



SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

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Staff Report

To: Board of Directors

From: Richard G. Sweet, PE, District Manager

Date: August 5, 2014

**Subject: SPECIAL MEETING – CONSIDERATION OF DISTRICT'S APPROACH
TO OCEANO COMMUNITY SERVICES DISTRICT'S APPROACH TO
NOT BILL OR COLLECT FROM CUSTOMERS FOR DISTRICT
SERVICES**

RECOMMENDATION

That the Board Consider Options and Approaches to Rectify the OCSD's Failure to Bill or Collect from OCSD's Customers for District Services.

BACKGROUND

In May of this year questions arose pertaining to the ability of the OCSD to justify their cost to the District for billing and collection services. At the June 3, 2015 Board meeting, the Board directed that member agencies not be paid for billing services pending and billing options be presented to the Board.

At the June 17, 2015 Board meeting, the Board directed that pending payments to member agencies be paid and that the District Manager engage in discussions with Member Agencies to define standards, practices and costs to provide billing services and to develop agreements with each member agency for provision of billing services.

At the July 1, 2015 Board meeting, the Board considered options for billing services during the period in which negotiations with member agencies are underway. The Board authorized District Legal Counsel to begin investigation and analysis of all legally feasible options for customer billing but to make no commitments in the interim period.

On July 10, 2015 the District received correspondence from the OCSD indicating that lacking an agreement between the District and the OCSD for billing processing and collection, the OCSD would no longer be able to provide these services on behalf of the District. The OCSD offered to continue these services at the rate of \$3,666 per two-

month billing period. In addition, the OCSD provided a line item justification for the amount charged. To facilitate implementation of billing services prior to the critical date of August 1st (the date of the start of the next billing cycle) and to avoid the loss of funds to the District, the OCSD offered to hold a special meeting on July 17, 2015 to act on a proposed agreement with the District.

At the July 15, 2015 Board meeting, the Board considered and declined to enter into a short-term agreement with OCSD. A copy of the July 15, 2015 staff report, which contains attachments regarding all other items presented to the Board regarding this matter, is attached. The Board further directed the District Manager to bring a range of options to the Board for their consideration at the August 19, 2015 Board meeting.

DISCUSSION

On August 1, 2015 new billings for the OCSD were mailed out. OCSD did not include charges due the District for sewer and wastewater treatment services. The billing included the following statement.

"The South San Luis Obispo County Sanitation District provides wastewater treatment and disposal for Oceano, Grover Beach and Arroyo Grande. Recently the Sanitation District has decided to no longer use OCSD billing services to collect their customer bills. Your enclosed bill no longer has an item for "San District". If you are interested in how the Sanitation District will now bill you for their services please contact the Sanitation District at 805-489-6666. The agenda items on this issue approved by the publicly elected OCSD Board to continue services can be viewed at www.oceanocsd.org for the Board Meetings of May 27, 2015 and June 10, 2015."

Chairman Hill contacted the District Manager on Monday, August 3, 2015 and requested that, consistent with the District bylaws, a special meeting be held to discuss this issue.

Richard G. Sweet, PE
District Manager

Attachment: Staff Report for Board Meeting of July 13, 2015