved in the Breach (such as full name, Social Security number, date of birth, home address, or account number).
 - 2.6.4. The steps Individuals should take to protect themselves from potential harm resulting from the Breach.

- 2.6.5. A brief description of any action taken to investigate the Breach, mitigate losses, and to protect against any further Breaches.
- 2.6.6. Contact procedures for Individuals to ask questions or learn additional information, which shall include a toll-free telephone number, an e-mail address, web site, or postal address.
- 2.7. If a law enforcement official determines that a notification or notice would impede a criminal investigation or cause damage to national security, such notification, notice or posting shall be delayed in accordance with 45 CFR 164.412. Upon Covered Entity's request, Business Associate will provide notice of Breach to the Individual(s) affected and such notice shall include, to the extent possible, the information listed in 2.6., unless, upon occurrence of a Breach, Covered Entity requests to disseminate or Business Associate and Covered Entity agree that Covered Entity will disseminate the notice(s). Any notice provided by Covered Entity to the Individual(s) shall comply with the content requirements listed in section 2.6., as well as any requirements provided under HIPAA, HITECH, and other applicable government guidance. Any notice required to be provided to HHS will be provided by Covered Entity. Business Associate agrees to report to Covered Entity any Use or Disclosure of PHI not provided for by this Exhibit and/or any Security Incident of which it becomes aware, provided that notice is hereby deemed given for Unsuccessful Security Incidents and no further notice of such Unsuccessful Security Incidents shall be given. For purposes of this Section, "Unsuccessful Security Incidents" mean, without limitation, pings and other broadcast attacks on Business Associate's firewall, port scans, unsuccessful log-on attempts, denial of service attacks, and any combination of the above, as long as no such incident results in unauthorized access, acquisition, Use, or Disclosure of Protected Health Information. Notification(s) under this Section, if any, will be delivered to contacts identified by the Employer by any means Business Associate selects, including through e-mail. Business Associate's obligation to report under this Section is not and will not be construed as an acknowledgement by Business Associate of any fault or liability with respect to any Use, Disclosure, or Security Incident.
- 2.8. Business Associate shall require each of its subcontractors, agents, or brokers, that creates, receives, maintains, or transmits PHI on behalf of Covered Entity to enter into a written agreement with Business Associate that provides satisfactory assurances that the subcontractor will appropriately safeguard that information, including without limitation the subcontractor's agreement to be bound by the same restrictions and conditions that apply to Business Associate with respect to such information.
- 2.9. Business Associate agrees to make internal practices, books, and records, including policies and procedures and PHI relating to the use and disclosure of PHI available to the Secretary, within ten (10) Business Days after receipt of written request or otherwise as designated by the Secretary for purposes of the Secretary determining Covered Entity's compliance with the Privacy Rule
- 2.10. Business Associate agrees to document disclosures of PHI and information related to such disclosures as required for Covered Entity to respond to a written request by an Individual for an accounting of disclosures of PHI in accordance with 45 CFR 164.528. Business Associate will not be obligated to record disclosures of PHI or otherwise account for disclosures of PHI if neither Covered Entity nor Business Associate is required to account for such disclosures pursuant to the Privacy Rule.
- 2.11. Business Associate agrees to provide to Covered Entity or, upon Covered Entity's request, to an Individual, within ten (10) Business Days after receipt of written request, information collected in accordance with Section 2.10 of this Exhibit, in order

- to permit Covered Entity to respond to a written request by an Individual for an accounting of disclosures of PHI in accordance with 45 CFR 164.528.
- 2.12. Business Associate agrees to provide access, at the request of Covered Entity and within ten (10) Business Days after receipt of written request, to PHI in the custody and control of Business Associate in a Designated Record Set, to Covered Entity or, as directed by Covered Entity, to an Individual in order to meet the requirements under 45 CFR 164.524. If PHI is maintained in a Designated Record Set electronically, and an electronic copy of such PHI is requested, Business Associate will provide an electronic copy in the form and format requested if it is readily producible in such form and format. If it is not readily producible in such format, Business Associate will work with the Covered Entity or, at the Covered Entity's request, the individual to determine an alternative form and format that enable Covered Entity to meet its electronic access obligations under 45 CFR 164.524.
 - 2.13. Business Associate agrees to make any amendment(s) to PHI in a Designated Record Set in the custody or control of Business Associate within ten (10) Business Days after receiving written request from the Covered Entity or, upon Covered Entity's request, as requested in writing by an Individual pursuant to 45 CFR 164.526.
 - 2.14. In the event that Business Associate transmits or receives any Covered Electronic Transaction on behalf of the Covered Entity, it shall comply with all applicable provisions of the Standards for Electronic Transactions Rule to the extent Required by Law, and shall ensure that any subcontractors or agents that assist Business Associate in conducting Covered Electronic Transactions on behalf of the Covered Entity agree in writing to comply with the Standards for Electronic Transactions Rule to the extent Required by Law.
 - 2.15. Business Associate shall not directly or indirectly receive payment in exchange for any PHI of an Individual unless Covered Entity or Business Associate received a valid authorization from the Individual, in accordance with 45 CFR 164.508, unless permitted under the HIPAA rules.
 - 2.16. Business Associate shall not use PHI for marketing purposes without a valid authorization from the affected Individuals, unless such communication is permitted under the HIPAA rules
 - 2.17. Business Associate shall not use or disclose genetic information for underwriting purposes in violation of the HIPAA rules.

3. **Permitted Uses and Disclosures by Business Associate**

- 3.1. Except as otherwise limited in this Agreement, Business Associate may use or disclose PHI to perform functions, activities, or services for, or on behalf of, Covered Entity related to the Administrative Services Agreement between Business Associate and Covered Entity.
- 3.2. Except as otherwise limited in this Agreement, Business Associate may disclose PHI for the proper management and administration of Business Associate, provided that such disclosures are Required by Law, or Business Associate obtains reasonable assurances from the person to whom the information is disclosed that it will remain confidential and be used or further disclosed only as Required by Law or for the purpose for which it was disclosed to the person, and the person notifies Business Associate of any instance of which it is aware in which the confidentiality of the information has been Breached.
- 3.3. Except as otherwise limited in this Agreement, Business Associate may use PHI to provide Data Aggregation services to Covered Entity as permitted by 45 CFR 164.504(e)(2)(i)(B).

- 3.4. Except as otherwise limited in this Agreement, Business Associate may use PHI for the proper management and administration of Business Associate or to carry out the legal responsibilities of Business Associate.
- 3.5. Business Associate may use PHI to report violations of law to appropriate Federal and State authorities, consistent with 164.502(j)(1).
- 3.6. Except as expressly permitted by this Agreement, Business Associate shall not use or disclose PHI in any manner that would violate the requirements of the Privacy Rule if done by Covered Entity.

4. Obligations of Covered Entity and Employer

- 4.1. Covered Entity shall notify Business Associate of any limitation(s) in its notice of privacy practices of Covered Entity in accordance with 45 CFR 164.520, to the extent that such limitation may affect Business Associate's use or disclosure of PHI.
- 4.2. Covered Entity shall notify Business Associate of any changes in, or revocation of, permission by Individual to use or disclose PHI, to the extent that such changes may affect Business Associate's use or disclosure of PHI.
- 4.3. Covered Entity shall notify Business Associate of any restriction to the use or disclosure of PHI that Covered Entity has agreed to in accordance with 45 CFR 164.522, to the extent that such restriction may affect Business Associate's use or disclosure of PHI.
- 4.4. Employer acknowledges and agrees that Business Associate may disclose PHI in its possession to Employer's workforce as necessary to administer the Plan(s). Employer shall timely notify Business Associate in writing of any terminations or changes of such employees. Employer shall indemnify and hold harmless Business Associate and its employees for any and all liability Business Associate may incur as a result of any improper use or disclosure of PHI by or caused the Plan, Employer, or Employer's Workforce.

5. Permissible Requests by Covered Entity

- 5.1. Covered Entity shall not request Business Associate to use or disclose PHI in any manner that would not be permissible under the Privacy Rule if done by Covered Entity, except for uses or disclosures for the purposes of data aggregation, management, and administrative activities of Business Associate.

6. Miscellaneous

- 6.1. It is agreed that due to the manner in which PHI is retained and the retention requirements of the Internal Revenue Service, returning or destroying all of the PHI received from Covered Entity or created or received by Business Associate on behalf of Covered Entity, is infeasible. Therefore, Business Associate shall extend the protections of this Agreement to such PHI and shall limit further uses and disclosures of such PHI to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such PHI.

EXHIBIT B EMPLOYER CERTIFICATION

This Exhibit is incorporated into and made part of the Agreement. The responsibilities of the Parties set forth in this Exhibit are in addition to any responsibilities set forth in the Agreement. If there is a conflict between this Exhibit and any other part of the Agreement with respect to the subject matter of this Exhibit, this Exhibit will control. In all other conflicts, the Agreement controls.

Employer sponsors a Benefit Plan or Benefit Plans where certain members of Employer's workforce perform services in connection with administration of the Benefit Plan(s). Employer acknowledges and agrees that the Standards for Privacy of Individually Identified Health Information (45 CFR Part 164, the "Privacy Standards"), prohibit the Benefit Plan(s) or its Business Associates from disclosing Protected Health Information (as defined in Section 164.501 of the Privacy Standards) to members of Employer's workforce unless Employer agrees to the conditions and restrictions set out below. To induce the Benefit Plan(s) to disclose Protected Health Information to members of Employer's workforce as necessary for them to perform administrative functions for the Benefit Plan(s), Employer hereby accepts these conditions and restrictions and certifies that the Benefit Plan(s) documents have been amended to reflect these conditions and restrictions. Employer agrees to:

1. Not use or further disclose the information other than as permitted or required by the Plan Document or as required by law;
2. Ensure that any agent or subcontractor, to whom it provides Protected Health Information received from the Benefit Plan(s), agrees to the same restrictions and conditions that apply to Employer with respect to such information;
3. Not use or disclose Protected Health Information for employment-related actions and decisions or in connection with any other benefit or employee Benefit Plan of Employer;
4. Report to the Benefit Plan(s) any use or disclosure of the Protected Health Information of which it becomes aware that is inconsistent with the uses or disclosures permitted by the Benefit Plan(s) or required by law;
5. Make available Protected Health Information to individuals in accordance with Section 164.524 of the Privacy Standards;
6. Make available Protected Health Information for amendment by Covered Individuals and incorporate any amendments to Protected Health Information in accordance with Section 164.526 of the Privacy Standards;
7. Make available the Protected Health Information required to provide an accounting of disclosures to Covered Individuals in accordance with Section 164.528 of the Privacy Standards;
8. Make its internal practices, books, and records relating to the use and disclosure of Protected Health Information received from the Benefit Plan(s) available to the Department of Health and Human Services for purposes of determining compliance by the Benefit Plan(s) with the Privacy Standards;
9. If feasible, return or destroy all Protected Health Information received from the Benefit Plan(s) that Employer still maintains in any form, and retain no copies of such Information when no longer needed for the purpose for which disclosure was made, except that, if such return or

destruction is not feasible, limit further uses and disclosures to those purposes that make the return or destruction of the information infeasible; and

10. Ensure the adequate separation between the Benefit Plan(s) and members of Employer's workforce, as required by law.

CAMBRIA COMMUNITY SERVICES DISTRICT

TO: Board of Directors

AGENDA NO. **6.A.**FROM: John F. Weigold IV, General Manager
Pamela Duffield, Administrative Department Manager

Meeting Date: June 9, 2022	Subject: Public Hearing to Discuss and Consider Adoption of Resolution 33-2022 Confirming the 2021 Fire Hazard Fuel Reduction Itemized Cost Report of the Cambria Community Services District
----------------------------	---

RECOMMENDATIONS:

1. Conduct a public hearing to consider the itemized report on costs incurred for the 2021 Fire Hazard Fuel Reduction Program on parcels subject to clearing under the CCSD's Fire Hazard Fuel Reduction contract:
 - a. Open public hearing.
 - b. Receive public testimony and consider any objections from affected property owners.
 - c. Close public hearing and make any modifications to the itemized cost report deemed necessary.
2. Adopt Resolution 33-2022 confirming the 2021 Fire Hazard Fuel Reduction Itemized Cost Report.

FISCAL IMPACT:

The CCSD's contractor's cost for performing all the work on the parcels, plus CCSD's administrative charges, total \$30,731. The sixty-three (63) parcels invoiced and listed in the itemized cost report included in Resolution 33-2022 will be assessed on the San Luis Obispo County 2022-2023 Tax Roll in the total amount of \$30,731.

DISCUSSION:

This agenda item is for a public hearing that is being held in accordance with Health and Safety Code Section 14910 to consider the itemized cost report and hear any objections to the costs incurred by the CCSD to abate weeds and fire hazards as part of the CCSD's 2021 Fire Hazard Fuel Reduction Program. At the hearing, the Board may modify the amounts as it deems necessary and adopt the attached Resolution to confirm the itemized cost report. After the itemized cost report has been confirmed, the Resolution will be submitted to the County and the amounts will be included and collected on each respective property owner's property tax bill, in accordance with the provisions of the Health and Safety Code. Pursuant to the requirements of Health and Safety Code Section 14906, a copy of the itemized cost report has been posted on the District Board's chamber doors for three (3) days with a notice of the time and date when the itemized cost report will be considered by the Board for confirmation.

The itemized cost report provides a specific cost for each property owner subject to the charges. The charges reflect the actual contract price to remove or reduce the downed fuels and vegetation on the property, plus the CCSD's administrative charge of \$200 for the inspection, follow-up, and managerial and administrative work performed by CCSD staff to submit the charges with the parcel data to the San Luis Obispo County Tax Collector for CCSD reimbursement. The CCSD invoiced affected property owners on December 21, 2021. The District's general practice is to mail out additional courtesy notices to parcel owners who have not paid their invoices. The CCSD mailed reminder notices on March 17, 2022. The properties listed in the itemized cost report are those with invoices that remain outstanding.

It should be noted that the procedures and timing related to the collection of charges incurred by the CCSD in clearing parcels were approved by the Board on May 26, 2011. The process of confirming the costs of abatement for collection on the tax roll occurs in the year following abatement, and accordingly the itemized report for 2021 abatement work is being presented to the Board for confirmation. The timing requirements imposed by San Luis Obispo County for inclusion of assessments on the FY 2022-2023 tax roll has a submission deadline of July 20, 2022.

Attachments: Resolution 33-2022
Exhibit A to Resolution 33-2022

RESOLUTION 33-2022
June 9, 2022

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
CAMBRIA COMMUNITY SERVICES DISTRICT
CONFIRMING THE FIRE HAZARD FUEL REDUCTION PROGRAM
ITEMIZED REPORT

WHEREAS, by Resolution No. 28-2021, the Fire Chief was directed to abate a public nuisance on certain parcels of real property located within the Cambria Community Services District; and

WHEREAS, said nuisance, consisting of noxious or dangerous weeds, live or dead vegetation located upon said parcels, has been abated under the power granted to the Cambria Community Services District by Health and Safety Code Section 14875, et seq., and Government Code Section 61100(t), whereby the Cambria Community Services District may declare certain hazardous vegetation a public nuisance for abating said vegetation to reduce the community wildland fire vulnerability and threat; and

WHEREAS, parcels in which the nuisance fire hazard vegetation was not removed by the owners have been cleared and abated by the Cambria Community Services District Fire Hazard Fuel Reduction Contractor, as approved by the Board of Directors in Resolution No. 28-2021; and

WHEREAS, an itemized report has been prepared showing the actual cost of said Fire Hazard Fuel Reduction to be charged to each parcel, which report is attached hereto, marked "Exhibit A," and incorporated herein by reference as though here fully set forth.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the Board of Directors of the Cambria Community Services District, as follows:

1. That the recitals set forth hereinabove are true, correct and incorporated herein by this reference.
2. That said itemized cost report entitled "Cambria Community Services District, Report of Fire Hazard Fuel Reduction 2021," a copy of which is on file in the office of the Cambria Community Services District and is available there for public inspection, be and hereby is ordered confirmed in the form set forth in said "Exhibit A."
3. That in accordance with Health and Safety Code Section 14915, the Finance Manager shall forthwith transmit a copy of this Resolution to the County Auditor.
4. That pursuant to the authority in Health and Safety Code Sections 14912, 14916 and 14917, the County Auditor and the County Tax Collector be and hereby are authorized and directed to do all acts necessary and proper to place on the

Fiscal Year 2022-2023 Tax Rolls, the respective assessments as set forth in said confirmed itemized cost report, plus such administrative fees as are allowed under the law.

5. That because of said confirmation and recording of said itemized cost report, pursuant to Health and Safety Code Section 14912, the amounts of the Fire Hazard Fuel Reduction costs set forth in said itemized cost report are thereby made special assessments and liens against the respective parcels of real property in the Cambria Community Services District, all as set forth in said itemized report referred to hereinabove as "Exhibit A."

PASSED AND ADOPTED THIS 9th day of June 2022.

AYES:

NAYS:

ABSENT:

Donn Howell, President
Board of Directors

ATTEST:

APPROVED AS TO FORM:

Leah Reedall, Board Secretary

Timothy J. Carmel, District Counsel

EXHIBIT "A" TO RESOLUTION 33-2022
 CAMBRIA COMMUNITY SERVICES DISTRICT
 REPORT OF FIRE HAZARD FUEL REDUCTION 2022

<u>Parcel</u>	<u>Contractor</u>	<u>Administrative</u>	<u>Total Cost</u>
	<u>Cost</u>	<u>Fee</u>	
022.093.012	\$ 205.00	\$ 200.00	\$ 405.00
022.151.014	\$ 917.00	\$ 200.00	\$ 1,117.00
022.151.015	\$ 477.00	\$ 200.00	\$ 677.00
022.151.058	\$ 229.00	\$ 200.00	\$ 429.00
022.171.046	\$ 157.00	\$ 200.00	\$ 357.00
022.181.038	\$ 132.00	\$ 200.00	\$ 332.00
022.212.015	\$ 325.00	\$ 200.00	\$ 525.00
022.212.016	\$ 369.00	\$ 200.00	\$ 569.00
022.212.017	\$ 241.00	\$ 200.00	\$ 441.00
022.212.038	\$ 193.00	\$ 200.00	\$ 393.00
022.212.043	\$ 192.00	\$ 200.00	\$ 392.00
022.223.005	\$ 169.00	\$ 200.00	\$ 369.00
022.271.004	\$ 192.00	\$ 200.00	\$ 392.00
022.271.041	\$ 192.00	\$ 200.00	\$ 392.00
022.271.042	\$ 192.00	\$ 200.00	\$ 392.00
022.271.043	\$ 192.00	\$ 200.00	\$ 392.00
022.271.044	\$ 192.00	\$ 200.00	\$ 392.00
022.271.047	\$ 192.00	\$ 200.00	\$ 392.00
023.116.011	\$ 634.00	\$ 200.00	\$ 834.00
023.116.022	\$ 305.00	\$ 200.00	\$ 505.00
023.192.010	\$ 285.00	\$ 200.00	\$ 485.00
023.192.021	\$ 563.00	\$ 200.00	\$ 763.00
023.202.019	\$ 183.00	\$ 200.00	\$ 383.00
023.213.040	\$ 329.00	\$ 200.00	\$ 529.00
023.214.022	\$ 205.00	\$ 200.00	\$ 405.00
023.223.013	\$ 197.00	\$ 200.00	\$ 397.00
023.223.024	\$ 221.00	\$ 200.00	\$ 421.00
023.233.058	\$ 245.00	\$ 200.00	\$ 445.00
023.233.076	\$ 270.00	\$ 200.00	\$ 470.00
023.281.013	\$ 157.00	\$ 200.00	\$ 357.00
023.312.020	\$ 149.00	\$ 200.00	\$ 349.00
023.333.002	\$ 285.00	\$ 200.00	\$ 485.00
023.333.029	\$ 181.00	\$ 200.00	\$ 381.00
023.333.042	\$ 181.00	\$ 200.00	\$ 381.00
023.352.034	\$ 655.00	\$ 200.00	\$ 855.00
023.424.006	\$ 357.00	\$ 200.00	\$ 557.00
023.424.007	\$ 333.00	\$ 200.00	\$ 533.00
023.424.008	\$ 429.00	\$ 200.00	\$ 629.00
023.424.009	\$ 521.00	\$ 200.00	\$ 721.00

EXHIBIT "A" TO RESOLUTION 33-2022
 CAMBRIA COMMUNITY SERVICES DISTRICT
 REPORT OF FIRE HAZARD FUEL REDUCTION 2022

<u>Parcel</u>	<u>Contractor</u> <u>Cost</u>	<u>Administrative</u> <u>Fee</u>	<u>Total Cost</u>
023.451.031	\$ 281.00	\$ 200.00	\$ 481.00
023.451.032	\$ 415.00	\$ 200.00	\$ 615.00
023.471.018	\$ 169.00	\$ 200.00	\$ 369.00
023.492.025	\$ 845.00	\$ 200.00	\$ 1,045.00
023.492.029	\$ 339.00	\$ 200.00	\$ 539.00
023.492.030	\$ 337.00	\$ 200.00	\$ 537.00
024.011.044	\$ 265.00	\$ 200.00	\$ 465.00
024.033.036	\$ 265.00	\$ 200.00	\$ 465.00
024.123.023	\$ 349.00	\$ 200.00	\$ 549.00
024.152.009	\$ 217.00	\$ 200.00	\$ 417.00
024.152.025	\$ 181.00	\$ 200.00	\$ 381.00
024.161.011	\$ 181.00	\$ 200.00	\$ 381.00
024.182.035	\$ 156.00	\$ 200.00	\$ 356.00
024.201.005	\$ 324.00	\$ 200.00	\$ 524.00
024.211.024	\$ 225.00	\$ 200.00	\$ 425.00
024.231.001	\$ 181.00	\$ 200.00	\$ 381.00
024.252.013	\$ 217.00	\$ 200.00	\$ 417.00
024.253.006	\$ 183.00	\$ 200.00	\$ 383.00
024.273.017	\$ 169.00	\$ 200.00	\$ 369.00
024.273.019	\$ 169.00	\$ 200.00	\$ 369.00
024.332.011	\$ 241.00	\$ 200.00	\$ 441.00
024.353.014	\$ 181.00	\$ 200.00	\$ 381.00
024.353.031	\$ 181.00	\$ 200.00	\$ 381.00
024.191.062	\$ 617.00	\$ 200.00	\$ 817.00
	TOTAL PARCELS: 63		\$ 30,731.00

CAMBRIA COMMUNITY SERVICES DISTRICT

TO: Board of Directors

AGENDA NO. **6.B.**FROM: John F. Weigold IV, General Manager
Pamela Duffield, Administrative Department Manager

Meeting Date: June 9, 2022 Subject: Public Hearing to Discuss and Consider Adoption of Resolution 34-2022 Approving a Fire Suppression Benefit Assessment Consumer Price Index (CPI) Adjustment at the Rate of 5.4% for FY 2022/2023 and Confirming the Itemized Report to Collect the Assessment on the County Tax Rolls

RECOMMENDATIONS:

1. Receive staff report.
2. Open public hearing.
3. Receive public comment.
4. Close public hearing.
5. Discussion.
6. Adopt Resolution 34-2022 approving a 5.4% CPI adjustment to the existing Fire Suppression Benefit Assessment rates, effective July 1, 2022, in compliance with Resolution 27-2003 and the related Engineer's Report and confirming the itemized report to collect the assessment on the County tax rolls.

FISCAL IMPACT:

Adoption of the Resolution increases the annual fire suppression benefit assessment revenue by approximately \$26,800 for a projected total of \$522,900 for FY 2022/2023. The Fire Suppression Benefit Assessment provides critical supplemental funding for Fire Department operations.

DISCUSSION:

CCSD Resolution 27-2003 confirmed the special benefit assessment for fire suppression services. Pursuant to Government Code Section 50078 et seq., the assessment may be increased for the ensuing year based upon the Consumer Price Index, not to exceed 5.4%. The United States' Bureau of Labor Statistics recorded an average increase of 9.3% for the Los Angeles-Long Beach-Anaheim & Riverside-San Bernardino-Ontario areas for the twelve-month period ending March 31, 2022, which is greater than the increase allowance. Per the guidelines above, the not to exceed annual Consumer Price index increase is 5.4%.

The proposed range of assessments compared with the existing rates is as follows:

	FY 2022-2023	FY 2021-2022
Vacant Lot	\$22.07	\$20.94
Single Family Residence < 3600 square feet	\$110.35	\$104.70
Single Family Residence > 3600 square feet	\$165.57	\$157.09
Multi-Family Residence per Dwelling Unit	\$55.20	\$52.37
Commercial Range:		
Minimum of Commercial Range	\$331.09	\$314.13
Maximum of Commercial Range	\$2,816.27	\$2,671.98

Attachments: Resolution 34-2022

RESOLUTION NO. 34-2022
June 9, 2022

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE CAMBRIA COMMUNITY SERVICES DISTRICT
APPROVING THE FIRE SUPPRESSION BENEFIT ASSESSMENT CONSUMER
PRICE INDEX ADJUSTMENT IN THE AMOUNT OF
5.4% FOR FISCAL YEAR 2022/2023
AND AUTHORIZING COLLECTION ON THE TAX ROLLS

WHEREAS, in accordance with the authority in Government Code Section 61122, a community services district may levy benefit assessments for operation and maintenance consistent with the requirements of Article XIID of the California Constitution; and

WHEREAS, the Fire Suppression Benefit Assessment was approved by a majority of the property owners in Cambria in March 2003 pursuant to Government Code Section 50078 et seq.; and

WHEREAS, Government Code Section 50078.16 states that the Board of Directors may provide for the collection of the assessment in the same manner, and subject to the same penalties as, other fees, charges, and taxes fixed and collected by, or on behalf of the District and further provides that the County may deduct its reasonable costs incurred for that service before remittal of the balance to the District.

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the Cambria Community Services District as follows:

1. A Fire Suppression Benefit Assessment Consumer Price Index Adjustment in the amount of 5.4%, effective July 1, 2022, in compliance with Resolution 27-2003 and the related Engineer's Report is hereby approved.
2. The following assessments for Fiscal Year 2022/2023 are hereby approved:

	<u>FY 2022/23</u>
Vacant Lot	\$22.07
Single Family Residence < 3600 sq. ft.	\$110.35
Single Family Residence > 3600 sq. ft.	\$165.57
Multi-Family Residence per Dwelling Unit	\$55.20
Commercial Range	\$331.09 – \$2,816.27

3. For the 2022-23 fiscal year, pursuant to the authority in Government Code Section 50078.16, the Board of Directors hereby elects to collect the District's

Fire Suppression Benefit Assessment on the County of San Luis Obispo tax roll, in the same manner, by the same person, and at the same time, together with and not separate from its taxes.

AYES:

NOES:

ABSENT:

PASSED AND ADOPTED THIS 9th day of June 2022.

Donn Howell, President
Board of Directors

ATTEST:

APPROVED AS TO FORM:

Leah Reedall, Board Secretary

Timothy J. Carmel, District Counsel

CAMBRIA COMMUNITY SERVICES DISTRICT

TO: Board of Directors

AGENDA NO. **6.C.**FROM: John F. Weigold IV, General Manager
Pamela Duffield, Administrative Department Manager

Meeting Date: June 9, 2022	Subject: Public Hearing to Consider Adoption of Resolution 35-2022 Confirming the Itemized Report to Collect Delinquent Solid Waste Collection and Disposal Charges on the County Tax Rolls
----------------------------	---

RECOMMENDATIONS:

1. Receive staff report and review the itemized report for delinquent solid waste collection and disposal charges.
2. Open Public Hearing.
3. Take Public Testimony.
4. Close Public Hearing.
5. Discussion.
6. Adopt Resolution 35-2022 confirming the itemized report (Exhibit "A" to the Resolution) describing each parcel and the amount of delinquent solid waste collection and disposal charges to be collected against such parcel.

FISCAL IMPACT:

The property owner of record is responsible for payment of the delinquent charges. Collecting delinquent charges on the tax roll ensures the CCSD's Franchisee, Mission Country Disposal, will receive payment for solid waste collection and disposal services from owners who have not paid their bills.

DISCUSSION:

On October 1, 2009, at the request of the Franchisee, the CCSD Board of Directors adopted Ordinance 02-2009 electing to have delinquent solid waste collection and disposal service charges collected on the County tax roll in accordance with the provisions of Health and Safety Code Section 5473, et seq.

The CCSD Board of Directors found that the timely and full payment of charges for solid waste collection and disposal services is critical for the successful operation of the CCSD's solid waste collection and disposal franchise and elected to, by resolution, have solid waste collection and disposal charges which are delinquent at the end of any fiscal year collected on the tax roll.

Mission Country Disposal has requested and filed an itemized report with the CCSD listing all delinquent solid waste collection and disposal charges for collection on the 2022/2023 tax roll. Outstanding charges total approximately \$1,000.16.

The Board is required to hold a public hearing at which it is to consider all objections and protests to the itemized report. Pursuant to Health and Safety Code Section 5473.3, at the conclusion of the hearing the Board may adopt, revise, change, reduce or modify any charge or overrule any or all objections. The attached Resolution has been prepared for Board consideration to approve and adopt the report. Thereafter it will be filed with the County Auditor-Controller and the amounts of the delinquent charges will be entered as charges against the parcels and collected on the annual bills for property taxes levied against the respective parcels.

Attachments: Resolution 35-2022
Exhibit A to Resolution 35-2022

RESOLUTION NO. 35-2022
JUNE 9, 2022

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
CAMBRIA COMMUNITY SERVICES DISTRICT
CONFIRMING THE ITEMIZED REPORT AND AUTHORIZING
DELINQUENT SOLID WASTE COLLECTION AND DISPOSAL SERVICE
CHARGES TO BE COLLECTED ON TAX ROLL

WHEREAS, the Board of Directors ("Board") of the Cambria Community Services District ("District") makes the following findings of fact:

1. On October 1, 2009, the District Board duly adopted Ordinance No. 02-2009 pursuant to which the District elected to have delinquent solid waste collection and disposal service charges collected on the tax roll in the same manner, by the same persons, and at the same time as its general taxes, all pursuant to applicable Government and Health and Safety Codes; and

2. In accordance with Health and Safety Code Section 5473.1, the Board Secretary has mailed letters to owners of real property notifying them of the District's intent to have such solid waste collection and disposal service charges delinquent as of May 25, 2022 placed on the 2022-2023 County tax roll for collection, pursuant to Health and Safety Code Sections 5473 and 5473a by filing a written report with the Auditor-Controller's office of the County of San Luis Obispo, containing a description of each parcel of real property with delinquent solid waste collection and disposal service charges, the amount of those delinquent charges, and the owner thereof; and

3. In accordance with the requirements of Health and Safety Code Section 5473.1, the Board Secretary has caused a notice to be published of the time and place of the public hearing to be held before the District Board at which time all interested persons were given the opportunity to present oral or written testimony for or against said itemized report or any portions thereof; and

4. On or before July 20, 2022, the final filing date established by the County Auditor-Controller's Office, the Finance Manager must submit all changes, additions and deletions to such list on a final filing basis; and

5. In accordance with San Luis Obispo County regulations, as of July 1, 2008 a fee of \$36.00 will be charged for each assessment removed or revised from the assessment listing occurring on a tax bill after extension. Thus, any charge levied against the District for change(s) in an assessment amount of a property owner that is not the result of District error will be subsequently invoiced and collected by the District from the property owner of record.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Cambria Community Services District as follows:

Section 1. The above findings are true and correct and are incorporated herein by this reference.

Section 2. The Board hereby confirms the itemized report describing the delinquent solid waste collection and disposal service charges attached hereto as Exhibit "A" and hereby authorizes such charges to be collected on the County real property tax roll, pursuant to the procedures set forth in Health and Safety Code Section 5473 et seq.

Ayes:
Nays:
Absent:

PASSED AND ADOPTED this 9th day of June, 2022.

Donn Howell, Board President

ATTEST:

APPROVED AS TO FORM:

Leah Reedall, Board Secretary

Timothy Carmel, District Counsel

Exhibit A to Resolution 35-2022

Cust No.	Customer Name	Parcel No.	Service Address	Bill Name	Bill Address	Bill City	120 Day	Fin Chrg	Total
10054151	LANKFORD, DARIN	022-261-036	950 HARTFORD ST	LANKFORD, DARIN & CYNTHIA	950 HARTFORD ST	CAMBRIA, CA 93428-2814	215.66	45.00	260.66
10049559	MC ALPINE, TIM & GINA	023-401-006	1445 HADDON DR	MC ALPINE, TIM & GINA	1445 HADDON DR	CAMBRIA, CA 93428-5125	215.66	45.00	260.66
8004231	SMALLEY, BETTY J	022-041-001	503 WEYMOUTH ST	SMALLEY, BETTY	1425 WOODSIDE DR #3068	SAN LUIS OBISPO, CA 93401-5936	215.66	45.00	260.66
8003775	ADAMS, ICA	024-063-078	2155 SPENCER ST	ADAMS, ICA	624 E 10TH AVE	WINFIELD, KS 67156-3705	173.18	45.00	218.18
							820.16	180.00	1,000.16

CAMBRIA COMMUNITY SERVICES DISTRICT

TO: Board of Directors

AGENDA NO. **7.A.**FROM: John F. Weigold, IV, General Manager
Ray Dienzo, PE, Utilities Department Manager/District Engineer

Meeting Date: June 9, 2022Subject: Discussion and Consideration of
the 2022 Annual Water Shortage
Assessment Report

RECOMMENDATIONS:

Staff recommends the Board of Directors discuss and consider the 2022 Annual Water Shortage Assessment Report ("Assessment") and approve submission to the Department of Water Resources.

FISCAL IMPACT:

None.

DISCUSSION:

This Assessment presents findings from the 2022 Annual Water Supply and Demand Assessment (AWSDA). It describes the key data inputs, evaluation criteria, and methodology for addressing the Cambria Community Services District's (CCSD's) water system reliability for the coming year and the steps to formally declare any water shortage levels and response actions.

Beginning in 2022, California Water Code (CWC) Section 10632.1 requires urban water suppliers to conduct an AWSDA and submit an annual water shortage assessment report to the Department of Water Resources (DWR) on or before July 1 of each year.

The AWSDA serves to help identify potential water supply shortages and implement water shortage response actions to mitigate possible supply gaps. The CCSD's Water Shortage Contingency Plan (WSCP) includes six stages of water shortage, each with its own set of shortage response actions. Each stage aims to reduce customer demands, ranging from 0-10 percent to greater than 50 percent.

The AWSDA requires suppliers to plan for a dry year ahead while also incorporating current year conditions into the assessment. Guidance from the DWR strongly suggests relying on the 2020 Urban Water Management Plan (UWMP) to define a dry year. As discussed under the *Current Year Potable Water Supplies* section of this assessment, the historic dry year of 2015 was utilized due to the similarity in hydrological conditions for the preceding water year (October 2014 - September 2015). Under this dry year scenario, the CCSD will need to manage demands to achieve an average of 12% reduction per month in the dry season. The timing and quantity of precipitation received in the coming water year will determine the severity of shortage in the late fall and early winter months, but demand management in the months prior will ensure adequate supply to weather extended dry conditions, if necessary.

Table 6 of the Assessment (attached) includes the planned water shortage response actions recommended by staff for the coming shortage declaration. These are mostly consistent with the WSCP, but include some deviations, which will be discussed as part of the agenda item for the stage declaration.

Acceptance and filing of the annual Assessment is not the intended goal of this effort. This Assessment aims to initiate an iterative process of reassessment and action as dry season conditions change over time. Regular reporting on the state of water shortage criteria and actual demands will be provided to the Board each month.

The 2020 WSCP was drafted based on guidance provided by the DWR and fulfills the basic requirements of the CWC; however, guidance on the AWSDA was not provided to water suppliers until March of 2022. As a result, new and distinct procedures were used to conduct the Assessment. These procedures will need to be memorialized and incorporated into the WSCP as an amendment. This amendment will be brought before the Board at a future meeting.

Since the Board's adoption of the WSCP in 2021, staff continues to fine-tune the components of the plan, its required assessments, and the significance of certain metrics and criteria as evaluated from an operational perspective. In addition, staff recognizes the importance of preparing the AWSDA as soon after April 1st as possible to allow for public review and feedback before finalizing the report. Public participation in this planning effort is critical to ensure shortage response actions are feasible, effective, and fair. Beginning in 2023, staff will complete the AWSDA in early April and present the draft assessment to the Resources & Infrastructure (R&I) Committee at the earliest possible date. After receiving feedback from R&I, staff will prepare a final assessment for Board review and approval at the second meeting in May or the first meeting in June. This schedule assumes the State will not release any substantially updated guidance to the AWSDA. Every attempt will be made to complete the development and review of this assessment as early as possible to respond to dry conditions or increased demand in the late spring and early summer months.

Staff recommends the Board approve the 2022 Annual Water Shortage Assessment Report for submittal to the DWR.

Table 1 - Related Staff Reports

Agenda Item No.	Meeting Date	Subject
7.B.	June 9, 2022	Discussion and Consideration of Execution of Governor's Executive Order for Stage 2 Water Shortage Watch and Establishing and Implementing Regulations Related Thereto
6.A.	June 17, 2021	Public Hearing to Discuss and Consider the Adoption of Resolution 23-2021 Adopting the 2020 Urban Water Management Plan and Resolution 24-2021 Adopting the 2020 Water Shortage Contingency Plan
7.B.	June 10, 2021	Discussion and Consideration of 2020 Urban Water Management Plan Demand Components and Proposed Water Shortage Stages of the 2020 Water Shortage Contingency Plan
6.E.	May 20, 2021	Discuss and Consider Urban Water Management Plan Demand Components and Proposed Water Shortage Stages of the 2020 Water Shortage Contingency Plan

Attachment: 2022 Annual Water Shortage Assessment Report

Cambria Community Services District



2022 Annual Water Shortage Assessment



CONTENTS

Introduction	3
Definitions & Acronyms	4
Annual Water Supply and Demand Assessment.....	5
CCSD Water Supply Portfolio.....	5
Current Year Unconstrained Customer Demand.....	7
Current Year Potable Water Supplies	9
Water Shortage Evaluation Criteria	12
Supply and Demand Analysis	15

Introduction

This report presents findings from the Cambria Community Services District's (CCSD) 2022 Annual Water Supply and Demand Assessment (AWSDA). It describes the key data inputs, evaluation criteria, and methodology for addressing the CCSD's water system reliability for the coming year and the steps to formally declare any water shortage levels and response actions.

Beginning in 2022, the California Water Code Section 10632.1 requires urban water suppliers to conduct an AWSDA and submit an annual water shortage assessment report to the Department of Water Resources (DWR) on or before July 1 of each year.

The AWSDA serves as a tool to help identify potential water supply shortages and to implement water shortage response actions to mitigate possible supply gaps. The CCSD's Water Shortage Contingency Plan (WSCP)¹ includes six stages of water shortage, each with its own set of shortage response actions. Each stage aims to achieve a percentage reduction in customer demands, as illustrated in Figure A.

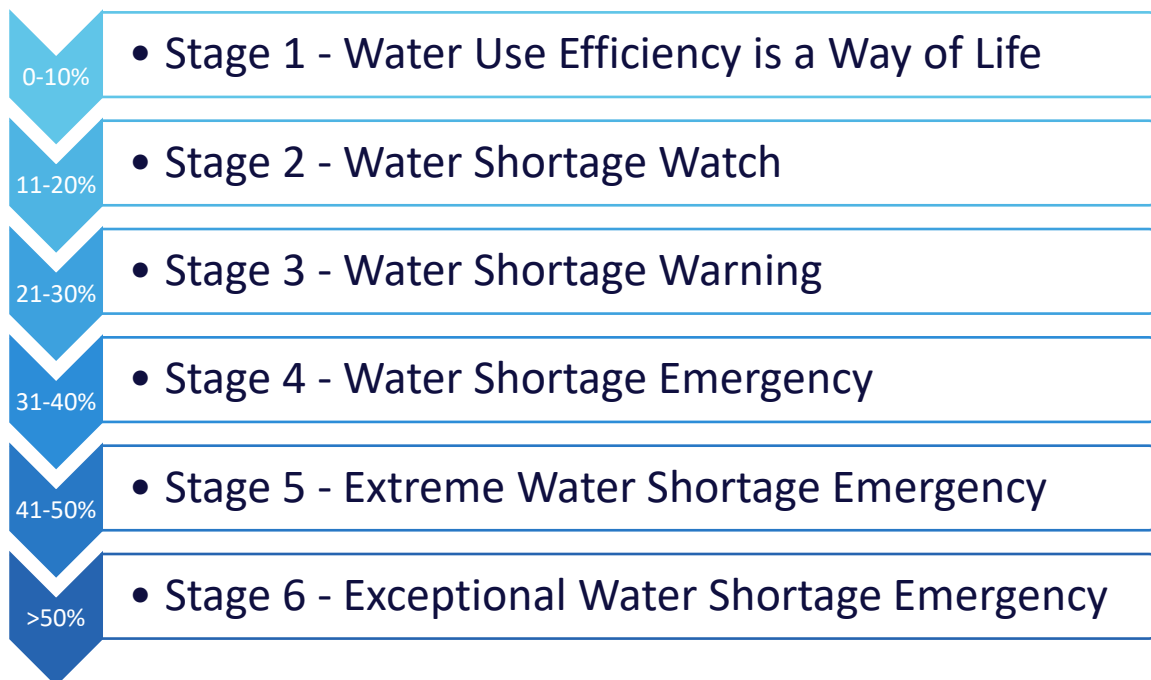


Figure A - 2020 Water Shortage Contingency Plan Stages

¹ <https://www.cambriacsd.org/water-shortage-contingency-plan>

Definitions & Acronyms

Annual Assessment – Annual Water Supply and Demand Assessment to be conducted by urban water suppliers every year as required by California Water Code Section 10632(a).

Annual Shortage Report – Annual Water Shortage Assessment Report to be submitted annually by urban water suppliers on or before July 1 as required by California Water Code Section 10632.1. The Annual Shortage Report consists of information including anticipated shortages and triggered shortage response actions determined as a result of the Annual Assessment.

Current Year – For the purpose of this 2022 Annual Shortage Report, the Current Year is defined as the twelvemonth period which ends on June 30, 2022.

CWC – California Water Code

Demand Reduction Actions – Measures taken to reduce water demand including outreach and education actions to promote voluntary reductions and water use restrictions. A Demand Reduction Action is considered a Water Shortage Response Action.

DWR – Department of Water Resources in the California Natural Resources Agency

Next Year – For the purpose of this 2022 Annual Water Shortage Report, the Next Year is defined as the twelve-month period starting on July 1, 2022.

UWMP – Urban Water Management Plan

Urban Retail Water Supplier – a water supplier, either publicly or privately owned, that directly provides potable municipal water to more than 3,000 end users or that supplies more than 3,000 acre-feet of potable water annually at retail for municipal purposes.

Water Shortage Response Actions – A measure taken to reduce the gap between available water supplies and unconstrained demand and includes demand reduction actions, supply augmentation actions, operational changes, mandatory prohibitions, and other actions.

WSCP – Water Shortage Contingency Plan

Annual Water Supply and Demand Assessment

CCSD Water Supply Portfolio

The CCSD's water supply portfolio consists of groundwater from two coastal aquifers, the San Simeon and Santa Rosa aquifers. The California Department of Water Resources (DWR) Bulletin No. 118 identifies these two sources as the San Simeon and Santa Rosa groundwater basins, numbers 3-35 and 3-36, respectively. Appendix E of the CCSD 2020 Urban Water Management Plan² (UWMP) contains the Bulletin 118 summary description of each of these aquifers, neither of which is listed as being in overdraft status by the State Water Resources Control Board (SWRCB). The basins are recharged primarily by underflow from the San Simeon and Santa Rosa Creeks. A map of the San Simeon and Santa Rosa aquifers is shown in Figure B.

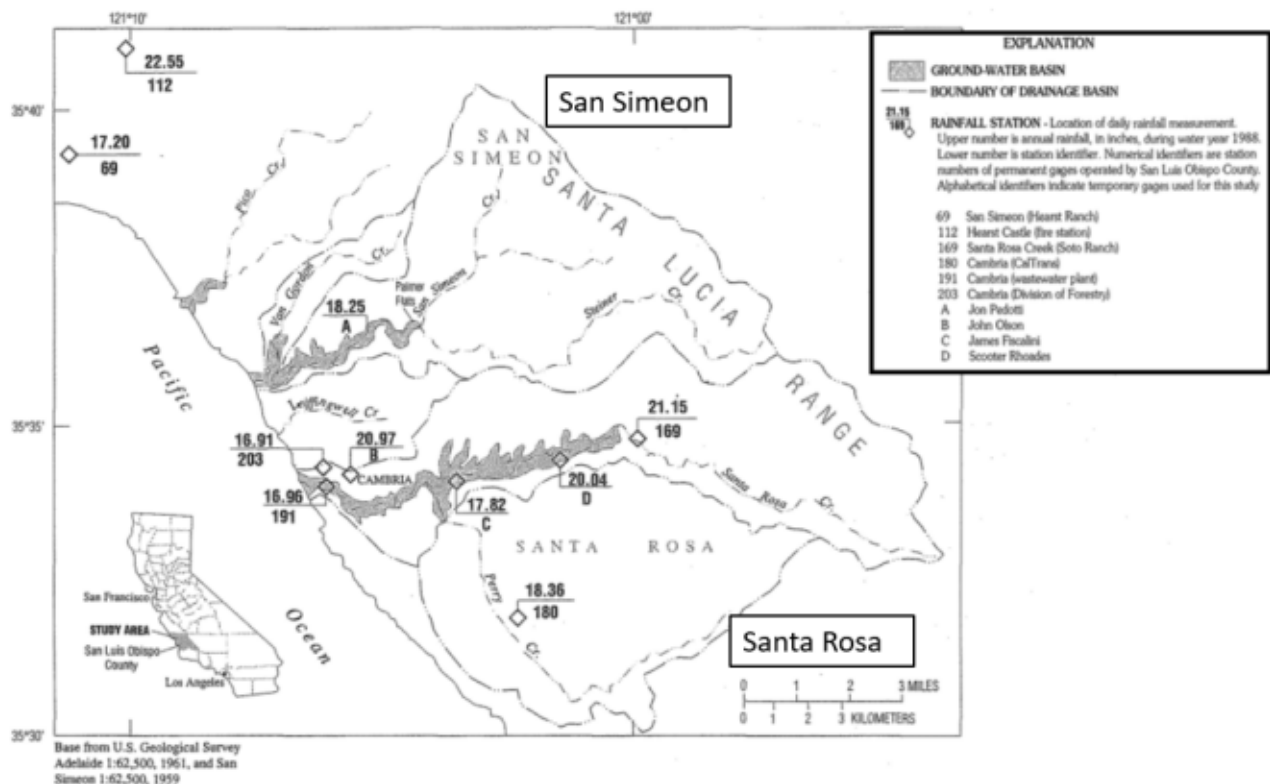


Figure B - Map of San Simeon and Santa Rosa Aquifers

² <https://www.cambriacsd.org/urban-water-management-plan>

The CCSD relies on 5 production wells: Well SS1, Well SS2, and Well SS3, in the San Simeon aquifer and Well SR3 and Well SR4 in the Santa Rosa aquifer. CCSD also uses Wells WBE, WBW, SS4, and 9P2 for monitoring the aquifer levels.

The CCSD also owns and operates the Water Reclamation Facility (WRF) which extracts water from below the CCSD's wastewater percolation ponds, treats it to an advanced degree, and then reinjects it back into the groundwater aquifer about 1700-linear feet north of the WRF and west of the CCSD's San Simeon well field. WRF injection serves to protect the hydraulic gradient separating the freshwater well field from the downstream wastewater percolation ponds and seawater from the Pacific Ocean. It also increases available production volume, with approximately 60% of injected water eventually migrating to the San Simeon Well Field.

The WRF is currently operated under an emergency permit from the County of San Luis Obispo which limits operation to Extreme and Exceptional Water Shortage Emergencies (Stages 5 and 6, respectively) of the WSCP.

Supply Constraints

The CCSD's water extractions are licensed by the SWRCB. The SWRCB license for San Simeon Creek allows a maximum of 799 AFY annually from the San Simeon aquifer, while limiting dry season pumping to 370 AFY maximum from the time that the creek ceases flow at the Palmer Flats gauging station, until October 31. The Santa Rosa Creek license limits the Santa Rosa aquifer pumping to 218 AFY annually, with a dry season pumping limit of 155.3 AFY from May 1 to October 31. This amount of water is not necessarily available every year due to the nature of the two creek aquifers.

The San Simeon and Santa Rosa aquifers are relatively shallow and porous, with the groundwater levels typically recharged every year during the wet or rainy season. With CCSD and other pumping, as well as natural outflow to the ocean, groundwater levels generally exhibit a characteristic pattern of consistent high levels during the wet season, steady decline during the dry season, and rise when the wet season resumes.

During the wet season, the aquifers are continuously recharged via surface water flow from San Simeon and Santa Rosa Creeks. However, when the dry season begins recharge is reduced or eliminated and the amount of water in storage in the aquifer and groundwater levels decline. At the point that recharge from surface water ceases, there is a limited or finite amount of water available within the aquifers to support municipal, agricultural, and environmental needs until it refills during the next wet season.

Besides the physical characteristics of the aquifers, there are key permitting conditions that affect how the CCSD operates its well fields. In addition to the wet and dry season production limits mentioned above, CCSD staff carefully monitors groundwater levels and the gradient between the percolated mound of treated wastewater at the percolation ponds and the upgradient potable wells (see [Water Shortage Evaluation Criteria](#)).

Current Year Unconstrained Customer Demand

Table 1 shows the breakdown of projected demands by customer category for the next year (July 2022-June 2023). This assessment used an average of the last three reporting years of data to arrive at the projected potable water demands. During that three-year period, the CCSD remained in a Stage 2 Water Shortage Condition under the legacy Emergency Water Conservation Program. This legacy program was in place prior to the Board adopting the six-stage 2020 WSCP. It was comprised of three stages of shortage with Stage 1 calling for a voluntary 7% reduction in consumption, Stage 2 calling for a mandatory 15% reduction in consumption, and Stage 3 reserving the water supply for human consumption, sanitation, and fire protection only. While the Stage 2 Water Shortage Condition was technically in effect from July 2018 through June 2021, demand reduction measures were not enforced by resolution of the Board. Therefore, it is assumed that demand was not noticeably constrained by the Stage 2 declaration.

Table 1. Water Demand Projections (DWR Table 2)

Water Demands ¹															
Use Type	Start Year: 2022 Volumetric Unit Used: AF														
Use Type	Additional Description	Level of Treatment for Non-Potable Supplies	Projected Water Demands - Volume												Total by Water Demand Type
			Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
Demands Served by Potable Supplies															
Single Family			29	29	27	27	24	24	22	22	22	22	28	28	305
Multi-Family			2	2	1	1	1	1	1	1	1	1	2	2	17
Commercial			13	13	11	11	11	11	9	9	9	9	12	12	130
Other Potable	Vacation Rentals		2	2	2	2	2	2	1	1	1	1	2	2	22
Other Potable	Riparian deliveries & Internal		1	1	1	1	1	1	1	0	0	0	0	0	8
Losses			5	5	5	5	5	5	5	5	5	5	5	5	60
Total by Month (Potable)			52	52	48	48	44	44	39	39	39	39	49	49	542
Demands Served by Non-Potable Supplies															
															0
Total by Month (Non-Potable)			0	0	0	0	0	0	0	0	0	0	0	0	0
Notes: Considered factors impacting demands include: prior year demand, utility billing data (full-time/part-time ratios), and length of dry season															
¹ Projections are based on best available data at time of submitting the report and actual demand volumes could be different due to many factors.															

These projections are consistent with those generated by the CCSD's Decision System Support (DSS) Model³ when 2018, 2019, and 2021 base years are utilized. Staff's analysis included the following assumptions derived from utility billing data:

³ ©Maddaus Water Management; utilized for demand projections in the 2020 UWMP

-
- *Vacation rental water use is equivalent to that of a single-family residence*
 - *15% of residential accounts are occupied part-time*
 - *3% of residential accounts are vacant*
-

Population

The 2020 Census and 2020 American Communities Surveys both represent a dwindling population for the Cambria Census Designated Place (Cambria CDP); however, staff analysis of utility billing data does not align with Census data. According to the 2020 Census, Cambria CDP has a population of 5,678 with a total of 4,046 housing units and an occupancy rate of just 67%. However, an analysis of 2021 CCSD utility billing data reflects an 82% occupancy rate with only 3% of residential accounts reporting true zero consumption (i.e. vacant). Approximately 15% of utility billing accounts register usage on a part-time basis. CCSD staff attributes the bulk of the variance between Census and billing data to the high percentage of part-time and full-time vacation rentals, which the Census designates as vacant properties, along with a large stock of second homes.

Current Year Potable Water Supplies

Defining a Dry Year

The CCSD's 2020 UWMP uses the base year of 2014 for the single-dry year in its water supply reliability assessment. During 2014, the CCSD was only able to pump 64% of its average supply volume. The dry year of 2014 was preceded by a wet season of abnormally low precipitation, recording about 7 inches at the Santa Rosa at Main rain gauge in Cambria and 12

Guidance from the Department of Water Resources

CWC section 10632(a)(2)(B) requires that all urban water suppliers evaluate supply reliability for the current year and one dry year. Per the State's [Annual Water Supply and Demand Assessment Guidance](#), "For the Dry Year, the water supplies should be adjusted for assumed dry-year conditions, which may affect availability of local surface and ground waters as well as imported supplies."

inches at the Rocky Butte rain gauge in San Simeon⁴. The current 2021-2022 water year also resulted in below-average precipitation, with approximately 14 inches recorded at the Santa Rosa at Main gauge and 30 inches recorded at the Rocky Butte station. A comparison of rainfall data is included in Table 2.

Table 2. Rainfall Data from Local Rain Gauges for the 2013-14 and 2021-22 water years

	2013-14	Percent of Average	2021-22	Percent of Average
<i>Santa Rosa at Main</i>	7.01"	32%	14.65"	67%
<i>Rocky Butte</i>	11.85"	30%	30.02"	75%

Due to the very different amounts of precipitation received in the current year versus the historical single-dry year, this assessment relied on actual pumping volumes from 2015-2016 for single-dry year supply projections. The 2015-2016 supply was impacted by precipitation levels similar to the current year and endured a longer than average dry season. The 2015 dry season was 233 days long with Palmer Flats flow stopping on May 17, 2015 and resuming January 6, 2016. The 2021 dry year was 200 days long with flow stopping on May 27, 2021 and resuming December 14, 2021. This year, Palmer Flats flow stopped on May 16, 2022.

While it is reasonable to assume that a pumping regime like that of calendar year 2021 will be suitable for calendar year 2022, given the similar dry season conditions and demands, the purpose of this assessment is to plan and be prepared for an abnormally dry year ahead. For the Cambria area, this would mean late or inadequate wet season precipitation and incomplete aquifer recharge for the 2022-23 water year. Under this scenario, dry season demand management will be necessary to ensure adequate supply through the fall and winter and well into the spring of 2023.

Table 3 projects total available groundwater supplies for the Next Year beginning July 1, 2022.

⁴ Source: San Luis Obispo County Public Works. Accessed May 2022. <https://wr.slocountywater.org/>

Table 3. Water Supplies (DWR Table 3)

Water Supplies ¹																		
Water Supply		Start Year: 2022				Volumetric Unit Used: AF											Water Quality	Total Right or Safe Yield
Additional Detail on Water Supply	Projected Water Supplies - Volume																	
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total by Water Supply Type					
Potable Supplies																		
Groundwater (not desal.)		45	45	42	42	37	35	34	37	37	37	40	42	473		1017		
Total by Month (Potable)		45	45	42	42	37	35	34	37	37	37	40	42	473		1017		
Non-Potable Supplies																		
														0				
Total by Month (Non-Potable)		0	0	0	0	0	0	0	0	0	0	0	0	0		0		
Notes: Hydrological and regulatory conditions include limited dry season storage, minimum groundwater levels, and maintenance of a hydraulic gradient (see discussion under <i>Water Shortage Evaluation Criteria</i> and <i>CCSD Water Supply Portfolio</i>). Other plausible constraints are discussed under <i>Infrastructure Capabilities and Plausible Constraints</i> .																		
¹ Projections are based on best available data at time of submitting the report and actual supply volumes could be different due to many factors.																		

Infrastructure Capabilities and Plausible Constraints

If the water year of 2022-23 fails to provide full aquifer recharge, operation of the CCSD's WRF would be required to support dry season pumping in 2023. The impacts of and required response to such a scenario would be analyzed in the 2023 AWSDA.

A break on the transmission water main that supplies water from the San Simeon Well Field (SSWF) to the town of Cambria occurred on December 23, 2021. An emergency bypass pipeline was installed, and the original transmission main was abandoned in place. While the SSWF was out of service, the community of Cambria relied solely on the Santa Rosa Well Field (SRWF) for potable water supply. Mandatory conservation was still in effect from the 2021 dry season, so supply

capacity for the community was not severely impacted. Depending on the scope and duration of the permanent replacement project, future supplies may be impacted during project activities. That project is not anticipated to occur during the reporting period for this assessment.

Congressional funding for the Stuart Street Tank Replacement project was obtained for the federal fiscal year of 2022. This project will require taking one or both storage tanks offline for construction and testing activities and will impact fire flow and water pressure in certain zones of the CCSD distribution system. No impacts to overall supplies are anticipated at this time.

Other plausible constraints include additional restrictions on pumping protocols and basin management which may be imposed upon the CCSD by natural resource agencies, including the California Coastal Commission (Commission). CCSD is subject to the terms and conditions of Coastal Development Permit 132-18 (as amended by Permit 482-10), which include reserving 20% of the permitted water production capacity for public commercial or recreational use, and utilizing the SRWF as a supplemental source of supply during years when the full yield at the SSWF cannot be safely removed. Recent regulatory actions by the Commission suggest a difference in interpretation of certain permit conditions. It is unclear what supply impact may result from the resolution of this matter.

Water Shortage Evaluation Criteria

- Dry Season Start Date
 - Santa Rosa: May 1, per the CCSD's water license issued by the State Water Resources Control Board. The maximum amount allowed to be diverted from the Santa Rosa Creek aquifer during the dry season is 155.3 acre-feet.
 - San Simeon: The date of surface flow cessation at Palmer Flats, per the CCSD's water license issued by the State Water Resources Control Board.

The maximum amount allowed to be diverted from the San Simeon Creek aquifer during the dry season is 370 acre-feet.

- Rainfall totals
 - Rainfall data will be obtained from the County of San Luis Obispo's Public Works Department. The two gauges associated with the CCSD service area are Rocky Butte and Santa Rosa at Main. Data from both gauges will be analyzed for the assessment.
- Groundwater levels
 - Groundwater levels are measured at a total of 31 well sites each month, but the critical well sites for the purpose of this assessment include the San Simeon Well Field production wells (SS1, SS2 and SS3), Santa Rosa Well 4, and the Windsor Bridge monitoring wells (WBE and WBW). When the water level at the Windsor Bridge wells falls below 3.0 feet above mean sea level, the CCSD must cease diversions from the Santa Rosa wells.
- 9P2/SS4 gradient
 - The 9P2/SS4 gradient is measured twice per month and represents the difference in groundwater elevation between monitoring wells 9P2, located at the CCSD wastewater percolation ponds, and monitoring well SS4, located just south-west of the San Simeon Well Field. A positive gradient means groundwater elevation at the San Simeon Well Field is higher than groundwater levels at the percolation ponds. Conversely, a negative gradient indicates that groundwater levels at the percolation ponds are higher than at the well field, which could result in migration of impaired water from the percolation ponds and saltwater lagoon towards the freshwater aquifer beneath the well field. When the 9P2/SS4 gradient falls to -0.9 for more than three months during the dry season, operation of the percolation ponds for wastewater disposal must cease.

Status of Water Shortage Evaluation Criteria

Table 4 depicts the locally applicable water shortage evaluation criteria as a percent of normal as of April 1st. April 1st was chosen as a meaningful point-in-time for this evaluation because 90% of precipitation is typically received by this date. Except for the impacts of basin management (ie. supplementing San Simeon production with Santa Rosa production), none of these criteria are anticipated to improve after April 1st until the commencement of seasonal precipitation in the following water year.

Table 4. Locally Applicable Water Shortage Evaluation Criteria as of April 1st (using 1998-2021 data)

% of Average	SR4	WBE	WBW	Gradient	Average SS Wells
100%	53.29	5.65	5.58	3.01	20.06
91%	48.49	5.14	5.08	2.74	18.25
90%	47.96	5.08	5.02	2.71	18.05
81%	43.16	4.58	4.52	2.44	16.25
80%	42.63	4.52	4.46	2.41	16.04
71%	37.83	4.01	3.96	2.14	14.24
70%	37.30	3.95	3.91	2.11	14.04
61%	32.51	3.45	3.40	1.84	12.23
60%	31.97	3.39	3.35	1.81	12.03

As of April 1, 2022, observed measurements of the above criteria were as follows:

- **SR4: 53.89 (>100% of Average)**
- **WBE: 5.7 (>100% of Average)**
- **WBW: 5.42 (91-100% of Average)**
- **9P2/SS4 Gradient: 3.01 (100% of Average)**
- **SSWF Average Well Level: 19.15 (91-100% of Average)**

Apart from emergency use of the SRWF during the emergency SSWF transmission main bypass project in January 2022, all recent production has come from the SSWF. Implementing responsible dry-season supplementation with SRWF production should help lessen the decline in San Simeon well levels as the dry season progresses, prolonging the use of the SSWF into the late summer months without resulting in dramatic decreases in groundwater levels and the need for increased conservation.

Supply and Demand Analysis

Table 5 presents the projected supply surplus or shortage with and without WSCP actions for each month of the reporting period. The actual surplus or shortage for wet season months (October – April) will vary depending on the amount and timing of seasonal precipitation. To adequately prepare for insufficient precipitation, demand management must be implemented during the dry season to ensure supply reliability for the following wet season. This table will be updated for the Board’s review as the actual benefits from demand reduction are known and recorded.

Table 5. Potable Water Shortage Assessment (DWR Table 4)

Potable Water Shortage Assessment ¹	Start Year: 2022						Volumetric Unit Used:						AF
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Anticipated Unconstrained Demand	52	52	48	48	44	44	39	39	39	39	49	49	542.21
Anticipated Total Water Supply	45	45	42	42	37	35	34	37	37	37	40	42	473.00
Surplus/Shortage w/o WSCP Action	-7.0	-7.0	-5.9	-5.9	-6.9	-8.9	-5.4	-2.4	-1.8	-1.8	-9.1	-7.1	-69.2
% Surplus/Shortage w/o WSCP Action	-14%	-14%	-12%	-12%	-16%	-20%	-14%	-6%	-5%	-5%	-19%	-15%	-13%
State Standard Shortage Level	2	2	2	2	2	3	2	1	1	1	2	2	2
Planned WSCP Actions													
Benefit from WSCP: Supply Augmentation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Benefit from WSCP: Demand Reduction	10.4	10.4	9.6	9.6	8.8	8.8	7.9	3.9	3.9	3.9	9.8	9.8	96.8
Revised Surplus/Shortage with WSCP	3.4	3.4	3.7	3.7	1.9	-0.1	2.5	1.6	2.1	2.1	0.7	2.7	27.5
% Revised Surplus/Shortage with WSCP	6%	6%	8%	8%	4%	0%	6%	4%	5%	5%	1%	5%	5%

¹Assessments are based on best available data at time of submitting the report and actual volumes could be different due to many factors.

Rather than targeting the minimum amount required to compensate for an anticipated shortage (i.e., 14% in July), staff will call for the full 20% reduction in demand. This conservative approach will provide an added buffer to protect fall and winter supplies in a scenario of incomplete aquifer recharge.

Thus, a stage 2 Water Shortage Watch Condition will achieve the desired demand reduction benefits, averaging at least 12% per month throughout the reporting period but with a target of 20% per month. Currently, CCSD customers are voluntarily conserving an average of 8% per month under a Stage 1 condition⁵.

Planned Shortage Response Actions

Table 6 includes the planned shortage response actions determined to be necessary to achieve the required reduction in demand. They are consistent with those outlined in the WSCP with the following exceptions:

- Water Use Efficiency Walk Throughs (surveys) are currently always offered at no cost to all customers.
- Staff recommends that the Board of Directors consider increasing water waste patrols at all stages.
- Staff recommends that the Board of Directors consider providing high efficiency plumbing and landscape irrigation system rebates and giveaways during Stage 2, budget permitting.
- Staff recommends that the Board of Directors consider prohibiting the refilling of water cisterns with potable water from CCSD supplies during Stage 2.

Successful demand management requires effective public outreach and communication, adequate financial and staffing resources, and the flexibility to respond to customer needs and concerns as they arise. Exceptions to any of the planned shortage response actions may be authorized in accordance with Section 4.12.150 of the CCSD municipal code.

⁵ Compared to 2021 demand

Table 6. Planned Shortage Response Actions (DWR Table 5)

Planned Water Shortage Response Actions			July 1, 2022 to June 30, 2023			
Anticipated Shortage Level	ACTIONS: Demand Reduction, Supply Augmentation, and Other Actions.	Is Action Already Being Implemented? (Y/N)	How much is action going to reduce the shortage gap?		When is shortage response action anticipated to be implemented?	
			Enter Amount	Select % or Volume Unit	Start Month	End Month
1	Offer Water Use Surveys	Yes	1	%	July	June
1	Landscape - Restrict or prohibit runoff from landscape irrigation	Yes	<1	%	July	June
1	Landscape - Other landscape restriction or prohibition	Yes	<1	%	July	June
1	CII - Lodging establishment must offer opt out of linen service	Yes	<1	%	July	June
1	CII - Restaurants may only serve water upon request	Yes	<1	%	July	June
1	Other - Customers must repair leaks, breaks, and malfunctions in a timely manner	Yes	5-10	%	July	June
1	Other - Prohibit use of potable water for construction and dust control	Yes	<1	%	July	June
1	Other - Prohibit use of potable water for washing hard surfaces	Yes	1	%	July	June
1	Pools and Spas - Require covers for pools and spas	Yes	<1	%	July	June
1	Other water feature or swimming pool restriction	Yes	<1	%	July	June
2	Increase Water Waste Patrols	No	1	%	July	December
2	Expand Public Information Campaign	Yes	5	%	July	June
2	Provide Rebates on Plumbing Fixtures and Devices	Yes	1	%	July	June
2	Landscape - Limit landscape irrigation to specific days	No	5-10	%	July	December
2	Landscape - Prohibit certain types of landscape irrigation	No	3.33	%	July	December
2	Provide Rebates for Landscape Irrigation Efficiency	No	3.33	%	July	June
3	Increase Water Waste Patrols	No	1	%	December	June
3	Expand Public Information Campaign	No	3	%	December	June
3	Landscape - Limit landscape irrigation to specific days	No	5-10	%	December	June
3	Decrease Line Flushing	No	<1	%	December	June
3	Reduce System Water Loss	No	2	%	December	June

NOTES: During Stage 1, refilling of pools and spas shall be limited to essential need. During Stage 1, irrigation of parks, school ground areas, and public medians is limited to twice per week. During Stage 1, new landscaping must be limited to native or drought-tolerant plants. During Stage 2, landscape irrigation is limited to 3 days per week with potable water for no more than 15 minutes per day per station. During Stage 3, landscape irrigation is limited to 2 days per week with potable water for no more than 15 minutes per day per station.

Phased Ongoing Reassessments

Monthly reports as to the effectiveness of the planned water shortage response actions and the status of water shortage evaluation criteria shall be provided to the Board of Directors as part of the General Manager's or Utilities' Report. Reassessments will be active and iterative as conditions change throughout the dry season. Changes to the recommended water shortage response actions may be required to affect the desired reduction in demand.

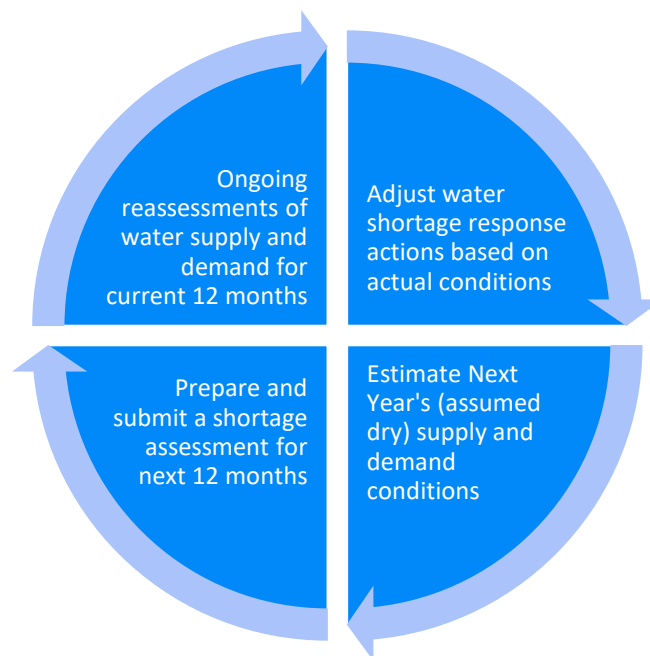


Figure C - Dynamic Approach to Water Supply and Demand Assessment

GUIDANCE FROM THE DEPARTMENT OF WATER RESOURCES

The actual water supply conditions will depend not only on the replenishment of water supplies through inflows from precipitation, but also depend on the effectiveness of any current or recent-past water shortage response actions taken within the Supplier's service area.

TO: Board of Directors

AGENDA NO. **7.B.**FROM: John F. Weigold IV, General Manager
Ray Dienzo, Utilities Department Manager/District Engineer

Meeting Date: June 9, 2022	Subject: Discussion and Consideration to Adopt Resolution 36-2022 Implementing the Governor's Executive Order Declaring a Stage 2 Water Shortage Watch and Establishing and Implementing Regulations Related Thereto
----------------------------	--

RECOMMENDATIONS:

Staff recommends that the Board of Directors discuss and consider adoption of Resolution 36-2022 establishing a Stage 2 Water Shortage Watch as directed by the Governor's Executive Order N-7-22 and implementing recommended water shortage response actions.

FISCAL IMPACT:

A Stage 2 Water Shortage Watch requires CCSD staff outreach, including presentation and/or materials to local schools and street signage. Costs for these activities have been approved in the FY 2021/2022 budget.

DISCUSSION:

On March 28, 2022, the Governor of California issued Executive Order N-7-22 recognizing a continued state of emergency due to persistent drought conditions across the State. The Order calls for local agencies to implement, at a minimum, "the shortage response actions adopted under section 10632 of the Water Code for a shortage level up to twenty percent (Level 2)." The State Water Resources Control Board has drafted legislation requiring this action no later than June 10, 2022.

Staff has completed its 2022 Annual Water Shortage Assessment (Annual Assessment), which includes supply and demand projections for the period of July 1, 2022 through June 30, 2023. Per the State's guidance, and supported by observed conditions in the current year, assessments are to assume a dry year ahead. The Annual Assessment projects the need for up to 20% (96.8 AFY) reduction in demand for the coming year beginning no later than July 1, 2022. A Stage 2 Water Shortage Watch condition should be adequate to achieve the desired level of conservation, averaging about 12% per month throughout the reporting period. In the current calendar year, CCSD customers are conserving an average of 8% per month under a Stage 1 condition.

Exhibit A of Resolution 36-2022 includes the planned water shortage response actions recommended by staff for the Stage 2 shortage declaration. These are mostly consistent with the WSCP, but deviate as follows:

- Water Use Efficiency Walk-Throughs (surveys) are currently always offered at no cost to all customers.
- Staff recommends that the Board of Directors consider increasing water waste patrols at all stages.
- Staff recommends that the Board of Directors consider providing high-efficiency plumbing and landscape irrigation system rebates and giveaways during Stage 2, budget permitting.
- Staff recommends that the Board of Directors consider prohibiting the refilling of water cisterns with potable water from CCSD supplies during Stage 2.

Staff is also researching other shortage response actions that may be recommended to the Board at a future date should the planned actions not achieve the desired reduction in demand. Per the DWR's guidance, shortage response actions should be modified to achieve the necessary reduction in demand within a given stage declaration. This prevents calling for demand reduction above and beyond what is physically necessary for the protection of the water supply. Shortage response actions can and should be monitored and modified in response to actual demand conditions as the dry season progresses.

Staff recommends the Board of Directors adopt Resolution 36-2022 establishing a Stage 2 Water Shortage Watch condition, and direct staff to implement the water shortage response actions per Exhibit A of the Resolution.

Table 1 - Related Staff Reports

Agenda Item No.	Meeting Date	Subject
7.A.	June 9, 2022	Discussion and Consideration of the 2022 Annual Water Shortage Assessment
8.A.	January 20, 2022	Discussion and Consideration of Adoption of Resolution 05-2022 Declaring a Stage 1 Baseline Condition

Attachment: Stage 1 Conservation Measures (Reference Only)
 Resolution 36-2022
 Exhibit A to Resolution 36-2022

WATER SHORTAGE CONTINGENCY PLAN

Stage 1

Water Use Efficiency is a Way of Life



VOLUNTARY ACTION

Shortage Response Actions

- Operators of hotels, motels, and other commercial establishments offering lodgings shall post in each room a notice of water shortage conditions, encouraging water conservation practices.
- Lodging establishment must offer opt out of linen service.
- Require covers for pools and spas.
- Watering to maintain the level of water in swimming pools shall occur only when essential.
- Draining of pools or refilling shall be done only for health or safety reasons.
- Non-potable irrigation is encouraged with no restrictions.
- Irrigation of parks, school ground areas, and road median landscaping will not be permitted more than twice a week and only if necessary.
- Irrigation of ornamental turf on public medians with potable water is prohibited.
- New landscaping should be limited to native or drought tolerant plants.
- Watering or irrigating of lawns, landscape or other vegetated area with potable water is limited to no more than 15 minutes per day per station.
- Water Waste Prohibitions (WWP) - Mandatory at All Times**
- Landscape irrigation shall be accomplished with person in attendance; occur between 6pm and 10am; be limited to water necessary to maintain landscaping; be applied in a manner that prevents runoff.
- No application of potable water to outdoor landscapes within 48 hours before, during, or after a measurable rainfall event.
- Washing of impervious surfaces, including vehicles, with potable water is prohibited unless utilizing high-pressure, low-volume systems.
- Leaks on customer side of meter shall be shut-off within two hours of discovery and corrected within an additional 6 hours.
- Use of potable water from the district's water supply system for compacting or dust control purposes is prohibited.
- Using unmetered water from any fire hydrant, except as required for fire suppression is prohibited.
- Restaurants shall serve water to customers only upon request.

Enforcement

Staff issues written citations for violations of shortage response actions. No fines except for WWP.

Shortage Indicators *As a % of Average*

Dry Season Start: June or later
SS4/9P2 Gradient: > 100%
Well Levels: > 100%
Rainfall Totals: 86% to 100%

1
2
3
4
5
6

RESOLUTION NO. 36-2022
June 9, 2022

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE CAMBRIA COMMUNITY SERVICES DISTRICT
DECLARING A STAGE 2 WATER SHORTAGE WATCH CONDITION

WHEREAS, the Board of Directors of the Cambria Community Services District (“CCSD”) has declared a Water Code Section 350 Water Shortage Emergency; and

WHEREAS, pursuant to Water Code Section 353, the Board of Directors may adopt such regulations and restrictions on the delivery of water which will conserve the water supply for the greatest public benefit; and

WHEREAS, in addition to Water Code Section 353, Water Code Section 375 provides that a public entity which supplies water may, after holding a public hearing, adopt and enforce water conservation programs to reduce the quantity of water used by the persons within the entity’s service area or jurisdiction for the purpose of conserving the entity’s water supplies; and

WHEREAS, after holding a duly noticed public hearing on June 17, 2021 the Board of Directors adopted Resolution 24-2021 adopting the Water Shortage Contingency Plan (WSCP); and

WHEREAS, after holding a duly noticed public hearing on January 20, 2022 the Board of Directors adopted Resolution 05-2022 declaring a Stage 1 Baseline Water Shortage Condition; and

WHEREAS, CCSD staff has analyzed the status and condition of existing supplies and compared them to the water shortage criteria contained within the WSCP and recommends that the Board take action to rescind the baseline water shortage condition, establish a Stage 2 Water Shortage Watch, and direct staff to implement the appropriate shortage response actions contained within the WSCP and as modified by the Board of Directors.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Cambria Community Services District as follows:

1. The above recitals are true, correct and incorporated herein.
2. Based upon the existing water supply conditions as described in the staff report for agenda item 7 B presented to the Board of Directors at today’s meeting, the Board of Directors hereby finds that the District’s water supply may be insufficient to satisfy the ordinary demands and requirements of water consumers and calls for a reduction in demand of up to twenty (20) percent.
3. Resolution 05-2022 is hereby repealed and replaced by this Resolution. The Water Shortage Response Actions set forth in Exhibit “A,” which is attached hereto and incorporated herein, shall be effective immediately and apply within the jurisdictional boundaries of the Cambria Community Services District until rescinded or modified by the Board of Directors. All other CCSD water conservation rules, regulations, restrictions, definitions, enforcement procedures, violation provisions and appeal procedures which are currently in force shall remain in force, except where they may conflict with the Water Shortage Response Actions set forth in this Resolution.

4. The General Manager is hereby authorized and directed to implement the Water Shortage Response Actions set forth in Exhibit "A," including establishing administrative procedures to carry out the requirements in an effective and equitable manner.
5. CCSD staff is hereby directed to continue to monitor and evaluate current water and drought conditions on an ongoing basis and report back to the Board of Directors on a monthly basis.
6. The Board Secretary shall publish this Resolution in full within 10 days of its adoption in accordance with the provisions of Water Code Section 376(a). After such publication, and in accordance with the provisions of Water Code Section 377, violation of the Water Shortage Response Actions set forth in Exhibit "A" is a misdemeanor and punishable as set forth in Water Code Section 377.
7. Within fourteen (14) days from the date of this Resolution, the General Manager is hereby directed to provide notice to all water customers of the Stage 2 Water Shortage Watch condition and the Water Shortage Response Actions as set forth herein as well as consequences for a violation thereof.

PASSED AND ADOPTED THIS 9th day of June, 2022, by the following vote:

Ayes:
Nays:
Absent:
Abstain:

Donn Howell, President
Board of Directors

ATTEST:

APPROVED AS TO FORM:

Leah Reedall
Board Secretary

Timothy J. Carmel
District Counsel

WATER SHORTAGE CONTINGENCY PLAN

Stage
2

Water Shortage Watch



MANDATORY ACTION

Shortage Response Actions

- All previous shortage response actions, plus:
- Up to 3 days per week of landscape irrigation when using potable water; no more than 15 minutes per day per station.
- Use of graywater or recycled water for irrigation is permitted on any day and at any time.
- Construction projects requiring watering for new landscaping materials shall adhere to the designated irrigation requirements set forth in this plan and shall only install native or drought-tolerant plant species.
- Car washing is only permitted using a commercial carwash that recirculates water or by high pressure/low volume wash systems.
- Installation of new or replacement non re-circulating water systems in commercial conveyor car wash or commercial laundry systems is prohibited.
- Construction operations receiving water from a construction meter or water truck shall not use water unnecessarily for any purpose other than those required by regulatory agencies.
- District will commence public outreach campaign regarding water shortage watch restrictions including presentation and/or materials provided to local schools and street signage.

Additional Shortage Response Actions per Resolution 36-2022

- Staff to increase water waste patrols
- District will provide high-efficiency plumbing and landscape irrigation rebates and giveaways, budget permitting.
- Refilling of irrigation water cisterns with potable water from the CCSD is prohibited

Enforcement

Staff issues written citations for violations of shortage response actions. No fines except for WWP.

Shortage Indicators *As a % of Average*

Dry Season Start: June or later
SS4/9P2 Gradient: 91% - 100%
Well Levels: 91% - 100%
Rainfall Totals: 71% - 85%

1
2
3
4
5
6

CAMBRIA COMMUNITY SERVICES DISTRICT

TO: Board of Directors

AGENDA NO. **7.C.**

FROM: John F. Weigold IV, General Manager

Meeting Date: June 9, 2022

Subject: Discussion and Consideration to Adopt Resolution 39-2022 Authorizing Employee Contributions to the District's 401(a) Deferred Compensation Plan

RECOMMENDATIONS:

Staff recommends that the Board of Directors discuss and consider adoption of Resolution 39-2022 authorizing employees to contribute to the District's 401(a) deferred compensation plan.

FISCAL IMPACT:

There is no financial impact to the District, as contributions to the District's existing 401(a) deferred compensation plan are made by individual employees with no match by the District.

DISCUSSION:

The District offers a 457(b) deferred compensation plan to eligible employees as part of their employee benefits and would also like to offer a 401(a) deferred compensation plan. Both plans allow for pre-tax contributions for tax-deferral purposes. While the employee can adjust individual contributions to their 457(b) deferred compensation plan, the District, as the employer, must specify the amount employees must contribute to their 401(a) deferred compensation plan, should the employee choose to participate. The District utilizes Mission Square Retirement (formerly ICMA Retirement Corporation) for deferred compensation plan services.

Most employees are not contributing the annual maximum contribution to their 457(b) deferred compensation plan. Those employees who are reaching the 457(b) deferred compensation plan's annual maximum contribution limit may elect to contribute more money for retirement and the District's 401(a) deferred compensation plan would allow them to do so. Those employees who have expressed an interest in participating (the General Manager, Administration Department Manager, and the Wastewater Superintendent) have agreed to contribute 20% per year of their salary to the District's 401(a) deferred compensation plan.

Staff recommends that the Board adopt Resolution 39-2022 authorizing employees to contribute 20% of their salary to the District's 401(a) deferred compensation plan.

Attachment: Resolution 39-2022

RESOLUTION NO. 39-2022
June 9, 2022

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
CAMBRIA COMMUNITY SERVICES DISTRICT AUTHORIZING DISTRICT
EMPLOYEES TO CONTRIBUTE TO THE DISTRICT'S
401(a) DEFFERED COMPENSATION PLAN

WHEREAS, on April 27, 2006 the District established a 401(a) deferred compensation plan in the form of an ICMA Retirement Corporation Governmental Money Purchase Plan and Trust (sometimes hereinafter referred to as the "401(a) Plan"), pursuant to Resolution 11-2006; and

WHEREAS, in 2021 ICMA Retirement Corporation changed its name to Mission Square Retirement; and

WHEREAS, Mission Square Retirement serves as the 401(a) Plan Administrator and the District General Manager serves as the District's 401(a) Plan Coordinator; and

WHEREAS, by this Resolution, the Board intends to establish the amount employees are required to contribute to the 401(a) Plan, should they choose to participate in the plan.

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the Cambria Community Services District as follows:

1. All District employees who choose to participate are hereby authorized to and must contribute twenty percent (20%) per year of their salary to the District's 401(a) Plan.
2. The General Manager is authorized to execute all agreements and documents with Mission Square Retirement necessary for the administration of the Plan.

PASSED AND ADOPTED this 9th day of June, 2022.

Donn Howell
Board President

ATTEST:

APPROVED AS TO FORM:

Leah Reedall
Board Secretary

Timothy J. Carmel
District Counsel

Resources & Infrastructure Committee Report for June 9, 2022 CCSD Meeting

The Standing Committee on Resources & Infrastructure met via Zoom on May 9, 2022. Committee members present were Committee Chair Karen Dean, Vice Chair David Pierson, Michael Thomas, James Webb, and Steven Siebuhr. Committee member Brad Fowles was absent (excused).

The Committee had a brief discussion of the proposed Capital Improvement Prioritization Program that had been presented by Utilities Manager Ray Dienzo at the April 11, 2022 R&I Meeting. An Ad Hoc Committee was formed, consisting of Committee Members James Webb and Michael Thomas, to help further define this proposed prioritization method.

The Updated Standing Committee ByLaws that were recently approved by the Board were reviewed and discussed.

Future Agenda items requested: Committee Member James Webb requested an update on the San Simeon Water Main permanent replacement plans.

The next R&I meeting will be Monday June 13, 2022 @ 2:00pm.

Respectfully submitted,

Karen Dean, R&I Committee Chairperson

Cambria Forest Committee Meeting Summary Friday, May 13, 2022

This morning's meeting was attended by Committee Chair Crosby Swartz, Secretary Christine Heinrichs, Treasurer Laura Swartz, Committee member and Greenspace representative Bob Fountain, Neil Havlik of the local branch of the California Native Plant Society, Keith Seydel, Director of the Rancho Marino Reserve, and Harry Farmer, CCSD Board Director and District liaison.

Crosby Swartz presented information regarding PG&E's Covered Wire Program, which replaces exposed high voltage wires with insulated wires, potentially reducing fire potential upward of 90%. A further discussion was proposed for a future meeting, with possibly a guest speaker to provide additional information on this important option.

The Forest Committee joined members of the Friends of the Fiscalini Ranch Preserve and Greenspace the Cambria Land Trust for an Earth Day Celebration on the south end of the West Ranch on Saturday, April 23rd. Much information was dispensed to many visitors to the Ranch, and this collaborative endeavor was an acknowledged success for all involved.

A discussion took place regarding a large privately owned lot in Fern Canyon surrounded by the conservation easement. The owner is interested in donating his property, which is a forested lot in steep terrain with year-round water frequented by wildlife, and has high conservation value. Bob Fountain said he would approach Greenspace about accepting the lot, otherwise the Forest Committee may approach the SLO Land Conservancy regarding this issue.

An update was provided regarding the Covell Ranch Fuel Reduction Project. Presently work has stopped on this project, mainly due to the need for all Cal Fire staff to be available for the current and ongoing fire season. At the last January site visit representatives from both Federal and State Departments of Fish and Wildlife expressed concern over how the amount of chipping taking place could retard vegetation regrowth. The California Native Plant Society has requested an updated site visit to examine the effects of tree and understory removal but has not received a response. Representatives of CNPS will follow up. At some point information on this endeavor will need to be documented and communicated to the California Coastal Commission, which has jurisdiction over projects such as this.

As to the CCSD Fire hazard Fuel Reduction Program. Crosby and Laura Swartz have marked the lots indicating which are under conservation easement or adjacent to these lots. Turns out these lots needed to be treated differently from other vacant lots, with these special guidelines also applying to the 87 parcels in Fern Canyon, many of which compromise multiple lots.

The Upper Salinas-Las Tablas Resource Conservation District Executive Director Devin Best has informed the CCSD Ad Hoc Committee on Forest Management that Andrew Johnson, who has been acting as Forest Manager for the US-LTRCD, has left the agency. His place has been taken by Spencer Gordon, formerly with State Parks. CCSD Director Farmer stated that an Ad Hoc meeting will be organized so all interested parties can meet Mr Gordon and assess his potential to possibly serve as Forest Manager for the wooded areas of Cambria.

Keith Seydel reported that Ascent Environmental, a natural resources and planning consulting company located throughout California, recently did a biological survey for Rancho Marino and adjacent CA Fish and Wildlife property. He is working on a grant application with the US-LTRCD to fund the work.

Also discussed was redesigning the CFC website. With an abundance of useful information, it's believed perhaps the site needs better organization and easier navigation for folks visiting the site, plus making it easier and more encouraging to contribute donations. CFC committee members and other attendees were invited to visit the website and make suggestions.

Bob Fountain reported on Marine Sanctuary Snapshot Day that recently took place on Saturday, May 1st. This water quality monitoring project collects samples from San Mateo to San Luis Obispo Counties both along the coastline and inland. Samples taken from creeks and streams are tested for livestock bacterial and fertilizer chemical contamination that are affecting water health and quality in California. This extremely troubling situation is also a nationwide problem.

Brief discussion also occurred regarding the Cambria Community Services District receiving an NOV (Notice of Violation) from the California Coastal Commission on April 19, 2022, stating that excessive water extractions from Cambria's two water sources, San Simeon Creek and Santa Rosa Creek, have been damaging creek health and riparian habitat for many years, and no further issuance of "will serve letters" to property owners to allow for further construction will be allowed to take place. The CCSD has been requested to reply to this notice by May 20th, 2022, and to further respond stating how this issue will be addressed by the District by June 20th, 2022. This very serious subject will no doubt become a further contentious issue between the Commission and the District moving forward.

The next CFC meeting will take place Friday, June 10th, at 10AM via Zoom.

This report written and submitted by CCSD Director Harry Farmer

Report from the Policy Committee Meeting Thursday, May 26, 2022

The meeting was called to order by Chair Farmer at 3:05 PM, and a quorum was established, with Chairperson Harry Farmer, Vice Chair Gordon Heinrichs, Secretary Debra Scott, and Committee members Ted Key and Claudia Harmon being present. Member James Townsend was not available.

The meeting began with the Chairman's Report, and Director Harry Farmer providing a summary of the recent discussion that occurred at the CCSD Board meeting of May 19th as to establishing a policy regarding Replying to Correspondence Addressed to the Board. Meaningful conversation ensued regarding the value of such a policy, including pointing out that this policy was recommended by the person who initially suggested there be a Policy Committee, former CCSD Board member and twice Board President Amanda Rice. Much disappointment was expressed by Committee members that this Policy, recommended and initially sent to the Board in September 2021, had now been denied by the Board of Directors by a 3-2 vote.

Under Committee Member Communications, Ms. Harmon expressed concern regarding the potential for fire resulting from piles of wooded debris being burned in various areas of town. She also provided an update on the clearing of the hillside above the spaghetti bowl at Main St and Highway One, and the resulting planting of geraniums and other vegetation that have been praised by some members of the community. Additional weeding and planting will continue to take place moving into the summer and beyond. Also, volunteers are now even more involved in weeding the medians on Main St between the East and West Villages, with further plantings intended for the near future.

Under Regular Business, discussion took place regarding the Recent Changes Voted on by the CCSD Board regarding the Standing Committee Bylaws, especially as referencing the Policy Committee. Ms. Harmon expressed the thought that perhaps the Board, in creating an additional step of a Board Ad Hoc Committee in ultimately creating policy, gave the Policy Committee far less opportunity to do the job it was created to do. Ms. Scott also concurred that perhaps an effort was being made to ultimately eliminate the Policy Committee. Mr. Key likewise presented a lengthy comment wondering what the Board's intention is in taking this action. Vice Chair Heinrichs also pointed out how many policies in the California Special Districts Association (CSDA) Policy Handbook have been ignored by the Board and therefore are not in the CCSD Policy Handbook. Mr. Heinrichs recommended in a positive manner that as many folks as possible go to the District website to investigate how many policies are absent from the District Policy Handbook, which is presently available but only in digital form.

Discussion then occurred as to recommending to the CCSD Board that the District establish a Climate Change/Crisis Policy. Mr. Key, the committee member who initiated the Climate Change Policy of a few months back, referenced that this Policy will make both environmental and economic sense for the future of the District and our community. Additional comments were made by members Harmon and Heinrichs. Mr. Heinrichs remarked that both the Finance and Resources and Infrastructure Committees appear to be in concurrence regarding how a Climate Policy would be helpful for the focus of their Committees.

Ms. Scott observed that the document created by member Key be recommended as a "Needs Assessment for a Climate Change Policy", and that this be given to Policy Committee Chair Farmer and be forwarded to the Board for further discussion. This statement was then made as a motion and approved by the Committee.

The next item under Regular Business was to discuss the need for a District Code of Ethics Policy, and then Direct Chairperson Farmer to Recommend to the Board of Directors the Creation of a District Code of Ethics Policy. It is noted that every two years members of both the CCSD Board of Directors and Standing Committees are required by State law to attend a training course/webinar on Ethics Policy. Again, committee members offered thoughts on this item, including that a Code of Ethics Policy was previously recommended when the Policy Committee was founded a few years back, but that there was pushback regarding the creation of such policy within the District. Community member Michael Calderwood suggested that perhaps district legal

counsel Tim Carmel be consulted on this issue to determine what opposition took place in the past. Ultimately a motion was made by Vice Chair Heinrichs that the CCSD Board of Directors request that the Policy Committee provides a Needs Assessment for a Code of Ethics Policy, which was unanimously approved.

Finally, under Regular Business, a brief discussion took place regarding perhaps changing the time of day when the Policy Committee meets, which is currently at 3PM on the 4th Thursday of the month. Ultimately it was determined that no time of meeting change was needed.

Under Future Agenda items, both members Harmon and Key, in their own fashion, suggested that Committee Chair Farmer ask the District Board of Directors to provide further direction to the Policy Committee so we can be more useful to the Board.

The meeting was adjourned by Chair Farmer at 4:46 PM.

This summary written and submitted by Board Director Harry Farmer.

**Parks, Recreation and Open Space Commission Meeting Report
Tuesday, May 3, 2022**

In attendance were Commission Chair Steve Kniffen, Commission Vice Chair Adolph Atencio, members Joyce Renshaw and Jim Bahringer, ex officio members Kitty Connolly and Juli Amodei, CCSD General Manager John Weigold, CCSD Utilities Manager Ray Dienzo, District Facilities and Resources Supervisor Carlos Mendoza, and CCSD Board Director and liaison Harry Farmer. Michael Calderwood also joined from the public.

There was no report from Chairperson Kniffen. Kitty Connolly from the Friends of the Fiscalini Ranch Preserve reported that the Earth Day event on Saturday, April 23rd, done in collaboration with both Greenspace the Cambria Land Trust and the Cambria Forest Committee was a big success enjoyed by both two- and four-leggeds alike. The Star Gazing happening on Friday, May 5th was also well attended and well received. All events are noted at the FFRP website. Juli Amodei from Skate Cambria stated that folks from SC, adults and youth alike, participated in the Monster Skate event in Los Osos on Saturday, April 9th, and will again be present to have great fun at the SLO Monster Skate happening in San Luis Obispo on Saturday, May 21st. As of today, Skate Cambria has raised \$419,000 toward the Cambria Skate Park, brick purchasing is in full swing, and the kick starter funding campaign is moving forward as well.

Carlos Mendoza reported that the recently damaged foot bridge on the East Ranch was remarkably repaired and replaced in just one week. Fire breaks and weed abatement are under way, with so far 150 feet done by hand in the forest to help keep the understory intact. Homeless encampments at the Pocket Park at Bridge and Center Streets have been cleaned up, including removing 16 yards of trash (an entire dump truck), and a storage area for items owned by the homeless has been built. Much cleanup of homeless encampments in the Caltrans right of way off of Highway One has taken place. However, now encampments close by on Ranch property have popped up and will need to be dealt with. Carlos also pointed out that many dead trees exist on the Fiscalini Ranch and CCSD open space properties, with tree mortality the result of several factors such as drought, disease and old age. Also, forest health has been compromised as the last fire in the forested areas of Cambria occurred 125 years ago. On a positive note, LED lights have been installed outside the Veteran's Hall to provide more efficient and less expensive lighting.

Pay Dienzo provided an update on the Skate Park application with the County. Regarding the need for an onsite bathroom, while the Planning Department and library staff are endeavoring to deal with custodial and water issues to hopefully use the restroom at the Library nearby, a one stall bathroom may still need to be built at a cost of about \$100,000. The size of the retaining wall will depend on the number of parking spaces required, and the design of the wall is about four months off. Juli Amodei asked how it is that other county skate parks are able to get away with not having a rest room on site. Ray responded that this likely can't be done as it is against county code. Despite the just described issues, overall, the process for approval is moving forward.

Ray also reported that the East Ranch Restroom project is still under county review, and that County Planning would be getting back to him with a response on Friday, May 20th.

Commission member Kermit Johansson arrived near the end of the meeting to report on the community bike trails being proposed by the local group Cambria Trails Alliance. CTA will be meeting on Wednesday, May 4th. The ultimate goal is to submit an application for funding to SLOCOG, the San Luis Obispo Council of Governments. Most of the trails proposed are on Caltrans property but will hopefully connect with the Fiscalini Ranch. So far, the North Coast Advisory Council has provided a Letter of Endorsement. CTA is also seeking a "Community Betterment Grant" and is in need of a sponsor.

The next PROS Commission meeting will take place on Tuesday, May 7th at 10AM via Zoom.

This summary written and submitted by CCSD Director Harry Farmer