



**SOUTH SAN LUIS OBISPO COUNTY
SANITATION DISTRICT**

Post Office Box 339, Oceano, California 93475-0339
1600 Aloha, Oceano, California 93445-9735
Telephone (805) 489-6666 FAX (805) 489-2765
www.sslocsd.org

**AGENDA
BOARD OF DIRECTORS MEETING**
City of Arroyo Grande, City Council Chambers
215 East Branch Street
Arroyo Grande, California 93420

Wednesday, February 17, 2016 at 6:00 p.m.

Board Members

John Shoals, Chair
Matthew Guerrero, Vice Chair
Jim Hill, Director

Agencies

City of Grover Beach
Oceano Community Services District
City of Arroyo Grande

Alternate Board Members

Mary Lucey, Director
Tim Brown, Director
Barbara Nicolls, Director

Oceano Community Services District
City of Arroyo Grande
City of Grover Beach

-
- 1. CALL TO ORDER AND ROLL CALL**
 - 2. Flag Salute**
 - 3. PUBLIC COMMENTS ON ITEMS NOT APPEARING ON AGENDA**

This public comment period is an invitation to members of the community to present comments, thoughts or suggestions on matters not scheduled on this agenda. Comments should be limited to those matters which are within the jurisdiction of the District. The Brown Act restricts the Board from taking formal action on matters not published on the agenda. In response to your comments, the Chair or presiding Board Member may:

- Direct Staff to assist or coordinate with you.
- Direct Staff to place your issue or matter on a future Board meeting agenda.

Please adhere to the following procedures when addressing the Board:

- Comments should be limited to three (3) minutes or less.
- Your comments should be directed to the Board as a whole and not directed to individual Board members.
- Slanderous, profane or personal remarks against any Board Member, Staff or member of the audience shall not be permitted.

Any writing or document pertaining to an open-session item on this agenda which is distributed to a majority of the Board after the posting of this agenda will be available for public inspection at the time the subject writing or document is distributed. The writing or document will be available for public review in the offices of the Oceano CSD, a member agency located at 1655 Front Street, Oceano, California. Consistent with the Americans with Disabilities Act (ADA) and California Government Code §54954.2, requests for disability-related modification or accommodation, including auxiliary aids or services, may be made by a person with a disability who requires modification or accommodation in order to participate at the above referenced public meeting by contacting the District Manager or Bookkeeper/Secretary at (805) 481-6903. So that the District may address your request in a timely manner, please contact the District two business days in advance of the meeting.

4. CONSENT AGENDA:

The following routine items listed below are scheduled for consideration as a group. Each item is recommended for approval unless noted. Any member of the public who wishes to comment on any Consent Agenda item may do so at this time. Any Board Member may request that any item be withdrawn from the Consent Agenda to permit discussion or to change the recommended course of action. The Board may approve the remainder of the Consent Agenda on one motion.

4A. Review and Approval of Minutes of Meeting of February 03, 2016

4B. Review and Approval of Warrants

5. PLANT SUPERINTENDENT'S REPORT

6. BOARD ACTION ON INDIVIDUAL ITEMS:

6A. 218 PUBLIC HEARING FOR RATE INCREASE

Staff recommends that the Board of Directors:

(1) Hold an open public hearing to hear public comment/protests on the proposed increase of charges for wastewater treatment services and facilities

(2) Adopt Ordinance 2016-XX, an ordinance of the Board of Directors of the South San Luis Obispo Sanitation District increasing charges for wastewater treatment services and facilities.

6B. SELECTION OF DESIGN ENGINEERING FIRM FOR WASTEWATER TREATMENT FACILITY REDUNDANCY PROJECT AND APPROVAL OF CONTRACT

Staff recommends that the Board of Directors issue a Notice of Award to Kennedy/Jenks Consultants, Inc., and authorize the Interim District Administrator to execute the attached contract for design of the WWTF Redundancy Project.

6C. CHLORINE CONTROLS SYSTEM REPLACEMENT

Staff recommends that the Board of Directors authorize the Interim District Administrator to execute the attached contract with CannonCorp Engineering Consultants for the design and installation of a chemical feed control system for the chlorine contact tank at the WWTP.

7. MISCELLANEOUS ITEMS

7A. Miscellaneous Oral Communications

7B. Miscellaneous Written Communications

8. VERBAL REPORT BY INTERIM DISTRICT ADMINISTRATOR

This item gives the District Administrator the opportunity to present future agenda items.

9. PUBLIC COMMENT ON CLOSED SESSION

10. CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

[Paragraph (1) of subdivision (d) of Government Code Section 54956.9]; (one case).

(1) *South San Luis Obispo County Sanitation District v. State Water Resources Control Board (Superior Court of Sacramento), case number 34-2012-80001209-CU-WM-GDS)*

CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION

[Paragraph (2) of subdivision (d) of Government Code Section 54956.9]; (one case).

11. RETURN TO OPEN SESSION; REPORT ON CLOSED SESSION

12. ADJORNMENT

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

City of Arroyo Grande, City Council Chambers
215 East Branch Street
Arroyo Grande, California 93420

Minutes of the Meeting of Wednesday February 03, 2016
6:00 P.M.

1. CALL TO ORDER AND ROLL CALL

Present: Chairman John Shoals, City of Grover Beach; Vice Chairman Matthew Guerrero, Oceano Community Services District; Director Jim Hill, City of Arroyo Grande

District Staff in Attendance: John Clemons, Interim District Administrator/Plant Superintendent; Gilbert Trujillo, District Legal Counsel; Amy Simpson, District Bookkeeper/Secretary.

2. PRESENTATION BY JOHN WALLACE

Former District Administrator John Wallace provided a power point presentation in response to the Knudson Report of Past Management Practices.

Tim Brown, Debbie Peterson, Patricia Price, Julie London, Ron Holt, Colleen Martin, Kevin Rice, Beatrice Spencer, Cathy Springford all gave public comment stating they would like the Board to continue with the motion made at the meeting of January 20, 2016 to have the "Review of Past Management Practices" report sent to authorities.

Brian Metcalf, Bill Herreras, John Semon, Jeff Buckingham, Jorge Aguilar, Tara Malzone, Tim Williams, Dennis Law, Dennis Delzeit, Kit Carter, Brad Brechwald, Clayton Bradshaw, Bianca Koenig all spoke in support of John Wallace.

Chuck Ellison asked that the record be cleared regarding his interview.

3. PUBLIC COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA

Chairman Shoals opened the public comment period.

Tim Brown is concerned that he was unable to find Knudson Report exhibits on SSLOCSD website. John Clemons directed him to where the exhibits were located on the website.

Patty Welsh is upset John Wallace was given extra time to speak.

Chris Gardner commented on Wallace's Report.

Colleen Martin commented on the transcript June 11, 2011 at the Arroyo Grande Council meeting on the discussion of the Grand Jury Report.

There being no more public comment, Chairman Shoals closed the public comment period.

4. CONSENT AGENDA

4A. Review and Approval of the Minutes of the January 20, 2016 Meeting

4B. Review and Approval of Warrants

Chairman Shoals opened the public comment period.

Colleen Martin read into the record the highlights of public comment that was given at the meeting of January 20, 2016.

Chairman Shoals closed the public comment period.

Motion: Director Hill made a motion to approve the consent agenda with the brief addition of the public comments read into the record by Colleen Martin and adding “General” when referring to the State Attorney General.

Second: Director Guerrero

Action: Approved unanimously by roll call vote.

5. PLANT SUPERINTENDENT’S REPORT

Superintendent Clemons presented the report. He reported that the plant is in good standing. He gave an update on maintenance, in progress, and training happening at the District.

There being no public comment, Chairman Shoals closed the public comment period.

Action: The Board received and filed the Plant Superintendent’s report.

6. BOARD ACTION ON INDIVIDUAL ITEMS:

6A. PIPELINE REPAIR CONTRACT

Staff recommended that the Board adopt Resolution 2016-341, authorizing the District Administrator to enter into an agreement with HJ Construction to repair a 12 inch sewer line at the Plant.

The Directors asked to see the bids and directed staff to include bids in the staff reports for all future contracts.

There being no public comment, Chairman Shoals closed the public comment period.

Motion: Director Hill made a motion to adopt Resolution 2016-341, authorizing the District Administrator to enter into an agreement with HJ Construction to repair a 12 inch sewer line at the Plant.

Second: Director Guerrero

Action: Approved unanimously by roll call vote.

7. MISCELLANEOUS ITEMS

A. Miscellaneous Oral Communications

Bookkeeper/Secretary Amy Simpson announced that three letters had been received from the public and requested to be included into the record for Item number 2. Mike LeBraun and Brian Tally were in support of John Wallace. Julie Tacker sent in a letter asking the District to send the Knudson Report to authorities.

Motion: Chairman Shoals made a motion to agendize a closed session to discuss significant exposure to litigation in response to Wallace Group attorney threats.

Second: Director Guerrero seconded the motion.

Action: Motion to direct staff to agendize a Closed Session to discuss significant exposure to litigation passed unanimously.

B. Miscellaneous Written Communications
None to report.

8. VERBAL REPORT BY INTERIM DISTRICT ADMINISTRATOR

No report was given at this meeting.

9. PUBLIC COMMENT ON CLOSED SESSION

Patty Welsh gave comment.

10. CLOSED SESSION

11. REPORT OUT OF CLOSED SESSION

The Board held a closed session, reviewed applicants for District Administrator and gave direction to staff.

12. ADJOURNMENT

There being no further business to come before the Board, Chairman Shoals adjourned the meeting at approximately 8:30p.m.

THESE MINUTES ARE DRAFT AND NOT OFFICIAL UNTIL APPROVED BY THE BOARD OF DIRECTORS AT A SUBSEQUENT MEETING.

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
WARRANT REGISTER
02/17/2016 FY 2015/16

VENDOR	BUDGET LINE ITEM	REFERENCE	WARRANT NO	ACCT	ACCT BRKDN	TOTAL
ABALONE COAST ANALYTICAL, INC.	CHEMICAL ANALYSIS	16-0432	021716-1041	7078	75.00	75.00
ABBA EMPLOYER SERVICES, INC	TEMPORARY LABOR	22088; 22109	42	6085	1,331.20	1,331.20
AGP VIDEO	VIDEO RECORDING	1/6/16; 1/20/16	43	7080	1,630.00	1,630.00
ALLIED ADMINISTRATORS	EMPLOYEE DENTAL	MARCH	44	6025	716.33	716.33
AMIAD WATER SYSTEMS	EQUIPMENT MAINTENANCE	7300030568; 7300030455	45	8030	324.19	324.19
ARAMARK	UNIFORMS	01/29; 02/05	46	7025	472.82	472.82
BANK OF THE WEST	OFFICE SUPPLY'S	JANUARY	47	8045	725.76	725.76
BRENNTAG	PLANT CHEMICALS	BPI594424; BPI594425; BPI597703	48	8050	15,248.91	15,248.91
CALPERS	UNFUNDED LIABILITY	14701434	49	6065	2,291.00	2,291.00
CARQUEST	AUTOMOTIVE	7314-831868	50	8032	51.83	51.83
CARRS BOOTS	UNIFORMS	094009	51	7025	125.00	125.00
CCWT	TRI BED TANK RENAL	32883	52	8040	60.00	60.00
CHARTER	COMMUNICATIONS	FEBRUARY	53	7013	300.67	300.67
CPS HR CONSULTING	ADVERTISING/RECRUITMENT	351302	54	7005	6,874.85	6,874.85
DOCTORS MED PLUS	SAFETY	12/28/15	55	8056	65.00	65.00
DOWNEY BRAND	OUTSIDE LEGAL	DECEMBER	56	7070	2,826.81	2,826.81
ENGEL & GREY, INC.	SOLIDS HANDLING	76677	57	785	2,690.78	2,690.78
FED EX	CHEMICAL ANALYSIS	5-303-32263; 5-310-71976	58	7078	57.97	57.97
GARING TAYLOR & ASSOC.	REDUNDANCY PROJECT RFQ	13478	59	20-7080	543.75	1,998.75
	EMERGENCY FFR SPREADER	13480		7077	1,087.50	
	AG SEWER PIPE BRIDGE	13479		26-8065	367.50	
GILBERT TRUJILLO, ESQ.	LEGAL COUNSEL	JANUARY	60	7071	7,297.50	7,297.50
II SUPPLY	SMALL TOOLS	36713	61	8055	176.47	176.47
INDUSTRIAL MEDICAL GROUP	HEARING TESTS	40288; 40289; 40290	62	7079	120.00	120.00
JB DEWAR	FUEL	807385	63	8020	106.31	106.31
JOHNSON'S BOILER & CONTROL	EQUIPMENT MAINTENANCE	50675	64	8030	541.95	541.95
JWC ENVIRONMENTAL	EQUIPMENT MAINTENANCE	76693	65	8030	1,154.98	1,154.98
LEXIS NEXIS	LEGAL	JANUARY	66	7071	250.00	250.00
MINER'S ACE	EQUIPMENT MAINTENANCE	JANUARY	67	8030	82.10	82.10
OCSD	WATER	11/18 TO 01/18	68	7094	205.13	205.13
OILFIELD ENVIRONMENTAL	BRINE EXPENSE	1600306; 1600466	69	7086	57.00	57.00
OPOLO WINES, LP	RETURN OF BRINE DEPOSIT		70		10,000.00	10,000.00
PRAXAIR	EQUIPMENT RENTAL	54675171	71	7032	29.42	29.42
RAIN FOR RENT	EQUIPMENT RENTAL	031058636	72	7032	8,195.89	8,195.89
READY REFRESH	HOUSEHOLD	16A0012917373	73	8045	205.19	205.19
R.S. FIRE PROTECTION	SAFETY	SSD2416	74	8056	80.63	80.63
SAFETY KLEEN	EQUIPMENT MAINTENANCE	68915403; OC648606	75	8030	351.88	351.88
SOUTH COUNTY SANITARY SVC	TRASH	FEBRUARY	76	7093	91.91	91.91
VWR	LAB SUPPLY'S	MULTIPLE	77	8040	605.10	605.10
WATER SYSTEM CONSULTING	SATELLITE WATER RECOVERY STUDY	1752	78	20-7090	1,550.65	1,550.65
WENDY STOCKTON, ESQ	LEGAL COUNSEL	JANUARY	79	7071	6,352.50	6,352.50
SUB TOTAL					\$ 75,321.48	\$ 75,321.48
GRAND TOTAL					\$ 75,321.48	\$ 75,321.48

We hereby certify that the demands numbered serially from 021716-1041 to 021716-1079 together with the supporting evidence have been examined, and that they comply with the requirements of the SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT. The demands are hereby approved by motion of the SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT, together with warrants authorizing and ordering the issuance of checks numbered identically with the particular demands and warrants.

BOARD OF DIRECTORS:

DATE: _____

Chairman

Board Member

Board Member

Secretary



SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

1600 Aloha Oceano, California 93445-9735
Telephone (805) 489-6666 FAX (805) 489-2765

Date: February 17, 2016

To: SSLOCSD Board of Directors

From: John Clemons, District Superintendent

Subject: **Superintendent's Report**

Operations

Chart 1 – Plant Data

February 2016*	INF Flow MGD	Peak Flow MGD	INF BOD mg/L	EFF BOD mg/L	INF TSS mg/L	EFF TSS mg/L	Fecal Coli	Cl2 lbs/day	BOD REM Eff. %
Average	2.14	3.34	366	26	405	31	11	253	93
High	2.49	4.5	378	33	436	33	33	313	
Limit	5.0			40/60/90		40/60/90	2000		80
CY 2015 Monthly									
Average	2.17	3.42	415	29	438	36	67	194	93
High	2.42	4.8	495	43	494	47	255	402	

- * = Plant data through February 12th.

Limit – 40/60/90 represent NPDES Permit limits for the monthly average, weekly average, and instantaneous value for plant effluent BOD and TSS.

Maintenance

- Repaired loose wire in effluent pump controls.
- Discovered non-working vfd on 32 effluent pump.
- Traced and repaired broken sub-surface pipe near #1 digester.
- Recorded amperage readings on all motors.
- Work Orders.

In-Progress

- Garing, Taylor, and Associates is working with staff to review and ensure the integrity of the District's **A.G. Sewer Bridge**.
- Staff is working with MKN and Associates Engineers on the installation of a **grit removal system**.
- Staff is preparing an RFP for installation of a **mechanical bar screen** in the headworks.
- **Secondary Process Redundancy Project** – Permitting update.
- **Satellite Water Resource Recovery Facilities** Planning Feasibility Study
- Staff is conferring with PG&E representatives regarding possible **energy conservation projects**.
- Staff is preparing a **short-term emergency back-up plan** in case of a FFR failure.

Miscellaneous

- Staff attended the Pismo Beach Regional Groundwater Sustainability Project Kickoff Meeting.
- Staff met with City of A.G. Staff and Dan Heimel of WSC to discuss potential scope of Recycled Water Study.
- Staff had annual audiometric testing performed.

Best regards,

John Clemons
Superintendent



SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

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Telephone (805) 489-6666 FAX (805) 489-2765

www.sslocsd.org

To: Board of Directors
From: John Clemons, Interim District Administrator
Date: February 17, 2016
Subject: Prop 218 Public Hearing

RECOMMENDATION

Staff recommends that the Board of Directors:

- (1) Hold an open public hearing to hear public comment/protests on the proposed increase of charges for wastewater treatment services and facilities
- (2) Adopt Ordinance 2016-XX, an ordinance of the Board of Directors of the South San Luis Obispo Sanitation District increasing charges for wastewater treatment services and facilities.

BACKGROUND

The Sanitation District Board of Directors retained the services of Bartle Wells and Associates to perform a rate study and to develop a long term financial plan which addresses the Districts need to recover the cost of providing wastewater treatment services and maintaining nine miles of sewer trunk lines. In addition to basic operations and maintenance funding, the study considered the need to construct required redundant facilities to provide uninterrupted service in the event that the primary treatment system fails or requires maintenance.

The District has not had a rate increase in six years. This District currently has one of the lowest wastewater treatment fees in the region. After the increase District rates will still be one of the lowest in the region.

DISCUSSION

Notices for the hearing were mailed out on December 30, 2015.

Best Regards,

John Clemons III
Superintendent/Interim District Administrator

ORDINANCE NO. 2016 –**AN ORDINANCE OF THE BOARD OF DIRECTORS OF SOUTH SAN LUIS OBISPO COUNTY
SANITATION DISTRICT INCREASING CHARGES FOR WASTEWATER TREATMENT
SERVICES AND FACILITIES**

THE BOARD OF DIRECTORS OF SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
ORDAINS AS FOLLOWS:

WHEREAS, Health & Safety Code §§5471 provides that, by an ordinance approved by a two-thirds vote of its membership, the Board of Directors of a sanitation district may prescribe, revise and collect charges for services and facilities it furnishes; and

WHEREAS, California Constitution Article XIII D, §6, entitled “property related fees and charges,” specifies procedures the District must use when increasing charges for wastewater treatment services and facilities, and imposes substantive requirements for those charges; and

WHEREAS, Government Code §53755 contains additional procedures and clarifications for use by agencies that wish to impose an increase to their property-related fees and charges, including charges for wastewater treatment services and facilities; and

WHEREAS, the District needs to increase its charges for wastewater treatment services and facilities because, besides operating and maintaining its regional treatment plant (which includes repair and replacement of aging plant facilities and increased costs for staffing, electricity, chemicals, insurance and other operating expenses), the District must build major new facility upgrades to comply with state and federal laws and regulations; and

WHEREAS, in compliance with the authorities set out above and subsequent case law, the District has commissioned a Wastewater Financial Plan & Rate Study, revised 2/9/16, from Bartle Wells Associates, which demonstrates all of the following with regard to the District’s proposed increased charges:

- Revenues derived from the charges do not exceed the funds required to provide the property related service.
- Revenues derived from the charges will not be used for any purpose other than that for which the fee or charge was imposed.
- The amount of the charge imposed upon any parcel or person as an incident of property ownership does not exceed the proportional cost of the service attributable to the parcel.
- The charges will not be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question.
- The charges are not imposed for general governmental services, but only for wastewater treatment services and facilities; and

WHEREAS, also in compliance with the authorities set out above and subsequent case law, the District has identified the parcels upon which the increased charge is to be imposed as all parcels that are currently customers receiving wastewater treatment services from the District; and

WHEREAS, also in compliance with the authorities set out above and subsequent case law, the District has calculated the amount of the charge proposed to be imposed on each parcel; and

WHEREAS, also in compliance with the authorities set out above and subsequent case law, the District on December 30, 2015 caused notice of a public hearing on the proposed increases (a copy of which is set out in the Wastewater Financial Plan & Rate Study) to be sent by first-class mail to the address contained in the County Assessor's office for the record owner of each identified parcel *and* to the address of record for each customer signed up for wastewater treatment service at each identified parcel; and

WHEREAS, District staff has received proof of this mailing in electronic format, which is maintained at District offices; and

WHEREAS, on February 17, 2016, the District conducted a public hearing upon the proposed increases, which date is more than 45 days after mailing of the notice; and

WHEREAS, at the public hearing, the District considered all written protests previously filed concerning the proposed increases, and all protests concerning the proposed increases offered at the public hearing—and has determined that no majority protest has been presented; and

WHEREAS, the approval of this ordinance is exempt from the California Environmental Quality Act pursuant to Public Resources Code §21080(b)(8).

NOW, THEREFORE, THE DISTRICT finds that the above recitals are true, and ordains:

Section 1. Wastewater treatment rates shall be increased as shown in the following chart:

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

Wastewater Treatment Rates

	Monthly Service Charges Effective On or After:				
	March 1 2016	July 1 2016	July 1 2017	July 1 2018	July 1 2019
a. Residences & Apartments	\$17.64	\$19.60	\$21.56	\$23.52	\$25.48
b. Hotel Units with Kitchens	15.43	17.14	18.85	20.56	22.27
c. Hotel Units without Kitchens	9.92	11.02	12.12	13.22	14.32
d. Hotel Room	9.92	11.02	12.12	13.22	14.32
e. Commercial Establishments	7.93	8.81	9.69	10.57	11.45
Each additional employee above 5	1.59	1.77	1.95	2.13	2.31
f. Beauty Shops	15.87	17.63	19.39	21.15	22.91
Each additional operator above 5	2.39	2.66	2.93	3.20	3.47
g. Eating Establishments w/o Grinders	24.69	27.43	30.17	32.91	35.65
Each additional 5 seats above 30	3.71	4.12	4.53	4.94	5.35
h. Restaurants (w/Grinders) <30 seats	39.68	44.09	48.50	52.91	57.32
Restaurants (w/Grinders) over 30 seats	55.55	61.72	67.89	74.06	80.23
i. Laundromats - per washing machine	11.37	12.63	13.89	15.15	16.41
Minimum Charge	34.12	37.91	41.70	45.49	49.28
j. Service Stations - no wash/rack	46.73	51.92	57.11	62.30	67.49
Service Stations - with wash/rack	67.02	74.47	81.92	89.37	96.82
k. Factories	26.45	29.39	32.33	35.27	38.21
Each additional employee above 20	1.32	1.47	1.62	1.77	1.92
l. Churches	14.63	16.26	17.89	19.52	21.15
Per ADA with elementary school	0.44	0.49	0.54	0.59	0.64
Per ADA with other school	0.65	0.72	0.79	0.86	0.93
m. Bottling Plants	31.75	35.28	38.81	42.34	45.87
n. Schools (Non-boarding)	8.78	9.76	10.74	11.72	12.70
Per ADA with elementary school	0.44	0.49	0.54	0.59	0.64
Per ADA with other school	0.65	0.72	0.79	0.86	0.93
o. Schools (Boarding)	8.82	9.80	10.78	11.76	12.74
Per ADA with elementary school	0.88	0.98	1.08	1.18	1.28
Per ADA with other school	1.24	1.38	1.52	1.66	1.80
p. Trailer/Mobile Home Space	10.59	11.77	12.95	14.13	15.31
q. RV Dump Stations - Less than 50 svcs	82.01	91.12	100.23	109.34	118.45

Section 2. Severability. Should any provision, section, paragraph, sentence or word of this Ordinance be declared invalid by any court of competent jurisdiction or by reason of any preemptive legislation, the remaining provisions, sections paragraphs, sentences or words of this Ordinance shall remain in full force and effect and, to that end, the provisions of this Ordinance are severable.

Section 3. Effective date. This ordinance shall become effective 30 days from the date of final passage.

Section 4. Publication. Within 15 days of its final passage, this ordinance shall be published once, with the names of the Board members voting for and against the ordinance, in a newspaper of general circulation published in the County of San Luis Obispo.

Alternatively, a summary of the proposed ordinance may be prepared by District Counsel and published by the District Bookkeeper. A certified copy of the full text of the proposed ordinance shall be made available to the public upon request at least five days prior to the District Board meeting at which the proposed ordinance is to be adopted. The District Bookkeeper shall also post a copy of the full text of the ordinance on the District's Internet website five days prior to the District Board meeting at which the proposed ordinance is to be adopted. Within 15 days after adoption of the ordinance, the District Bookkeeper shall publish a summary of the ordinance with the names of those directors voting for and against the matter and shall make available to the public, upon request, a certified copy of the full text of the ordinance. The District Bookkeeper shall also post a copy of the full text of the ordinance with the names of those directors voting for and against the ordinance on the District's Internet website.

Introduced at a regular meeting of the South San Luis Obispo County Sanitation District held February 17, 2016, and **passed and adopted** at a regular meeting of the South San Luis Obispo County Sanitation District held March 2, 2016, by the following roll-call vote:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

John Shoals, Chairman

APPROVED AS TO FORM:

ATTEST:

District Counsel

Secretary

South San Luis Obispo County Sanitation District



Wastewater Financial Plan & Rate Study

February 10, 2016



BARTLE WELLS ASSOCIATES
INDEPENDENT PUBLIC FINANCE ADVISORS



BARTLE WELLS ASSOCIATES
INDEPENDENT PUBLIC FINANCE ADVISORS

1889 Alcatraz Avenue
Berkeley, CA 94703
510 653 3399 fax: 510 653 3769
www.bartlewells.com

February 10, 2016

South San Luis Obispo County Sanitation District
1600 Aloha Place/P.O. Box 339
Oceano, CA 93475-0339

Attn: John Clemons, District Administrator

Bartle Wells Associates is pleased to submit the attached *Wastewater Financial Plan & Rate Study*. The study develops long-term financial projections and calculates wastewater treatment charges designed to equitably recover the costs of providing service. The recommended rates are designed to meet the District's operational and capital funding needs, comply with legal requirements, and be fair to all customers.

Prior to this study, the District had not increased its wastewater treatment charges in over five years. The proposed rate increases are needed to a) provide adequate funding for the costs of operating and maintaining the District's regional wastewater conveyance and treatment facilities, b) fund major new facility upgrades needed to comply with state and federal laws and regulations, and c) provide funding for repair and replacement of aging infrastructure.

The proposed rates incorporate both overall rate increases needed to meet the District's funding needs as well as some modifications to the rate structure designed realign rates with the cost of providing service and improve rate equity. Rate increases are phased in over approximately five years to minimize the annual impact on District customers.

I enjoyed working with the District on this assignment and appreciate the cooperation and assistance received from District staff throughout the project. Please contact me if you have questions about the recommendations in this report or other related issues.

Sincerely,

BARTLE WELLS ASSOCIATES

Alex T. Handlers, CIPMA
Principal/Vice-President

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Appendix A: Complete Set of Tables & Charts

Appendix B: Proposition 218 Notice of Public Hearing

Appendix C: California Sewer Rate Structures



South San Luis Obispo County Sanitation District

Wastewater Financial Plan & Rate Study

Key Findings & Recommendations

1 Background

- The South San Luis Obispo County Sanitation District (SSLOCSO or District) is a special district that provides wastewater treatment services to the communities of Arroyo Grande, Grover Beach, and Oceano. The District is located in southwestern San Luis Obispo County, California approximately 15 miles south of the City of San Luis Obispo. The District serves a population of roughly 38,000 as well as commercial, industrial, and institutional accounts within its service area.
- The District was formed in 1963 and is governed by a three-member Board of Directors who are appointed by the governing bodies of its three member agencies: the Cities of Arroyo Grande and Grover Beach, and the Oceano Community Services District. Each Board Member has an equal vote.
- The District owns and operates a wastewater treatment plant with a permitted capacity of 5.0 million gallons per day (mgd) of average dry weather flow, an ocean outfall for disposal of treated effluent, and almost nine miles of wastewater trunk lines that convey sewage from its member agencies. The District also assists in providing wastewater source control programs and inspection services on behalf of its member agencies.
- The District needs to fund a major “redundancy project” to address requirements of the Regional Water Quality Control Board (RWQCB) and improve treatment plant reliability. Based on an updated engineering cost estimate from September 2015, the project cost is estimated at a little over \$19 million (current dollars) including design, permitting, construction, 30% construction cost contingency, and project management.

2 Financial Plan & Rate Study Objectives

- In 2014, Bartle Wells Associates (BWA) was retained to develop a sewer rate study to support the District’s long-term financial needs. A key objective of the rate study is to recommend service charges adequate to fund future operating and capital needs including construction of the required redundancy project. Key elements of the rate study include

1. Develop 10-year financial projections to determine annual revenue requirements
2. Incorporate the latest available financial information and estimates of future operating and capital funding needs
3. Evaluate financing alternatives for the District's capital improvement program including a major capital upgrade to the District's treatment plant needed to improve reliability and redundancy and comply with RWQCB requirements.
4. Develop sewer rates that:
 - a. Recover the District's costs of providing service and support long-term financial stability
 - b. Provide adequate funding for capital needs including the District's long-term infrastructure repairs and replacements
 - c. Comply with the legal requirements of Proposition 218
5. Aim for steady, gradual annual rate increases to help minimize the annual impact on customers
6. Pursue low-cost financing alternatives for required debt financing
7. Maintain a prudent level of fund reserves

3 District Finances & Rates

- SSLOCD is a financially self-supporting district that relies primarily on sewer service charges collected on a pass-through basis from sewer customers served by its three member agencies.
 - Sewer rates are the District's main source of revenue and account for approximately 95% of total District revenues.
 - The District's rates should be set at levels adequate to fund the District's cost of providing service, including long-term operating and capital needs, and support the District's long-term financial stability.
- The District has not adopted any rate increases in over five years. Current rates have been in effect since May 1, 2010. The District has implemented a number of cost reduction measures over the past few years that have enabled the District to defer rate increases.
- The District currently levies a flat monthly residential charge \$14.86 per dwelling unit. Non-residential customers pay fixed charges that vary by customer type and other factors such as number of employees, number of seats in a restaurant, and number of students.

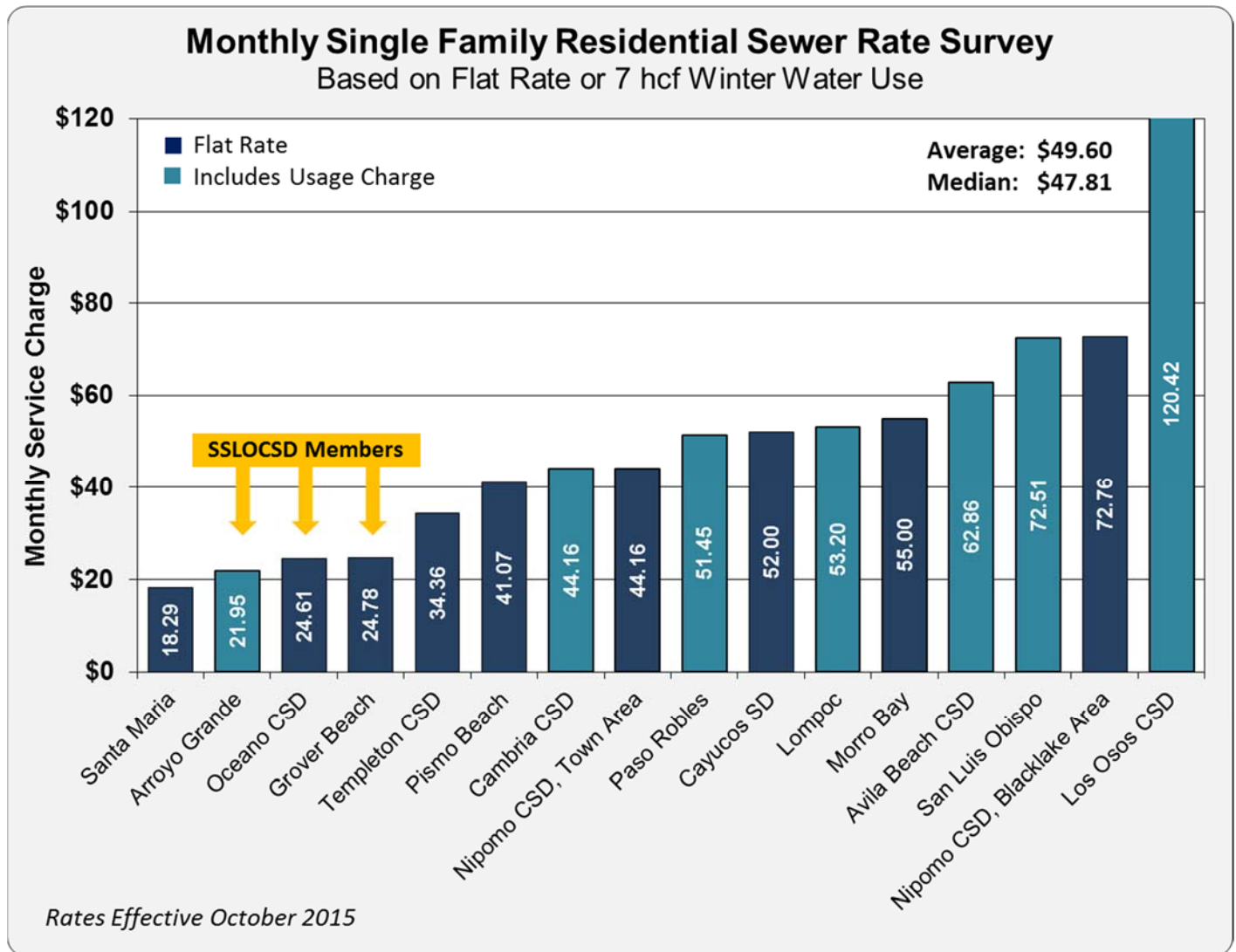
Historical SSLOCSD Rates

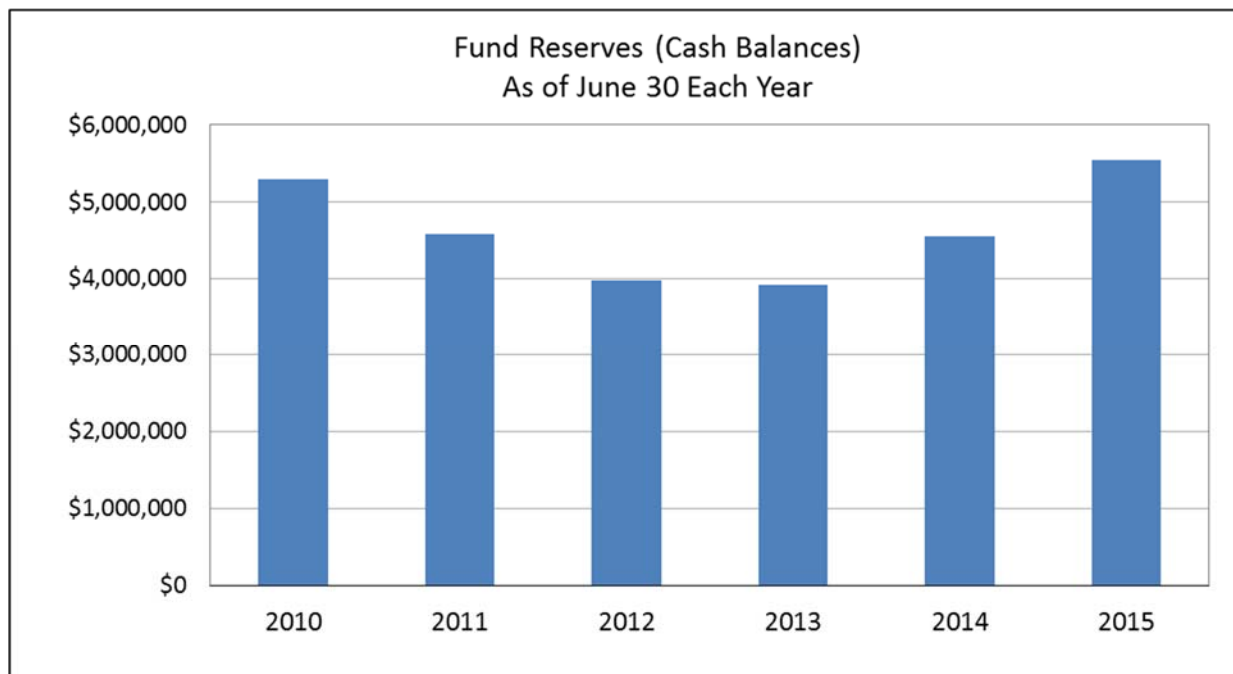
(Note: There have been no rate increases in over five years since May 1, 2010)

	Prior Rates	Jan 1 2007	May 1 2007	May 1 2008	May 1 2009	May 1 2010
a. Residences & Apartments	\$6.50	\$8.93	\$10.70	\$12.31	\$13.52	\$14.86
b. Hotel Units with Kitchens	5.20	9.41	11.29	12.98	14.28	15.71
c. Hotel Units without Kitchens	4.40	6.02	7.22	8.30	9.12	10.02
d. Hotel Room	4.55	6.22	7.46	8.58	9.42	10.36
e. Commercial Establishments	6.73	4.59	5.51	6.26	6.97	7.65
Each additional employee above 5	0.44	0.92	1.10	1.25	1.39	1.53
f. Beauty Shops	8.66	8.49	10.19	11.60	12.73	13.97
Each additional operator above 5	0.86	1.41	1.70	1.93	2.12	2.33
g. Eating Establishments w/o Grinders	9.31	9.11	10.92	12.56	13.79	15.16
Each additional 5 seats above 30	1.01	1.52	1.82	2.09	2.30	2.53
h. Restaurants (w/Grinders) less than 30 seats	14.78	17.30	20.67	24.31	28.12	31.07
Restaurants (w/Grinders) over 30 seats	18.29	22.18	26.51	31.17	36.06	39.84
i. Laundromats - per washing machine	2.96	5.83	7.01	7.98	8.85	9.71
Minimum Charge	8.71	17.50	21.03	23.93	26.54	29.14
j. Service Stations - no wash/rack	7.86	23.26	27.91	31.84	34.11	37.41
Service Stations - with wash/rack	12.47	34.18	41.06	46.56	49.65	54.40
k. Factories	12.47	13.34	16.02	18.30	20.08	22.05
Each additional employee above 20	0.38	0.66	0.80	0.91	1.00	1.10
l. Churches	6.71	7.57	9.10	10.34	11.44	12.56
Per ADA with elementary school	0.21	0.21	0.25	0.28	0.31	0.34
Per ADA with other school	0.30	0.30	0.36	0.42	0.46	0.51
m. Bottling Plants	12.47	13.34	16.02	18.30	20.08	22.05
n. Schools (Non-boarding)	3.25	4.27	5.13	5.83	6.44	7.07
Per ADA with elementary school	0.21	0.20	0.24	0.27	0.30	0.33
Per ADA with other school	0.30	0.31	0.36	0.43	0.47	0.52
o. Schools (Boarding)	3.25	4.27	5.13	5.83	6.44	7.07
Per ADA with elementary school	0.38	0.43	0.51	0.59	0.65	0.71
Per ADA with other school	0.48	0.57	0.68	0.78	0.86	0.95
p. Trailer/Mobile Home Space	6.50	2.52	3.02	3.47	3.81	4.19
q. RV Dump Stations - Less than 50 services	21.00	25.22	30.15	35.20	38.75	42.69
r. Brine (per gallon)	0.1125	0.1125	0.1125	0.1125	0.1125	0.1125

- The District's member agencies currently collect both a) their own charges for sewer collection services, and b) the District's charges for wastewater treatment. Wastewater treatment charges collected on the District's behalf are subsequently passed-through to the District.

- Accounting for both District and local agency charges, the total sewer rates levied by each of the District's three member agencies are among the very lowest in the region based on a survey of 16 regional wastewater agencies.





- The District's fund reserves totaled approximately \$5.5 million as of June 30, 2015.
 - Approximately \$4.1 million of these reserves are held in the District's Expansion Fund, which is used primarily to fund expansion projects and debt service allocated to expansion. Due to restrictions on the use of reserves in the Expansion Fund, BWA recommends the District spend these reserves whenever justified with the goal of instead maintaining a higher level of unrestricted operating reserves. For example, a pipeline replacement that provides no new capacity for expansion can be partially funded from the Expansion Fund assuming the pipeline already has excess capacity available for expansion, even if it is not being expanded further. Additionally, the District's connection fees (one-time levied on new development to recover the cost of facilities benefiting growth) may include buy-in for previously-funded wastewater system assets. If so, a portion of the fee can be used to reimburse the operating fund for the prior infrastructure investments made on behalf of future growth.

4 Financial Challenges

The District faces a number of financial challenges in upcoming years that put upward pressure on sewer rates. Key challenges include:

4.1 Redundancy Project

- The District has been proactively working to complete reliability and redundancy upgrades to the wastewater treatment plant in order to address requirements of the RWQCB. The District has been working to evaluate project alternatives and identify the most cost-effective infrastructure improvements that will reliably address the RWQCB requirements. Based on an updated engineering cost estimate from September 2015, the project cost is estimated at a little over \$19 million (current dollars) including design, permitting, construction, 30% construction cost contingency, and project management. With 3% cost inflation, the project is estimated at \$20.4 million in future dollars.
- In order to meet RWQCB requirements, the redundancy project is scheduled to be completed and operational by end of 2019, with preliminary engineering/design and construction bidding to be completed by the end of June 2017 followed by construction spread over the subsequent two years and startup/commissioning by the end of 2019.
- Preliminary engineering estimates project the redundancy project will increase the District's annual operating costs by roughly \$425,000. With 4% operating cost inflation, additional annual operating costs associated with the project are projected at \$500,000 in future dollars beginning fiscal year 2019/20.

Redundancy Project Cost Estimates (Current \$)

Project Cost Estimates

Construction Cost		\$9,940,000
Deep Foundation Allowance		1,400,000
Floodproofing Allowance		500,000
Critical Pipe Repair/Replacement Allowance		<u>500,000</u>
Subtotal		12,340,000
Construction Cost Contingency	30%	<u>2,982,000</u>
Construction Cost with Contingency		15,322,000

Other Project Costs: *Estimated as a % of Base Construction Costs + Allowances*

Design	12%	1,490,000
Permitting	1%	120,000
Engineering During Construction	3%	380,000
Construction Management	10%	1,234,000
Project Management/Administration	<u>4%</u>	<u>494,000</u>
Subtotal	30%	3,718,000

Total Project Costs **19,040,000**

Annual O&M Cost Estimate **425,000**

Based on Technical Memorandum from Michael Nunley dated September 11, 2015;
SSLOCSD Work Plan for Redundancy Project.

4.2 Capital Needs and Repair & Replacement of Aging Facilities

- The District's treatment plant was originally constructed in 1966 and has subsequently been upgraded and expanded to its current configuration. Due to the age and condition of various components of the District's facilities, the District anticipates needing to fund roughly \$500,000 (current dollars) on average each year for ongoing upgrades, repairs and replacements to its facilities to address current deficiencies and deferred maintenance needs and help ensure continued service reliability. Additional capital needs include an additional \$320,000 budgeted in the current fiscal year for grit removal. The financial projections also assume an average annual funding level of \$200,000 (current dollars) per year from the Expansion Fund or for additional ongoing capital needs. Total capital improvement costs over the 10 years are projected at roughly \$7.4 million in current dollars, and roughly \$8.3 million accounting for 3% construction cost inflation.

4.3 Operating Cost Inflation

- Annual rate increases are needed to keep revenues in line with ongoing operating cost inflation. Cost inflation for water & wastewater utilities (whose costs are largely related to labor and capital) has historically been higher than CPI, which is more of a measure of urban goods and services. For planning purposes, the projections assume operating costs escalate at the annual rate of 4%.

10-Year Capital Improvement Program

	Budget	Projected										10-Year
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Total	
CAPITAL IMPROVEMENT COST ESTIMATES (CURRENT \$)												
Redundancy Project												
Design & Permitting	-	610,000	1,000,000	-	-	-	-	-	-	-	1,610,000	
Construction (w/ allowances & contingency)	-	-	-	7,661,000	7,661,000	-	-	-	-	-	15,322,000	
Project & Construction Management	-	-	-	1,054,000	1,054,000	-	-	-	-	-	2,108,000	
Subtotal	-	610,000	1,000,000	8,715,000	8,715,000	-	-	-	-	-	19,040,000	
Ongoing Capital Improvement Program												
Improvements & Repairs/Replacements	622,000	820,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	5,442,000	
Expansion Fund/Other Projects	150,000	255,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	2,005,000	
Subtotal	772,000	1,075,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	7,447,000	
CAPITAL IMPROVEMENT COST ESTIMATES (FUTURE \$)												
Projected Construction Cost Escalation												
Annual Cost Escalation			3%		3%		3%		3%		3%	
Cost Escalator	1.000	1.000	1.030	1.061	1.093	1.126	1.159	1.194	1.230	1.267		
Redundancy Project												
Design & Permitting	-	610,000	1,030,000	-	-	-	-	-	-	-	1,640,000	
Project Construction	-	-	-	8,128,000	8,371,000	-	-	-	-	-	16,499,000	
Project/Construction Management	-	-	-	1,118,000	1,152,000	-	-	-	-	-	2,270,000	
Subtotal	-	610,000	1,030,000	9,246,000	9,523,000	-	-	-	-	-	20,409,000	
Ongoing Capital Improvement Program												
Repair/Rehab/Replacement Projects	622,000	820,000	515,000	530,000	546,000	563,000	580,000	597,000	615,000	633,000	6,021,000	
Expansion Fund/Other Projects	150,000	255,000	206,000	212,000	219,000	225,000	232,000	239,000	246,000	253,000	2,237,000	
Subtotal	772,000	1,075,000	721,000	742,000	765,000	788,000	812,000	836,000	861,000	886,000	8,258,000	

5 Financial Projections

- BWA developed 10-year financial projections to evaluate annual revenue requirements and project sewer rate increases. The projections were based on reasonable and slightly conservative assumptions listed below.

Key Assumptions

- Future operating cost projections are based on the 2015/16 Budget
- Operating cost inflation is projected at 4% per year for planning purposes
- The projections assume a relatively low growth scenario of 20 new single family homes or Equivalent Residential Units (ERUs) per year
- Salaries and Benefits include an additional combined \$225,000 in annual funding for a General Manager prorated to start January 2016. The cash flow projections also assume a corresponding reduction of \$80,000 of Administrative Costs starting 2016/17 that would have been needed without a General Manager.
- Assumes a redundancy project cost estimate of \$19.0 million (current \$) and \$20.4 million (future \$) based on the latest engineering cost estimates.
- Cash flow projections were developed under two financing scenarios:
 - SRF Financing: Projections were developed assuming the District funds the redundancy project with a Clean Water State Revolving Fund (SRF) loan. The SRF financing program currently offers 20 or 30-year loans with interest rates below 2%. For planning purposes, the projections assume a 30-year SRF loan with a 3% annual interest rate. The interest rate on SRF loan fluctuates based roughly on half of the State of California's General Obligation Bond Rate.
 - Revenue Bonds: Alternative cash flow and rate projections were developed based on funding the redundancy project with sewer revenue bonds assuming a 30-year bond with 5.5% average interest rate. Current interest rates are lower, however, it is difficult to predict future interest rates when project funding will be needed.
- Includes new operating costs for the redundancy project projected at \$425,000 (current dollars) plus 4% cost escalation through startup in 2019/20, at which point the escalated operating costs would total \$500,000 per year.
- Includes funding for the District's capital improvement program with 3% construction cost inflation

- Includes a \$1.1 million payment in 2015/16 to the RWQCB for fines related to a prior permit violation during an extreme storm event in December 2010
- Minimum fund reserve target for financial planning purposes: 50% of annual operating and maintenance expenses + \$1 million for emergency capital reserves

5.1 Projections with SRF Loan Financing

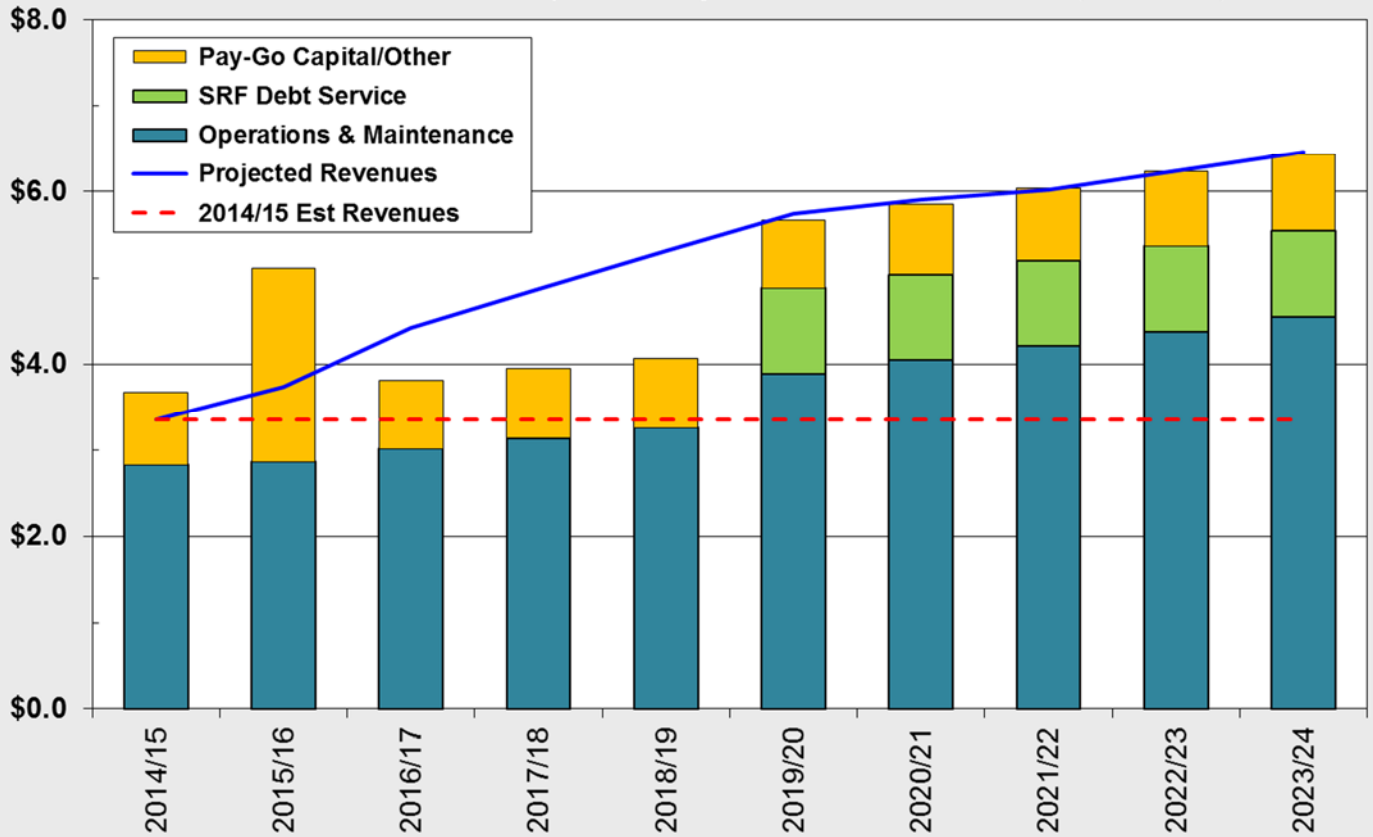
- The following table and chart show a summary of financial projections assuming the District obtains SRF Loan financing for the redundancy project. More-detailed cash flow projections are included in Appendix A.

Summary Financial Projections
With SRF Loan Financing for the Redundancy Project

Fiscal Year	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24
Monthly Residential Rate	\$14.86	\$18.00	\$20.00	\$22.00	\$24.00	\$26.00	\$26.50	\$27.00	\$28.00	\$29.00
Beginning Fund Reserves	\$5.5	\$5.2	\$3.2	\$4.3	\$5.2	\$5.5	\$5.6	\$5.6	\$5.6	\$5.6
REVENUES										
Sewer Service Charges	3.1	3.4	4.2	4.6	5.1	5.5	5.6	5.7	5.9	6.1
Other Revenues	0.2	0.3	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3
Subtotal	3.4	3.7	4.4	4.9	5.3	5.7	5.9	6.0	6.2	6.5
SRF Loan Proceeds	-	-	1.5	9.2	9.5	-	-	-	-	-
Total	3.4	3.7	5.9	14.1	14.8	5.7	5.9	6.0	6.2	6.5
EXPENSES										
Operating Expenses	2.8	2.9	3.0	3.1	3.3	3.4	3.5	3.7	3.8	4.0
New Redundancy O&M	-	-	-	-	-	0.5	0.5	0.5	0.6	0.6
Debt Service	-	-	-	-	-	1.0	1.0	1.0	1.0	1.0
Redundancy Project	-	0.6	1.0	9.2	9.5	-	-	-	-	-
RWQCB Fine	-	1.1	-	-	-	-	-	-	-	-
Capital/Non-Operating	0.8	1.2	0.8	0.8	0.8	0.8	0.8	0.8	0.9	0.9
Total	3.7	5.7	4.8	13.2	13.6	5.7	5.9	6.0	6.2	6.4
Transfer to SRF Reserve	-	-	-	-	1.0	-	-	-	-	-
Revenues Less Exps	(0.3)	(2.0)	1.1	0.9	0.3	0.1	0.1	(0.0)	0.0	0.0
Ending Fund Reserves	5.2	3.2	4.3	5.2	5.5	5.6	5.6	5.6	5.6	5.7
SRF Reserve Requirement	-	-	-	-	1.0	1.0	1.0	1.0	1.0	1.0
Debt Service Coverage	-	-	-	-	-	1.86	1.87	1.83	1.88	1.92

South San Luis Obispo County Sanitation District

10-Year Revenue & Expense Projections with SRF Loans (\$ Millions)



Excludes capital improvements funded by debt, but includes the associated debt service.

Excludes interfund transfers that are not expenditures.

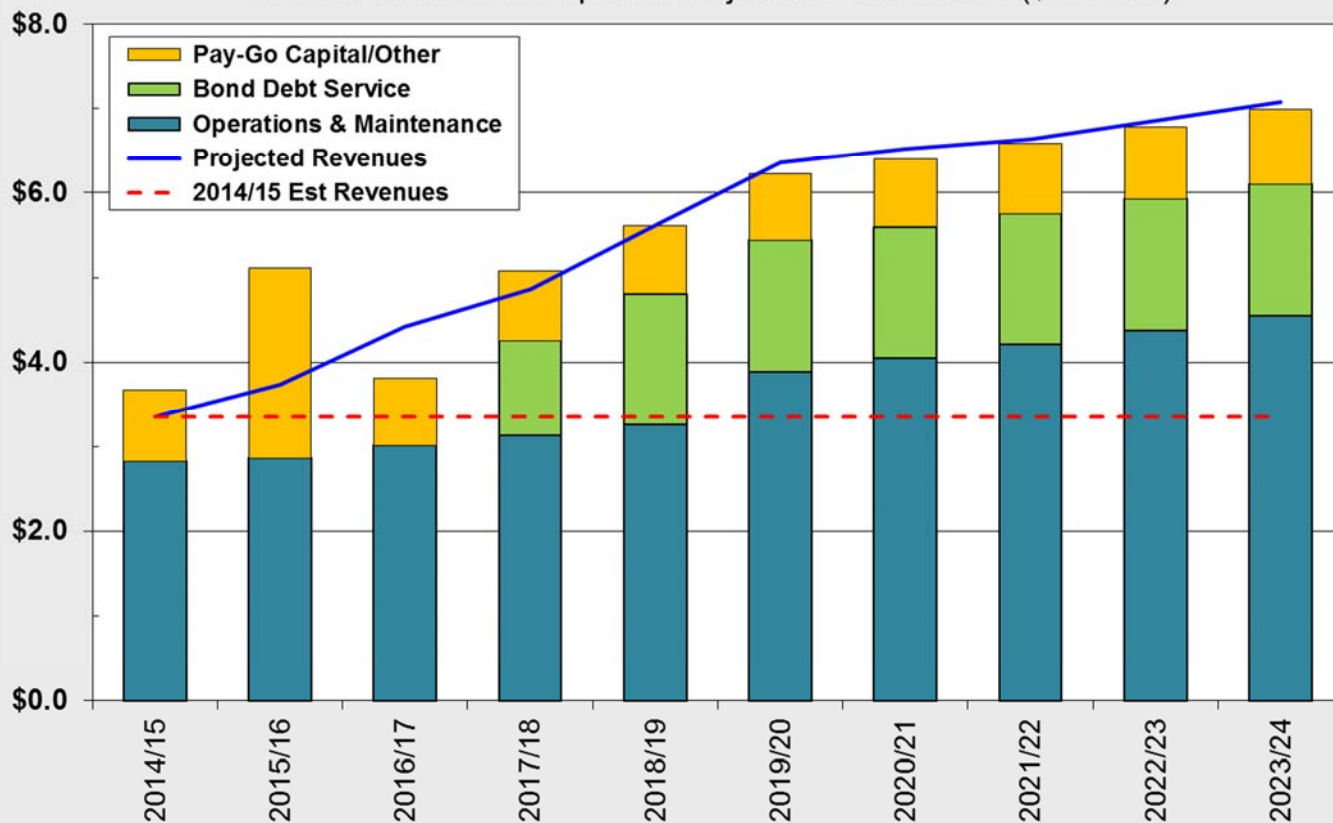
5.2 Projections with Bond Financing

- The following table and chart show a summary of financial projections assuming the District finances the redundancy project with sewer revenue bonds. More-detailed cash flow projections are included in Appendix A.

Summary Financial Projections
With Sewer Revenue Bond Financing for the Redundancy Project

Fiscal Year	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24
Monthly Residential Rate	\$14.86	\$18.00	\$20.00	\$22.00	\$25.50	\$29.00	\$29.50	\$30.00	\$31.00	\$32.00
Beginning Fund Reserves	\$5.5	\$5.2	\$3.2	\$2.8	\$4.2	\$4.2	\$4.4	\$4.5	\$4.5	\$4.6
REVENUES										
Sewer Service Charges	3.1	3.4	4.2	4.6	5.4	6.1	6.2	6.3	6.6	6.8
Other Revenues	0.2	0.3	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3
Subtotal	3.4	3.7	4.4	4.9	5.6	6.4	6.5	6.6	6.9	7.1
Bond Proceeds	-	-	-	10.8	9.5	-	-	-	-	-
Total	3.4	3.7	4.4	15.7	15.1	6.4	6.5	6.6	6.9	7.1
EXPENSES										
Operating Expenses	2.8	2.9	3.0	3.1	3.3	3.4	3.5	3.7	3.8	4.0
New Redundancy O&M	-	-	-	-	-	0.5	0.5	0.5	0.6	0.6
Debt Service	-	-	-	1.1	1.5	1.5	1.5	1.5	1.5	1.5
Redundancy Project	-	0.6	1.0	9.2	9.5	-	-	-	-	-
RWQCB Fine	-	1.1	-	-	-	-	-	-	-	-
Capital/Non-Operating	0.8	1.2	0.8	0.8	0.8	0.8	0.8	0.8	0.9	0.9
Total	3.7	5.7	4.8	14.3	15.1	6.2	6.4	6.6	6.8	7.0
Revenues Less Exps	(0.3)	(2.0)	(0.4)	1.4	0.0	0.1	0.1	0.0	0.1	0.1
Ending Fund Reserves	5.2	3.2	2.8	4.2	4.2	4.4	4.5	4.5	4.6	4.7
Debt Service Coverage	-	-	-	1.54	1.52	1.60	1.60	1.57	1.60	1.63

South San Luis Obispo County Sanitation District 10-Year Revenue & Expense Projections with Bonds (\$ Millions)



Excludes capital improvements funded by debt, but includes the associated debt service.
 Excludes interfund transfers that are not expenditures.

6 Cost of Service Rate Realignment

- The District's rate structure was last reviewed and modified in 2007. In order to ensure the District's rates reasonably reflect the cost of service to each customer class, BWA developed new rates from the ground up, based on reasonable estimates of wastewater flow and strength for each of the District's customer classes.
- Revised sewer service charges were first calculated on a revenue-neutral basis with the District's current rates, as shown on table on the following page. The tables calculates new rates based on the number of Equivalent Residential Units (ERUs) assigned to each customer type. An ERU is unit of measurement based on the wastewater flow and strength loadings and associated wastewater system capacity needs of a typical single family home. Wastewater flow and strength loadings from different types of customers can be expressed in terms of ERUs in order to provide a standard unit of measurement representing the relative cost burden for serving each connection in relation to that of a single family home. The ERU assignments, in turn, are used to develop new rates aligned with the cost of providing service to each customer class.
- The number of ERUs assigned to each customer class is based on the standard wastewater flow and strength of each customer type. Specifically, ERUs are calculated based on the multiplication of the Wastewater Flow Factor and the Strength Factor of each class.
 - The Wastewater Flow Factor represents the volume of wastewater flow and system capacity requirements for each customer class in relation to that of a standard single family residence. The Wastewater Flow Factor formula can be expressed as:
Flow Factor = Typical Flow per Customer Class (gpd) / 200 gpd
 - The Wastewater Strength Factor is calculated based on both a) the relative wastewater strength of each customer class in relation to that of a standard single family residence as measured by the standard wastewater strength parameters of Biological Oxygen Demand (BOD) and Suspended Solids (SS), and b) cost recovery based on 60% cost recovery from flow, 20% from BOD and 20% from SS. The Wastewater Strength Factor formula can be expressed as:
Strength Factor = 60% + 20% x $\frac{\text{BOD Concentration}}{200 \text{ mg/l}}$ + 20% x $\frac{\text{SS Concentration}}{200 \text{ mg/l}}$
 - The number of ERU's assigned to each class is based on multiplying the Flow Factor by the Strength Factor.
ERUs = Flow Factor x Strength Factor

- This methodology ensures that that rates charged to each customer class reasonably reflect the cost burden placed on the system by each type of connection, resulting in rates that are aligned with the costs of providing service.
- The proposed modifications result in a range of impacts on different customer classes with a revenue-neutral adjustment to the rate structure. A few key impacts include:
 - Residential: -Residential customers would face a 2%, or \$0.30 per month, rate reduction with the revenue-neutral modifications to the rate structure.
 - Trailer/Mobile Home Spaces: Prior to 2007, these accounts paid the same monthly rate as other residential dwelling units at \$6.50 per month. In 2007, the monthly charge for these accounts was decreased by over 60% to \$2.52 per month. The current rate is \$4.19 per unit. Under the proposed revenue-neutral rate structure modifications, the rate would be set at 60% of the standard residential charge, or \$8.74 per month.
 - Hotels and Motels: The various hotel and motel rate classes would face rate reductions of roughly \$2 to \$3 per room, equal to decrease in the range of 18% to 21%. Hotel Units with Kitchens are currently billed a monthly charge that is a little higher than the charge for a standard residential unit.
 - Eating Establishments & Restaurants: These accounts will face impacts ranging from 5% to 34% as shown on the following table. The revised rates are based on conservatively low estimates of wastewater flow and strength.
- **With the rate structure modifications, rates for all customer classes will remain low compared to other statewide and regional agencies.**

Revised Sewer Rates With Cost-of-Service Realignment

	CURRENT		REVISED					IMPACTS	
	Sewer Rates	ERUs	Wastewater Flow		Wastewater Strength		Proposed ERUs	Revised Rates	% Rate Change
			Flow (gpd)	Flow Factor	BOD mg/l	SS mg/l	Flow Factor x Strength Factor	Revenue-Neutral Modifications	
a. Residences & Apartments	\$14.86	1.00	200	1.00	200	200	1.0	\$14.56	-2%
b. Hotel Units with Kitchens	15.71	1.06	175	0.88	200	200	1.0	12.74	-19%
c. Motel Units without Kitchens	10.02	0.67	125	0.63	150	150	0.9	8.19	-18%
d. Hotel Room	10.36	0.70	125	0.63	150	150	0.9	8.19	-21%
e. Commercial Establishments Each additional employee above 5	7.65 1.53	0.51 0.10	100 20	0.50 0.10	150 150	150 150	0.9 0.9	6.55 1.31	-14% -14%
f. Beauty Shops Each additional operator above 5	13.97 2.33	0.94 0.16	200 30	1.00 0.15	150 150	150 150	0.9 0.9	13.10 1.97	-6% -15%
g. Eating Establishments w/o Grinders Each additional 5 seats above 30	15.16 2.53	1.02 0.17	200 30	1.00 0.15	400 400	400 400	1.4 1.4	20.38 3.06	34% 21%
h. Restaurants (w/Grinders) less than 30 seats Restaurants (w/Grinders) over 30 seats	31.07 39.84	2.09 2.68	250 350	1.25 1.75	700 700	500 500	1.8 1.8	32.76 45.86	5% 15%
i. Laundromats - per washing machine Minimum Charge	9.71 29.14	0.65 1.96	150 450	0.75 2.25	150 150	110 110	0.9 0.9	9.39 28.17	-3% -3%
j. Service Stations - no wash/rack Service Stations - with wash/rack	37.41 54.40	2.52 3.66	500 800	2.50 4.00	180 150	280 200	1.1 1.0	38.58 55.33	3% 2%
k. Factories Each additional employee above 20	22.05 1.10	1.48 0.07	300 15	1.50 0.08	200 200	200 200	1.0 1.0	21.84 1.09	-1% -1%
l. Churches Per ADA with elementary school Per ADA with other school	12.56 0.34 0.51	0.85 0.02 0.03	200 6 9	1.00 0.03 0.05	130 130 130	100 100 100	0.8 0.8 0.8	12.08 0.36 0.54	-4% 6% 6%
m. Bottling Plants	22.05	1.48	400	2.00	150	150	0.9	26.21	19%
n. Schools (Non-boarding) Per ADA with elementary school Per ADA with other school	7.07 0.33 0.52	0.48 0.02 0.03	120 6 9	0.60 0.03 0.05	130 130 130	100 100 100	0.8 0.8 0.8	7.25 0.36 0.54	3% 9% 4%
o. Schools (Boarding) Per ADA with elementary school Per ADA with other school	7.07 0.71 0.95	0.48 0.05 0.06	100 10 14	0.50 0.05 0.07	200 200 200	200 200 200	1.0 1.0 1.0	7.28 0.73 1.02	3% 3% 7%
p. Trailer/Mobile Home Space	4.19	0.28	120	0.60	200	200	1.0	8.74	109%
q. RV Dump Stations - Less than 50 services	42.69	2.87	100	0.50	2,700	6,000	9.3	67.70	59%
									25.01

7 Rate Projections

- Rate projections were developed under two methods of financing for the redundancy project including a) SRF Loans, and b) sewer revenue bonds. While the projected rates are the same under both financing scenarios through fiscal year 2017/18, future rates in the last two years would need to be higher with bonds than with SRF Loans due to the higher level of annual debt service required for bond financing.
- BWA also develop rate projections with a) no changes to the rate structure, and b) with the proposed rate structure modifications designed to realign rates with the cost of service.
- Due to deferment of the rate study and requirement to go through the Proposition 218 process for increasing rates, the rate increase for the current fiscal year 2015/16 is being deferred until January 1, 2016. The District will not recoup rate increase revenues from the first half of fiscal year 2015/16. Future rate increases are projected to become effective on July 1 of each year.

7.1 Rate Projections with No Changes to Rate Structure

- These rates assume projected rate increases are applied on an across-the-board basis with the same percentage increase to all customer classes with *no changes to the District's existing rate structure*.

Projected Rates with No Changes to Rate Structure

	Current Monthly Rate	Projected Monthly Sewer Rates				
		2015/16	2016/17	2017/18	2018/19	2019/20
		Jan-1	July-1	July-1	July-1	July-1
1A - With SRF Financing for the Redundancy Project						
Monthly Residential Charge	\$14.86	\$18.00	\$20.00	\$22.00	\$24.00	\$26.00
1B - With Bond Financing for the Redundancy Project						
Monthly Residential Charge	\$14.86	\$18.00	\$20.00	\$22.00	\$25.50	\$29.00

- The tables on the following pages shows the full rate schedule with across-the-board rate increases projected for the next five years.

Projected Rates 1A
SRF Loan Financing for Redundancy Project
No Rate Structure Modifications

	Current Rates	Projected Rates with Across-the-Board Increases				
		2015/16 Jan-1	2016/17 July-1	2017/18 July-1	2018/19 July-1	2019/20 July-1
a. Residences & Apartments	\$14.86	\$18.00	\$20.00	\$22.00	\$24.00	\$26.00
b. Hotel Units with Kitchens	15.71	19.03	21.14	23.25	25.36	27.47
c. Hotel Units without Kitchens	10.02	12.14	13.49	14.84	16.19	17.54
d. Hotel Room	10.36	12.55	13.94	15.33	16.72	18.11
e. Commercial Establishments	7.65	9.27	10.30	11.33	12.36	13.39
Each additional employee above 5	1.53	1.85	2.06	2.27	2.48	2.69
f. Beauty Shops	13.97	16.92	18.80	20.68	22.56	24.44
Each additional operator above 5	2.33	2.82	3.13	3.44	3.75	4.06
g. Eating Establishments w/o Grinders	15.16	18.36	20.40	22.44	24.48	26.52
Each additional 5 seats above 30	2.53	3.06	3.40	3.74	4.08	4.42
h. Restaurants (w/Grinders) <30 seats	31.07	37.64	41.82	46.00	50.18	54.36
Restaurants (w/Grinders) over 30 seats	39.84	48.26	53.62	58.98	64.34	69.70
i. Laundromats - per washing machine	9.71	11.76	13.07	14.38	15.69	17.00
Minimum Charge	29.14	35.30	39.22	43.14	47.06	50.98
j. Service Stations - no wash/rack	37.41	45.31	50.34	55.37	60.40	65.43
Service Stations - with wash/rack	54.40	65.90	73.22	80.54	87.86	95.18
k. Factories	22.05	26.71	29.68	32.65	35.62	38.59
Each additional employee above 20	1.10	1.33	1.48	1.63	1.78	1.93
l. Churches	12.56	15.21	16.90	18.59	20.28	21.97
Per ADA with elementary school	0.34	0.41	0.46	0.51	0.56	0.61
Per ADA with other school	0.51	0.62	0.69	0.76	0.83	0.90
m. Bottling Plants	22.05	26.71	29.68	32.65	35.62	38.59
n. Schools (Non-boarding)	7.07	8.56	9.51	10.46	11.41	12.36
Per ADA with elementary school	0.33	0.40	0.44	0.48	0.52	0.56
Per ADA with other school	0.52	0.63	0.70	0.77	0.84	0.91
o. Schools (Boarding)	7.07	8.56	9.51	10.46	11.41	12.36
Per ADA with elementary school	0.71	0.86	0.96	1.06	1.16	1.26
Per ADA with other school	0.95	1.15	1.28	1.41	1.54	1.67
p. Trailer/Mobile Home Space	4.19	5.08	5.64	6.20	6.76	7.32
q. RV Dump Stations - Less than 50 svcs	42.69	51.71	57.46	63.21	68.96	74.71

Projected Rates 1B
Revenue Bond Financing for Redundancy Project
No Rate Structure Modifications

	Current Rates	Projected Rates with Across-the-Board Increases				
		2015/16 Jan-1	2016/17 July-1	2017/18 July-1	2018/19 July-1	2019/20 July-1
a. Residences & Apartments	\$14.86	\$18.00	\$20.00	\$22.00	\$25.50	\$29.00
b. Hotel Units with Kitchens	15.71	19.03	21.14	23.25	26.95	30.65
c. Hotel Units without Kitchens	10.02	12.14	13.49	14.84	17.20	19.56
d. Hotel Room	10.36	12.55	13.94	15.33	17.77	20.21
e. Commercial Establishments	7.65	9.27	10.30	11.33	13.13	14.93
Each additional employee above 5	1.53	1.85	2.06	2.27	2.63	2.99
f. Beauty Shops	13.97	16.92	18.80	20.68	23.97	27.26
Each additional operator above 5	2.33	2.82	3.13	3.44	3.99	4.54
g. Eating Establishments w/o Grinders	15.16	18.36	20.40	22.44	26.01	29.58
Each additional 5 seats above 30	2.53	3.06	3.40	3.74	4.34	4.94
h. Restaurants (w/Grinders) <30 seats	31.07	37.64	41.82	46.00	53.32	60.64
Restaurants (w/Grinders) over 30 seats	39.84	48.26	53.62	58.98	68.36	77.74
i. Laundromats - per washing machine	9.71	11.76	13.07	14.38	16.67	18.96
Minimum Charge	29.14	35.30	39.22	43.14	50.00	56.86
j. Service Stations - no wash/rack	37.41	45.31	50.34	55.37	64.18	72.99
Service Stations - with wash/rack	54.40	65.90	73.22	80.54	93.35	106.16
k. Factories	22.05	26.71	29.68	32.65	37.84	43.03
Each additional employee above 20	1.10	1.33	1.48	1.63	1.89	2.15
l. Churches	12.56	15.21	16.90	18.59	21.55	24.51
Per ADA with elementary school	0.34	0.41	0.46	0.51	0.59	0.67
Per ADA with other school	0.51	0.62	0.69	0.76	0.88	1.00
m. Bottling Plants	22.05	26.71	29.68	32.65	37.84	43.03
n. Schools (Non-boarding)	7.07	8.56	9.51	10.46	12.12	13.78
Per ADA with elementary school	0.33	0.40	0.44	0.48	0.56	0.64
Per ADA with other school	0.52	0.63	0.70	0.77	0.89	1.01
o. Schools (Boarding)	7.07	8.56	9.51	10.46	12.12	13.78
Per ADA with elementary school	0.71	0.86	0.96	1.06	1.23	1.40
Per ADA with other school	0.95	1.15	1.28	1.41	1.63	1.85
p. Trailer/Mobile Home Space	4.19	5.08	5.64	6.20	7.19	8.18
q. RV Dump Stations - Less than 50 svcs	42.69	51.71	57.46	63.21	73.27	83.33

7.2 Rate Projections with Modified Rate Structure

- These rates increases account for *both the overall level of rate increases needed to meet future revenue requirements as well as modifications to the sewer rate structure designed to realign rates with the cost of providing service.*

Projected Rates with Rate Structure Realignment

	Current Monthly Rate	Projected Monthly Sewer Rates				
		2015/16 Jan-1	2016/17 July-1	2017/18 July-1	2018/19 July-1	2019/20 July-1
2A - With SRF Financing for the Redundancy Project						
Monthly Residential Charge	\$14.86	\$17.64	\$19.60	\$21.56	\$23.52	\$25.48
2B - With Bond Financing for the Redundancy Project						
Monthly Residential Charge	\$14.86	\$17.64	\$19.60	\$21.56	\$24.99	\$28.42

- The tables on the following pages shows the full rate schedule accounting for both the overall rate increases and the proposed rate structure modifications.

Projected Rates 2A
SRF Loan Financing for Redundancy Project
With Rate Structure Realignment

	Revised Rates		Projected Rates with Rate Structure Modifications				
	Current	Rev-Neutral	2015/16 Jan-1	2016/17 July-1	2017/18 July-1	2018/19 July-1	2019/20 July-1
a. Residences & Apartments	\$14.86	14.56	\$17.64	\$19.60	\$21.56	\$23.52	\$25.48
b. Hotel Units with Kitchens	15.71	12.74	15.43	17.14	18.85	20.56	22.27
c. Hotel Units without Kitchens	10.02	8.19	9.92	11.02	12.12	13.22	14.32
d. Hotel Room	10.36	8.19	9.92	11.02	12.12	13.22	14.32
e. Commercial Establishments	7.65	6.55	7.93	8.81	9.69	10.57	11.45
Each additional employee above 5	1.53	1.31	1.59	1.77	1.95	2.13	2.31
f. Beauty Shops	13.97	13.10	15.87	17.63	19.39	21.15	22.91
Each additional operator above 5	2.33	1.97	2.39	2.66	2.93	3.20	3.47
g. Eating Establishments w/o Grinders	15.16	20.38	24.69	27.43	30.17	32.91	35.65
Each additional 5 seats above 30	2.53	3.06	3.71	4.12	4.53	4.94	5.35
h. Restaurants (w/Grinders) <30 seats	31.07	32.76	39.68	44.09	48.50	52.91	57.32
Restaurants (w/Grinders) over 30 seats	39.84	45.86	55.55	61.72	67.89	74.06	80.23
i. Laundromats - per washing machine	9.71	9.39	11.37	12.63	13.89	15.15	16.41
Minimum Charge	29.14	28.17	34.12	37.91	41.70	45.49	49.28
j. Service Stations - no wash/rack	37.41	38.58	46.73	51.92	57.11	62.30	67.49
Service Stations - with wash/rack	54.40	55.33	67.02	74.47	81.92	89.37	96.82
k. Factories	22.05	21.84	26.45	29.39	32.33	35.27	38.21
Each additional employee above 20	1.10	1.09	1.32	1.47	1.62	1.77	1.92
l. Churches	12.56	12.08	14.63	16.26	17.89	19.52	21.15
Per ADA with elementary school	0.34	0.36	0.44	0.49	0.54	0.59	0.64
Per ADA with other school	0.51	0.54	0.65	0.72	0.79	0.86	0.93
m. Bottling Plants	22.05	26.21	31.75	35.28	38.81	42.34	45.87
n. Schools (Non-boarding)	7.07	7.25	8.78	9.76	10.74	11.72	12.70
Per ADA with elementary school	0.33	0.36	0.44	0.49	0.54	0.59	0.64
Per ADA with other school	0.52	0.54	0.65	0.72	0.79	0.86	0.93
o. Schools (Boarding)	7.07	7.28	8.82	9.80	10.78	11.76	12.74
Per ADA with elementary school	0.71	0.73	0.88	0.98	1.08	1.18	1.28
Per ADA with other school	0.95	1.02	1.24	1.38	1.52	1.66	1.80
p. Trailer/Mobile Home Space	4.19	8.74	10.59	11.77	12.95	14.13	15.31
q. RV Dump Stations - Less than 50 svcs	42.69	67.70	82.01	91.12	100.23	109.34	118.45

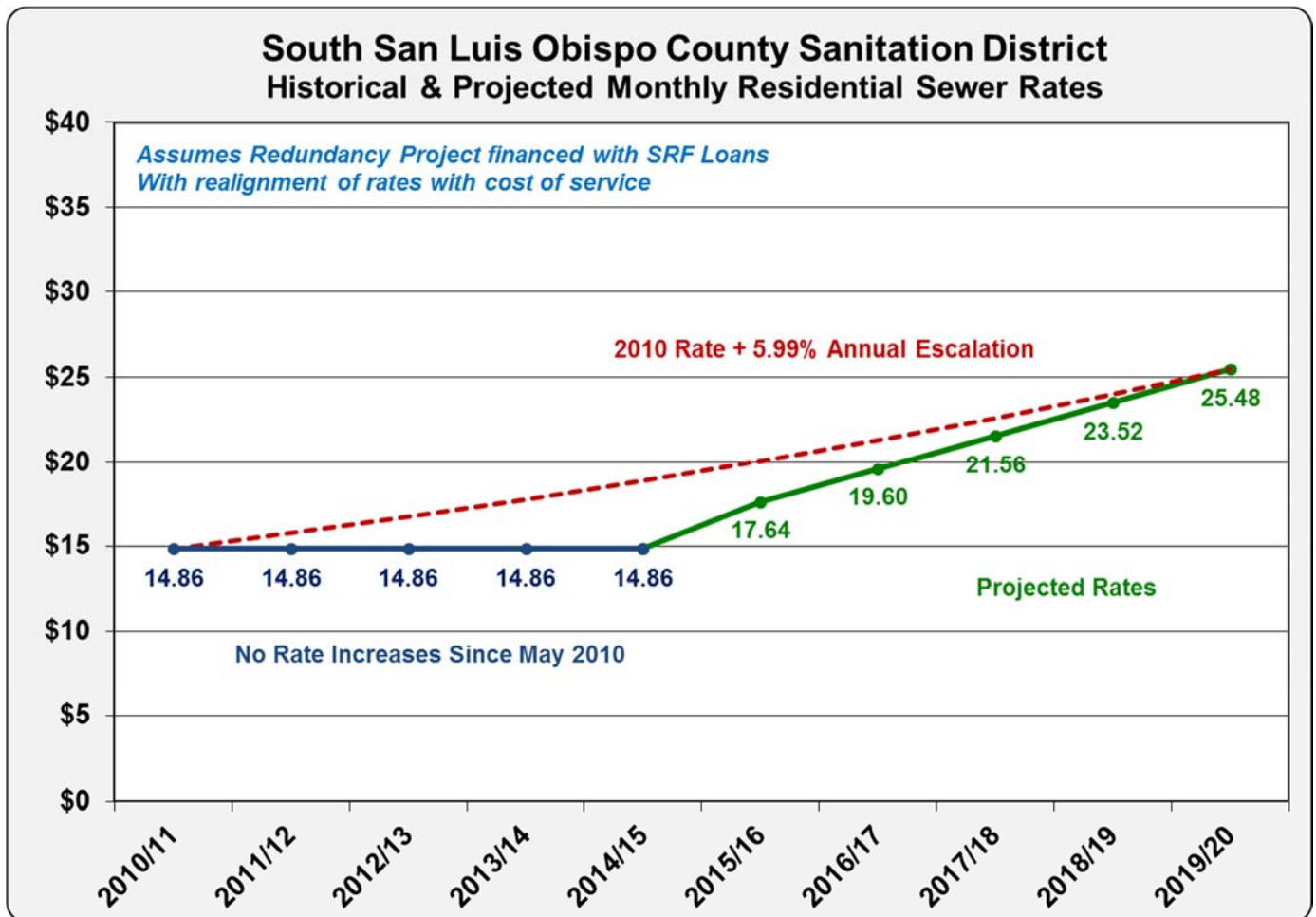
Projected Rates 2B
Revenue Bond Financing for Redundancy Project
With Rate Structure Realignment

	Revised Rates		Projected Rates with Rate Structure Modifications				
	Current	Rev-Neutral	2015/16 Jan-1	2016/17 July-1	2017/18 July-1	2018/19 July-1	2019/20 July-1
a. Residences & Apartments	\$14.86	14.56	\$17.64	\$19.60	\$21.56	\$24.99	\$28.42
b. Hotel Units with Kitchens	15.71	12.74	15.43	17.14	18.85	21.85	24.85
c. Hotel Units without Kitchens	10.02	8.19	9.92	11.02	12.12	14.05	15.98
d. Hotel Room	10.36	8.19	9.92	11.02	12.12	14.05	15.98
e. Commercial Establishments	7.65	6.55	7.93	8.81	9.69	11.23	12.77
Each additional employee above 5	1.53	1.31	1.59	1.77	1.95	2.26	2.57
f. Beauty Shops	13.97	13.10	15.87	17.63	19.39	22.47	25.55
Each additional operator above 5	2.33	1.97	2.39	2.66	2.93	3.40	3.87
g. Eating Establishments w/o Grinders	15.16	20.38	24.69	27.43	30.17	34.97	39.77
Each additional 5 seats above 30	2.53	3.06	3.71	4.12	4.53	5.25	5.97
h. Restaurants (w/Grinders) <30 seats	31.07	32.76	39.68	44.09	48.50	56.22	63.94
Restaurants (w/Grinders) over 30 seats	39.84	45.86	55.55	61.72	67.89	78.69	89.49
i. Laundromats - per washing maching	9.71	9.39	11.37	12.63	13.89	16.10	18.31
Minimum Charge	29.14	28.17	34.12	37.91	41.70	48.33	54.96
j. Service Stations - no wash/rack	37.41	38.58	46.73	51.92	57.11	66.20	75.29
Service Stations - with wash/rack	54.40	55.33	67.02	74.47	81.92	94.95	107.98
k. Factories	22.05	21.84	26.45	29.39	32.33	37.47	42.61
Each additional employee above 20	1.10	1.09	1.32	1.47	1.62	1.88	2.14
l. Churches	12.56	12.08	14.63	16.26	17.89	20.74	23.59
Per ADA with elementary school	0.34	0.36	0.44	0.49	0.54	0.63	0.72
Per ADA with other school	0.51	0.54	0.65	0.72	0.79	0.92	1.05
m. Bottling Plants	22.05	26.21	31.75	35.28	38.81	44.98	51.15
n. Schools (Non-boarding)	7.07	7.25	8.78	9.76	10.74	12.45	14.16
Per ADA with elementary school	0.33	0.36	0.44	0.49	0.54	0.63	0.72
Per ADA with other school	0.52	0.54	0.65	0.72	0.79	0.92	1.05
o. Schools (Boarding)	7.07	7.28	8.82	9.80	10.78	12.50	14.22
Per ADA with elementary school	0.71	0.73	0.88	0.98	1.08	1.25	1.42
Per ADA with other school	0.95	1.02	1.24	1.38	1.52	1.76	2.00
p. Trailer/Mobile Home Space	4.19	8.74	10.59	11.77	12.95	15.01	17.07
q. RV Dump Stations - Less than 50 svcs	42.69	67.70	82.01	91.12	100.23	116.18	132.13

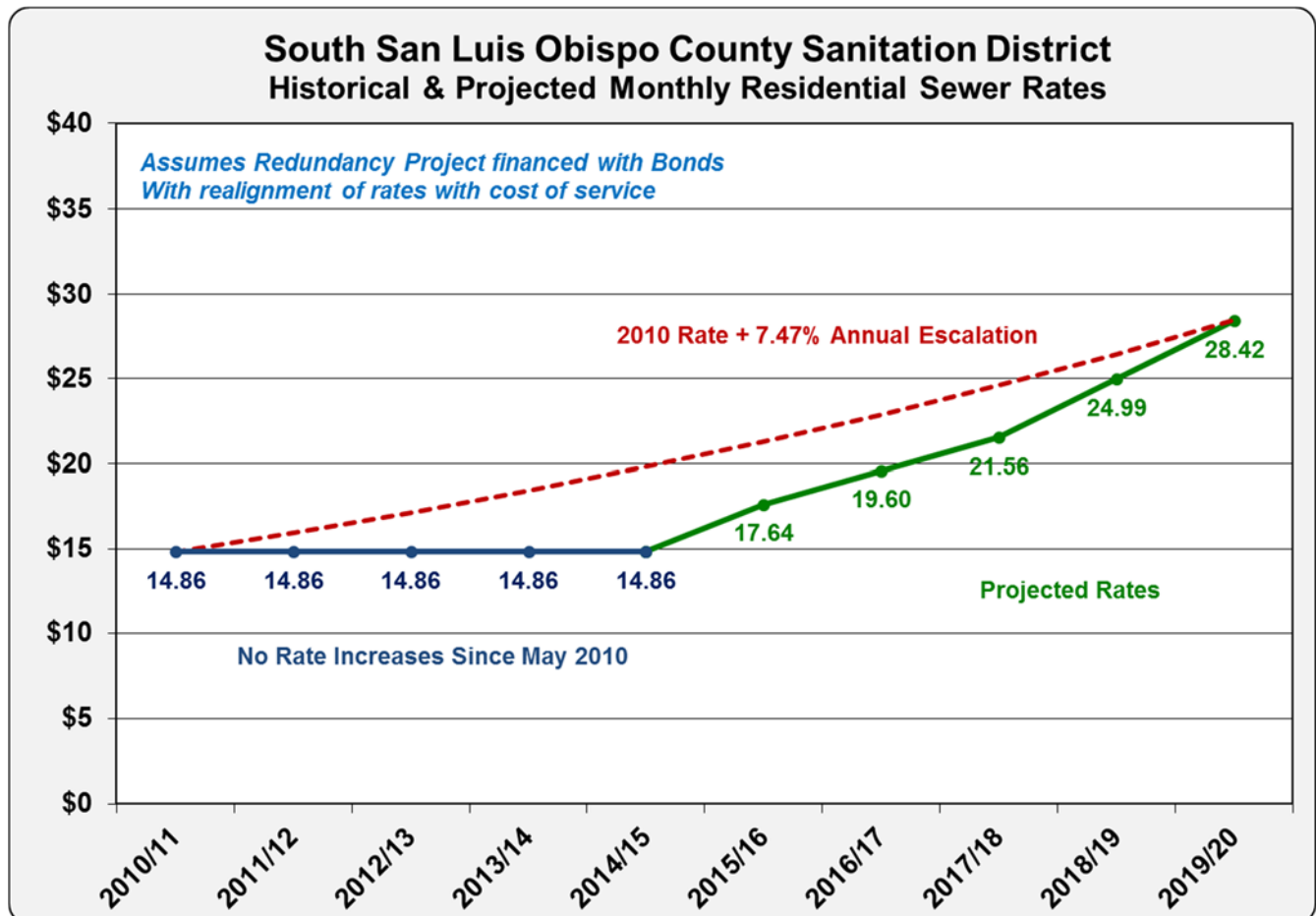
7.3 Other Rate Observations

- Deferring or reducing rate increases in the near-term would result in the need for higher rate increases in future years (and vice versa)
- Each \$1 increase in the monthly residential rate generates a little over \$200,000 of additional revenues.
- The financial projections also indicate the need for small annual rate increases in subsequent years, after the initial 5-year rate increase, to keep revenues in line with operating cost inflation and help minimize the potential for future rate spikes. The District can re-evaluate its finances and rates in the future to ensure future rates continue to recover the cost of providing service.
- **With the proposed rate increases, SSLOCSD member agency rates are projected to remain low compared to other regional and statewide agencies.** A number of other regional agencies are also anticipating or have adopted sewer rate increases for upcoming years.

- Assuming the District obtains SRF financing for the redundancy project and implements the proposed modified rate structure, the District's residential monthly rate in five years will be equal to the District's 2010 rate escalated by slightly below 6.0% per year, as shown on the following chart.



- If the District obtains bond financing for the redundancy project and implements the proposed modified rate structure, the District's residential monthly rate in five years will be equal to the District's 2010 rate escalated by slightly below 7.5% per year, as shown on the following chart.



8 Rate Recommendations

- Based on evaluation of the rate alternatives and input from both District staff and the Board of Directors, BWA recommends the District pursue rate alternative 2A, which a) assumes that the District obtains low-rate State Revolving Fund (SRF) financing for its redundancy project, and b) includes modifications to the sewer rate structure designed to realign rates with the cost of providing service.

9 Compliance with Proposition 218

- Proposition 218 was adopted by California voters in 1996 and added Articles 13C and 13D to the California Constitution. Article 13D, Section 6 governs property-related charges, which the California Supreme Court subsequently ruled includes ongoing utility service charges such as water, sewer, and garbage rates. Article 13D, Section 6 establishes both a) substantive requirements for property-related charges, and b) procedural requirements for imposing or increasing property-related charges.

9.1 Compliance with the Substantive Provisions of Proposition 218

- The recommended rates, which include modifications to the rate structure designed to realign rates with the cost of service, are designed to comply with all substantive provisions of Article 13D, which include:
 - 1. Revenues derived from the fee or charge shall not exceed the funds required to provide the property related service.**
 - The recommended rates are designed to recover the District's costs of providing wastewater conveyance, treatment, and effluent disposal services over the next 5 years. BWA developed financial projections to determine future annual revenue requirements and rate increases. The financial projections were based on the District's 2015/16 Budget with future adjustments for cost inflation and staffing, and incorporate the latest engineering cost estimates for the redundancy project needed to comply with state permit requirements and improve service reliability. The rate projections are designed to fund the District's costs of service while maintaining prudent levels of fund reserves at approximately current levels, and result in long-term balanced budgets.
 - 2. Revenues derived from the fee or charge shall not be used for any purpose other than that for which the fee or charge was imposed.**
 - The District is a single-purpose agency that uses all service charge revenues to fund the costs of providing wastewater conveyance, treatment, and effluent disposal services. Rate revenues are not used for any other unrelated purposes. The District maintains detailed financial records which are audited annually by an independent Certified Public Accountant and demonstrate District compliance.

3. The amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel.

- The recommended rates are designed to equitably recover costs from all District customers and reflect the proportional cost of service attributable to each connection. The District levies fixed sewer service charges based on the number of Equivalent Residential Units (ERUs) assigned to each connection. One ERU represents the wastewater flow and loadings from a typical single family home. ERUs are assigned to each customer based on reasonable estimates of wastewater flow and strength, and resulting wastewater system capacity needs, for different types of connections as described in Section 6 – Cost of Service Rate Realignment. By recovering costs of service in proportion to the number of ERUs assigned to each customer, the District's rates recover costs in proportion to both a) the burden and capacity needs placed on system by each connection, and b) the benefit received by each connection from the services provided. As such, the charge imposed on any parcel reflects the proportional cost of service attributable to that parcel.
- The recommended rates recover costs in proportion to the estimated wastewater flow and strength, and capacity needs, for each of the District's customer classes. The flow and strength estimates attributed to each customer class are in line with standards used by other agencies. The recommended rates were calculated with the objective of realigning the rates for each customer class with the cost of providing service.

4. No fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question.

- The District's wastewater treatment service charges are only levied on customers that have connected to the sewer systems of each of its member agencies and initiated service. Wastewater collected from each member agency is in turn conveyed to the District for treatment and disposal. As such, District charges are only levied on properties that use and have ongoing access to District facilities and services.
- The District's charges are currently recovered via the utility bills of its member agencies with revenues collected by each agency subsequently passed-through to the District. This District anticipates transitioning its method of billing to direct collection via the County tax rolls. If this billing transition occurs, the District will only bill property owners of parcels that receive wastewater service.

5. No fee or charge may be imposed for general governmental services, such as police or fire services, where the service is available to the public at large in substantially the same manner as it is to property owners.

- The District does not levy any fees or charges for general governmental services.

9.2 Compliance with the Procedural Requirements of Proposition 218

- In order to increase rates, the District must comply with the procedural requirements of Article 13D, Section 6 of the California Constitution, which was established by Proposition 218. These requirements require the District to:
 - Mail a notice to all affected property-owners informing them of a) the proposed rate increases, b) the basis for increases, and c) the date, time, and location of a Public Hearing at which the proposed rates will be considered for adoption.
 - To comply with this provision, the District mailed a Notice of Public Hearing on the proposed wastewater treatment rate increases to property owners of all affected parcels on December 30, 2015, more than 45 days prior to the Public Hearing scheduled for February 17, 2015. Notices were mailed to the property owners of all non-vacant parcels in the City of Grover Beach and the Oceano Community Services District, and to the property owners of all parcels that receive sewer service from the City of Arroyo Grande. The District went beyond the standard requirements of Proposition 218 and mailed notices to both a) the property owner of record and b) either the customer billing address when available, or the local property address in cases where the local address is different from the property owner of record's address.
 - There are differing legal opinions regarding who agencies must mail the required notice too. Many agencies mail notices to all affected property owners only, some mail to both property owners and tenant ratepayers responsible for paying the bill, and a few agencies only send the notice to ratepayers. However, in case of delinquency, agencies are only allowed to place a lien on the property if the notice was mailed to the property owner.
 - Hold a Public Hearing on the proposed rate increases not less than 45 days after the notice is mailed. Most agencies schedule the Public Hearing during a regularly-scheduled meeting of their governing body.
 - BWA recommends that the District establish a clear structure for the Board Meeting and Public Hearing in advance to help ensure the process is understandable to the Board and public and goes as smoothly as possible.

- The proposed rate increases are subject to “majority protest” and cannot be adopted if written protests are received from more than 50% of affected parcels prior to the close of the public hearing, with one protest counted per parcel. Assuming the District does not receive enough protests to constitute a “majority protest”, the District would be able to adopt rates at or below the levels shown in the notice.
 - BWA generally recommends agencies take a lenient approach to counting written protests at the Public Hearing to demonstrate a good-faith effort to account for every protest, even if some protests do not include all of the legally-required information.
- In future years, the District can always opt to implement rates below the levels initially adopted. However, the rates can never exceed levels adopted pursuant to the Proposition 218 process unless the District goes through the process again.

10 Debt Financing Recommendations

- BWA strongly recommends the District pursue funding from the Clean Water State Revolving Fund Financing Program to finance the redundancy project and any other future debt financing needs.
 - The SRF financing program offers low-rate loans with 30 year repayment terms and interest rates currently below 2%. Interest rates are based on approximately half the average interest rate of the most recent California state general obligation bond issuance.
 - Debt service on SRF loans is not due until one year following the project’s certified completion date.
 - In recent years, the SRF program has been requiring agencies to establish a debt service reserve fund equal to annual debt service.
 - The SRF program also typically requires agencies to maintain annual net revenues (gross revenues less operating expenses) equal to at least 1.10x of annual debt service, although some agencies may be required to maintain a 1.20x debt service coverage ratio.
 - Prior to award of funding, the SRF program requires agencies to adopt rates adequate to support debt repayment and achieve the required debt service coverage ratio.
 - The SRF financing program does not provide a final funding commitment until after the project has been designed and bid out in compliance with SRF specifications. Agencies

can subsequently seek reimbursement for preliminary design and other soft costs incurred prior to construction award. Due to the need for approximately \$1.6 million of funding for preliminary engineering, design, and other soft costs in 2015/16 - 2016/17, BWA recommends the District consider pursuing an SRF Planning Loan to help fund these costs. If awarded, repayment of the SRF Planning Loan could be rolled into the long-term SRF project loan.

- During construction, agencies fund ongoing construction invoices and can subsequently seek monthly reimbursement from SRF. However, the District needs to be prepared to fund a few months of project expenditures due to the lag in reimbursements. BWA has assisted agencies in competitively bidding out a line of credit in cases where an agency does not have adequate fund reserves to meet the cash flow needs for funding SRF projects. The District can evaluate if a line of credit or other short-term financing is needed to help fund construction invoices on an interim basis while awaiting reimbursement from the SRF financing program.
 - BWA also recommends the District submit an inquiry form to the California Financing Coordinating Committee to identify if the District is eligible for subsidized funding from other various state and federal financing programs.
 - If the District ends up pursuing bond financing, BWA recommends the District issue any bonds via a competitive sale process to help ensure the lowest-cost financing. BWA is a registered Municipal Advisor and charter member of the National Association of Independent Public Finance Advisors.
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Appendix A

Complete Set of Tables & Charts

Table 1

South San Luis Obispo County Sanitation District

Wastewater Rate Study

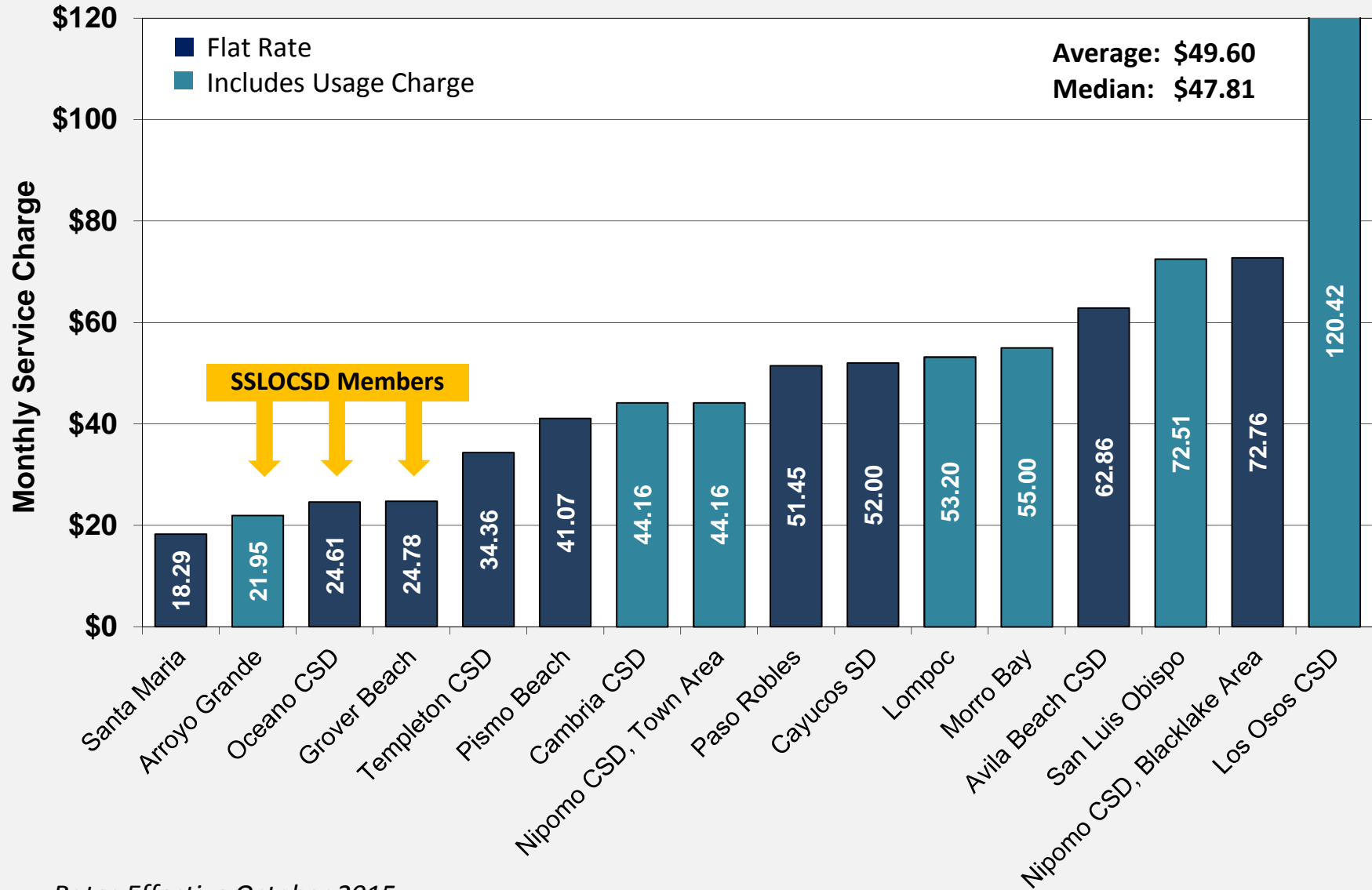
Historical Wastewater Rates

No rate increases since May 2010

	Prior Rates	Jan 1 2007	May 1 2007	May 1 2008	May 1 2009	May 1 2010
a. Residences & Apartments	\$6.50	\$8.93	\$10.70	\$12.31	\$13.52	\$14.86
b. Hotel Units with Kitchens	5.20	9.41	11.29	12.98	14.28	15.71
c. Hotel Units without Kitchens	4.40	6.02	7.22	8.30	9.12	10.02
d. Hotel Room	4.55	6.22	7.46	8.58	9.42	10.36
e. Commercial Establishments	6.73	4.59	5.51	6.26	6.97	7.65
Each additional employee above 5	0.44	0.92	1.10	1.25	1.39	1.53
f. Beauty Shops	8.66	8.49	10.19	11.60	12.73	13.97
Each additional operator above 5	0.86	1.41	1.70	1.93	2.12	2.33
g. Eating Establishments w/o Grinders	9.31	9.11	10.92	12.56	13.79	15.16
Each additional 5 seats above 30	1.01	1.52	1.82	2.09	2.30	2.53
h. Restaurants (w/Grinders) less than 30 seats	14.78	17.30	20.67	24.31	28.12	31.07
Restaurants (w/Grinders) over 30 seats	18.29	22.18	26.51	31.17	36.06	39.84
i. Laundromats - per washing machine	2.96	5.83	7.01	7.98	8.85	9.71
Minimum Charge	8.71	17.50	21.03	23.93	26.54	29.14
j. Service Stations - no wash/rack	7.86	23.26	27.91	31.84	34.11	37.41
Service Stations - with wash/rack	12.47	34.18	41.06	46.56	49.65	54.40
k. Factories	12.47	13.34	16.02	18.30	20.08	22.05
Each additional employee above 20	0.38	0.66	0.80	0.91	1.00	1.10
l. Churches	6.71	7.57	9.10	10.34	11.44	12.56
Per ADA with elementary school	0.21	0.21	0.25	0.28	0.31	0.34
Per ADA with other school	0.30	0.30	0.36	0.42	0.46	0.51
m. Bottling Plants	12.47	13.34	16.02	18.30	20.08	22.05
n. Schools (Non-boarding)	3.25	4.27	5.13	5.83	6.44	7.07
Per ADA with elementary school	0.21	0.20	0.24	0.27	0.30	0.33
Per ADA with other school	0.30	0.31	0.36	0.43	0.47	0.52
o. Schools (Boarding)	3.25	4.27	5.13	5.83	6.44	7.07
Per ADA with elementary school	0.38	0.43	0.51	0.59	0.65	0.71
Per ADA with other school	0.48	0.57	0.68	0.78	0.86	0.95
p. Trailer/Mobile Home Space	6.50	2.52	3.02	3.47	3.81	4.19
q. RV Dump Stations - Less than 50 services	21.00	25.22	30.15	35.20	38.75	42.69
r. Brine (per gallon)	0.1125	0.1125	0.1125	0.1125	0.1125	0.1125

Monthly Single Family Residential Sewer Rate Survey

Based on Flat Rate or 7 hcf Winter Water Use



Rates Effective October 2015

Table 2
 South San Luis Obispo County Sanitation District
 Wastewater Rate Study
 Current Connection Fees

Category	Prior Fees	Fees Effective 01/28/07	Ratio to Single Family
Single Family Dwelling Unit	\$2,000	\$2,475	1.00
Apartment Complex (Bachelor, 1 or 2 bedrooms)	1,500	1,856	0.75
Apartment Complex (3 or more bedrooms)	2,000	2,475	1.00
Motel/Hotel (per room)	1,000	1,237	0.50
Hybrid Use	1,500	1,856	0.75
Condominium (per unit)	2,000	2,475	1.00
Mobile Home Park (per space)	2,000	2,475	1.00
Travel Trailer (per space)	1,000	1,237	0.50
5/8 inch meter	2,000	2,475	1.00
3/4 inch meter	2,800	3,712	1.50
1 inch meter	4,900	6,187	2.50
1 1/2 inch meter	11,000	13,612	5.50
2 inch meter	19,500	24,131	9.75
3 inch meter	44,000	54,450	22.00

Table 3
 South San Luis Obispo County Sanitation District
 Wastewater Rate Study
 Fund Reserve Balances (All Funds Combined)

	06/30/10	06/30/11	06/30/12	06/30/13	06/30/14	06/30/15
Fund Balances (Cash in Reserves)	\$5,287,869	\$4,583,236	\$3,977,525	\$3,918,083	\$4,560,030	\$5,545,655

Source: SSLOCSD Balance Sheets as of July 1 each year.

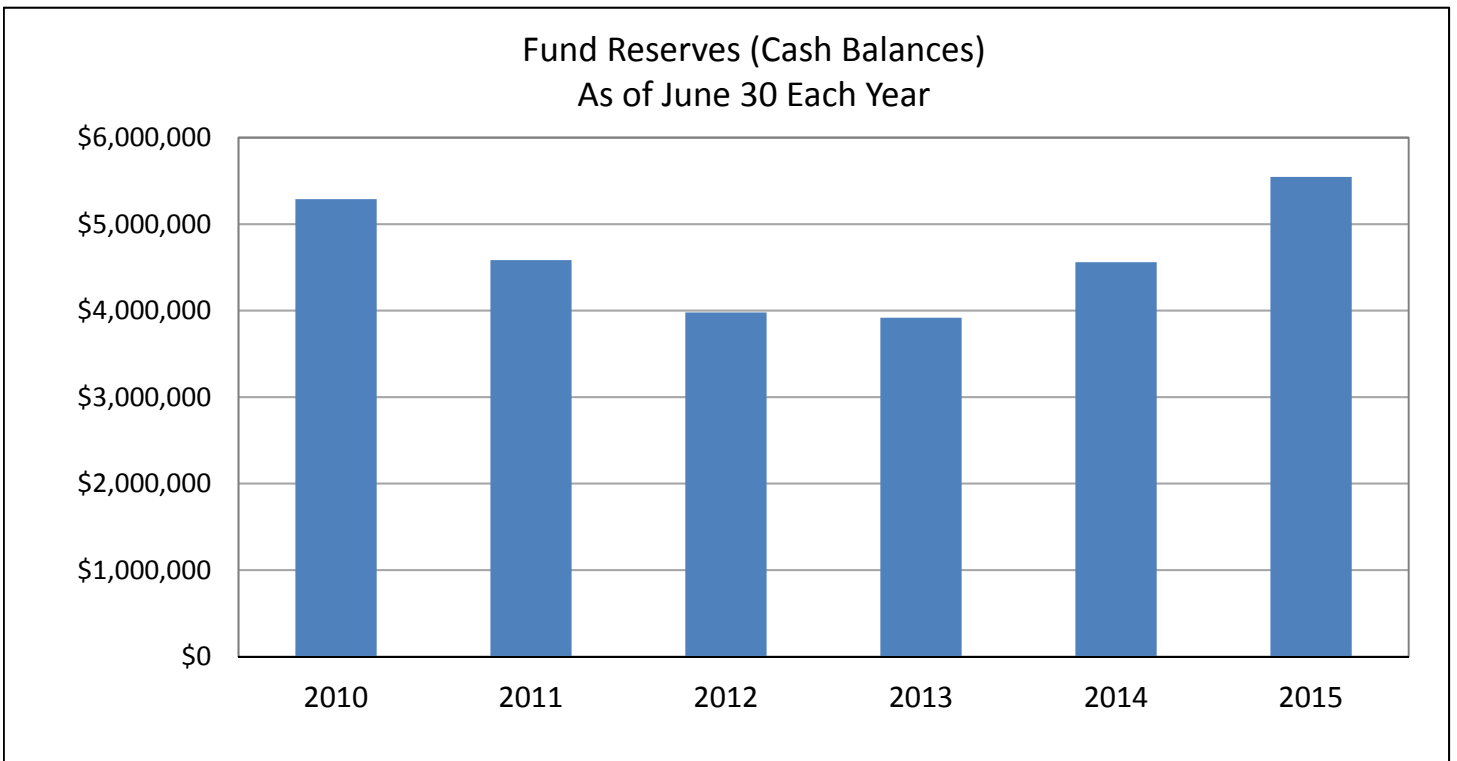


Table 4
South San Luis Obispo County Sanitation District
Wastewater Rate Study
Historical & Budgeted Revenues

	Actual 2011/12	Actual 2012/13	Estimated 2013/14	Budget 2014/15	Budget 2015/16
SERVICE CHARGES & FEES					
Arroyo Grande	\$1,456,784	\$1,473,586	\$1,440,500	\$1,440,500	\$1,440,500
Grover Beach	1,064,832	1,048,549	1,050,000	1,050,000	1,050,000
OCSD	484,431	502,939	500,000	500,000	500,000
Schools	25,479	28,711	23,000	23,000	23,000
Subtotal	3,031,526	3,053,785	3,013,500	3,013,500	3,013,500
OTHER REVENUES					
Interest: Fund 19 Operating Fund	1,270	1,017	2,000	500	7,600
Pismo Beach Reimbursement	0	0	18,600	0	0
Brine Disposal Service	7,630	17,504	79,000	80,000	190,000
Lease (AT&T)	22,571	23,558	22,525	22,525	22,525
Other Reimbursements	300	3,365	0	0	0
FEMA Funding	73,504	35,777	0	0	0
WDR Reimbursments (MAs)	7,342	3,579	10,498	10,300	0
FOG Reimbursement	24,810	29,356	11,823	30,900	0
Other Sales					4,788
IRWM Funding					1,400
Subtotal	137,427	114,156	144,446	144,225	226,313
CONNECTION FEES					
Arroyo Grande	29,700	149,727	43,874	45,000	80,000
Grover Beach	9,900	2,475	28,349	30,000	30,000
OCSD	4,950	0	10,800	10,000	10,000
Subtotal	44,550	152,202	83,023	85,000	120,000
OTHER REVENUES					
Interest Earnings: Fund 20	10,333	6,994	5,325	5,200	5,200
Interest Earnings: Fund 26	3,799	2,571	0	0	0
SGIP Rebate: Fund 20	150,000	0	0	0	0
Subtotal	164,132	9,565	5,325	5,200	5,200
TOTAL REVENUES	3,377,635	3,329,708	3,246,294	3,247,925	3,365,013

Source: South San Luis Obispo County Sanitation District Budgets.

Note: Excludes interfund transfers.

Table 5
South San Luis Obispo County Sanitation District
Wastewater Rate Study
Historical & Budgeted Expenses

	Actual 2011/12	Actual 2012/13	Estimated 2013/14	Budget 2014/15	Budget 2015/16
OPERATING EXPENSES					
Salaries & Wages	500,520	499,952	547,426	650,276	658,752
Benefits & Other Personnel Costs	360,461	557,039	393,377	509,728	575,300
Permits, Fees, & Licenses	40,841	30,932	35,991	45,100	42,700
Communications	10,682	8,038	10,257	10,700	12,300
Computer Support	9,699	11,788	11,000	11,330	5,000
Administrative Costs	863,277	954,477	553,992	692,600	624,800
Disposal Services	50,177	69,237	40,441	95,000	65,000
Utilities	140,833	183,332	194,830	196,300	193,300
Maintenance, Tools, & Replacements	248,775	281,132	213,363	241,400	281,000
Materials, Services, & Supplies	458,419	438,638	255,912	289,500	250,500
Training, Education, & Memberships	24,585	7,971	20,000	25,000	25,000
Other Charges	125,269	53,215	24,655	46,200	0
Capital Outlay	24,259	0	15,000	15,000	15,000
Subtotal	2,857,797	3,095,751	2,316,244	2,828,134	2,748,652
CAPITAL & DEBT SERVICE EXPENSES					
Fund 20: Expansion Fund Capital	140,008	0	76,707	150,000	255,000
Fund 20: Expansion Fund Debt Service	0	0	76,000	76,000	76,000
Fund 26: Replacement Fund Capital	409,429	443,171	70,150	621,879	500,000
Subtotal	549,437	443,171	222,857	847,879	831,000
TOTAL EXPENSES	3,407,234	3,538,922	2,539,101	3,676,013	3,579,652

Source: South San Luis Obispo County Sanitation District Budgets.

Note: Excludes interfund transfers.

Table 6
 South San Luis Obispo County Sanitation District
 Wastewater Rate Study
 Redundancy Project Cost Estimates

Project Cost Estimates		
Construction Cost		\$9,940,000
Deep Foundation Allowance		1,400,000
Floodproofing Allowance		500,000
Critical Pipe Repair/Replacement Allowance		<u>500,000</u>
Subtotal		12,340,000
Construction Cost Contingency	30%	<u>2,982,000</u>
Construction Cost with Contingency		15,322,000
Other Project Costs: <i>Estimated as a % of Base Construction Costs + Allowances</i>		
Design	12%	1,490,000
Permitting	1%	120,000
Engineering During Construction	3%	380,000
Construction Management	10%	1,234,000
Project Management/Administration	<u>4%</u>	<u>494,000</u>
Subtotal	30%	3,718,000
Total Project Costs		19,040,000
Annual O&M Cost Estimate		425,000

Based on Technical Memorandum from Michael Nunley dated September 11, 2015;
 SSLOCS D Work Plan for Redundancy Project.

Table 7
South San Luis Obispo County Sanitation District
Wastewater Rate Study
Capital Improvement Program

	Budget	Projected									10-Year
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Total
CAPITAL IMPROVEMENT COST ESTIMATES (CURRENT \$)											
Redundancy Project											
Design & Permitting	-	610,000	1,000,000	-	-	-	-	-	-	-	1,610,000
Construction (w/ allowances & contingency)	-	-	-	7,661,000	7,661,000	-	-	-	-	-	15,322,000
Project & Construction Management	-	-	-	1,054,000	1,054,000	-	-	-	-	-	2,108,000
Subtotal	-	610,000	1,000,000	8,715,000	8,715,000	-	-	-	-	-	19,040,000
Ongoing Capital Improvement Program											
Improvements & Repairs/Replacements	622,000	820,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	5,442,000
Expansion Fund Projects	150,000	255,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	2,005,000
Subtotal	772,000	1,075,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	7,447,000
CAPITAL IMPROVEMENT COST ESTIMATES (FUTURE \$)											
Projected Construction Cost Escalation											
Annual Cost Escalation			3%	3%	3%	3%	3%	3%	3%	3%	
Cost Escalator	1.000	1.000	1.030	1.061	1.093	1.126	1.159	1.194	1.230	1.267	
Redundancy Project											
Design & Permitting	-	610,000	1,030,000	-	-	-	-	-	-	-	1,640,000
Project Construction	-	-	-	8,128,000	8,371,000	-	-	-	-	-	16,499,000
Project/Construction Management	-	-	-	1,118,000	1,152,000	-	-	-	-	-	2,270,000
Subtotal	-	610,000	1,030,000	9,246,000	9,523,000	-	-	-	-	-	20,409,000
Ongoing Capital Improvement Program											
Repair/Rehab/Replacement Projects	622,000	820,000	515,000	530,000	546,000	563,000	580,000	597,000	615,000	633,000	6,021,000
Expansion Fund Projects	150,000	255,000	206,000	212,000	219,000	225,000	232,000	239,000	246,000	253,000	2,237,000
Subtotal	772,000	1,075,000	721,000	742,000	765,000	788,000	812,000	836,000	861,000	886,000	8,258,000

Table 8
 South San Luis Obispo County Sanitation District
 Wastewater Rate Study
 SRF Loan Debt Service Estimates

Per \$10 Million of Project Funding

	Future SRF Est. at 3.0%
Funding Target	\$10,000,000
SRF Loan Amount	
Eligible Project Costs ¹	10,000,000
Accrued Interest During Construction ²	<u>300,000</u>
Total Loan Amount	10,300,000
Loan Terms	
Term (years)	30
Interest Rate ³	3.00%
Annual Loan Payment⁴	525,000
Reserve Fund Requirement⁵	
Equal to Annual Debt Service	525,000

1 Some costs may not be eligible for SRF Loan funding & would require another funding source.

2 Assumes steady gradual drawdown of loan funds over two years.

3 Total net interest rate estimated for financial planning purposes; actual rate may vary.

4 First debt service payment due one year following completion of project.

5 Agencies must set aside funds to meet the SRF Reserve Requirement at least 90 days prior to project completion date.

Table 9
South San Luis Obispo County Sanitation District
Wastewater Rate Study
Bond Debt Service Estimates

Per \$10 Million of Project Funding

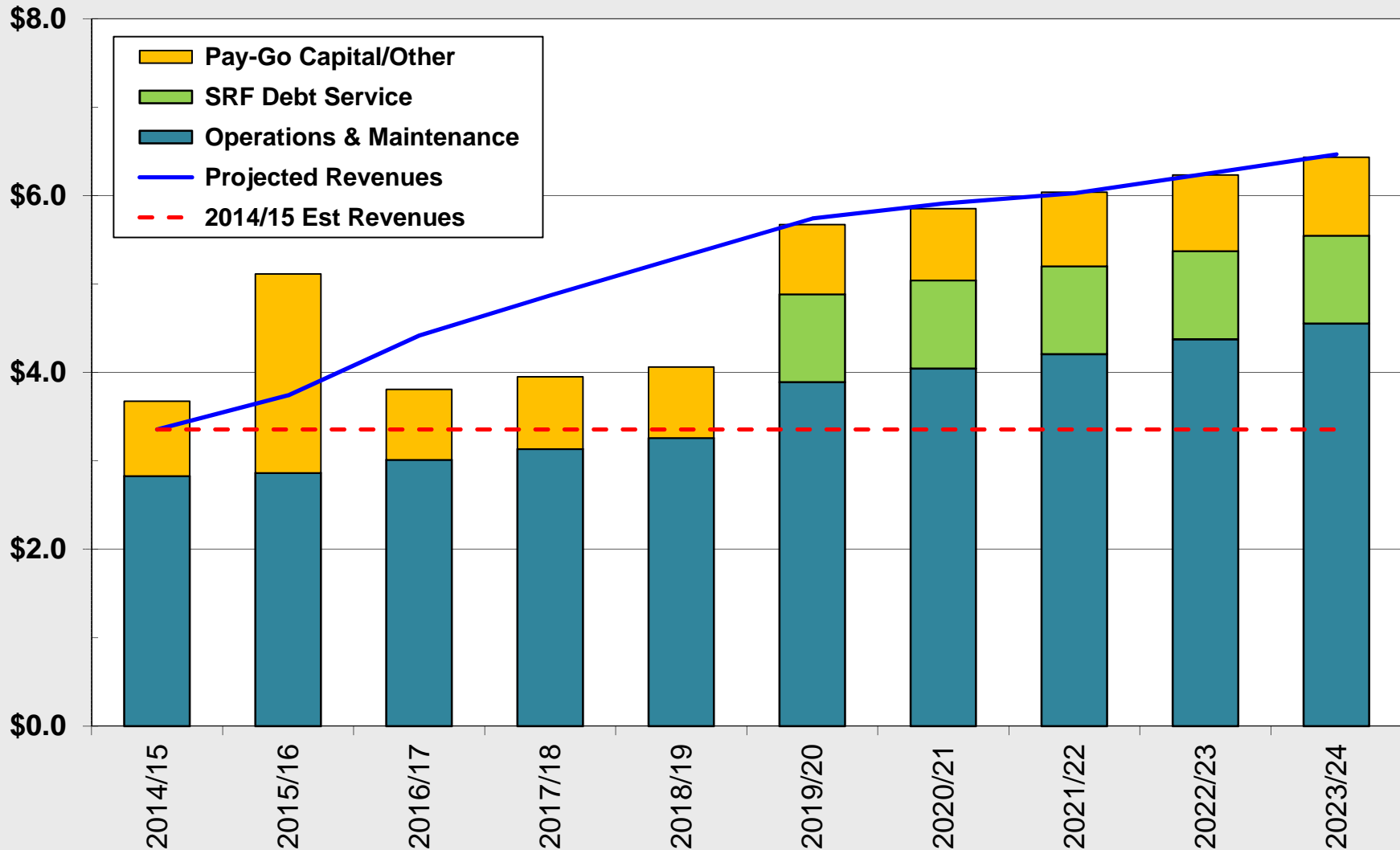
	Assumptions	25-Year Bonds	30-Year Bonds
Funding Target		\$10,000,000	\$10,000,000
Total Debt Issue		\$11,050,000	\$11,025,000
Proceeds		\$10,000,000	\$10,000,000
Issuance Costs & Reserve Requirement			
Underwriter Discount	1.00%	\$110,500	\$110,300
Issuance Costs		150,000	150,000
Debt Service Reserve Fund		784,000	758,600
Bond Insurance	none	0	0
Reserve Surety Bond <i>optional</i>	none	0	0
Contingency/Rounding		<u>5,500</u>	<u>6,100</u>
Total		1,050,000	1,025,000
Financing Terms			
Term (Years)		25	30
Est. Future Interest Rate		5.00%	5.50%
DEBT SERVICE			
Annual Debt Service		784,000	758,600
Less Interest on Reserve Fund	2.50%	<u>(19,600)</u>	<u>(19,000)</u>
Net Annual Debt Service		764,400	739,600

Table 10 - South San Luis Obispo CSD Wastewater Cash Flow Projections (SRF)					Years 1 - 5
	2014/15	2015/16	2016/17	2017/18	2018/19
Effective Date		Jan-1	July-1	July-1	July-1
Monthly Residential Sewer Charge	\$14.86	\$18.00	\$20.00	\$22.00	\$24.00
Monthly Increase		\$3.14	\$2.00	\$2.00	\$2.00
Residential Connection Fee (+3%)	\$2,475	\$2,549	\$2,625	\$2,704	\$2,785
Beginning ERUs	17,315	17,315	17,335	17,355	17,375
Growth (ERUs)	-	20	20	20	20
District Cost Escalation	-	4%	4%	4%	4%
SRF Debt Svc per \$1M	-	-	\$53,000	\$53,000	\$53,000
Bond Debt Svc per \$1M	-	-	\$76,000	\$76,000	\$76,000
Interest Earnings Rate	0.25%	0.30%	0.5%	1.0%	1.0%
Beginning Fund Reserves	\$5,546,000	\$5,227,000	\$3,243,000	\$4,324,000	\$5,246,000
REVENUES	<u>BWA est</u>				
Arroyo Grande (8,340 ERUs est.)	1,487,000	1,647,000	2,007,000	2,210,000	2,414,000
Grover Beach (6,200 ERUs)	1,106,000	1,224,000	1,492,000	1,643,000	1,794,000
Oceano CSD Services (2,775 ERUs)	495,000	548,000	668,000	736,000	803,000
School Services	25,000	28,000	34,000	37,000	40,000
<i>Subtotal Service Charges</i>	<u>3,113,000</u>	<u>3,447,000</u>	<u>4,201,000</u>	<u>4,626,000</u>	<u>5,051,000</u>
Connection Fees	85,000	51,000	53,000	54,000	56,000
Investment Earnings (All Funds)	14,000	16,000	16,000	43,000	52,000
Other Revenues	144,000	226,000	150,000	150,000	150,000
Total Revenues	<u>3,356,000</u>	<u>3,740,000</u>	<u>4,420,000</u>	<u>4,873,000</u>	<u>5,309,000</u>
Debt Proceeds: SRF Loan				9,246,000	9,523,000
SRF Reimbursement for Design/Permitting			1,500,000		
EXPENSES					
<u>Operating & Maintenance</u>					
Salaries & Wages	650,000	734,000	841,000	875,000	910,000
Benefits & Other Personnel Costs	510,000	615,000	676,000	703,000	731,000
Administrative Costs	693,000	625,000	570,000	593,000	617,000
Utilities	196,000	193,000	201,000	209,000	217,000
Maintenance, Tools & Replacements	241,000	281,000	292,000	304,000	316,000
Materials, Services & Supplies	290,000	251,000	261,000	271,000	282,000
Other Operating Expenses	248,000	165,000	172,000	179,000	186,000
New Redundancy Project Operations	-	-	-	-	-
Subtotal	<u>2,828,000</u>	<u>2,864,000</u>	<u>3,013,000</u>	<u>3,134,000</u>	<u>3,259,000</u>
<u>Debt Service</u>					
Projected Debt Service, SRF Loan	-	-	-	-	-
<u>Capital & Other Non-Operating</u>					
Redundancy Project:					
Design & Permitting	-	610,000	1,030,000	-	-
Construction & Management	-	-	-	9,246,000	9,523,000
Ongoing CIP/Repairs/Rehab/Repl	772,000	1,075,000	721,000	742,000	765,000
RWQCB Fine Repayment	-	1,100,000	-	-	-
2009 Equip Lease (Muni Finance Loan)	75,000	75,000	75,000	75,000	37,000
Subtotal	<u>847,000</u>	<u>2,860,000</u>	<u>1,826,000</u>	<u>10,063,000</u>	<u>10,325,000</u>
Total Expenses	<u>3,675,000</u>	<u>5,724,000</u>	<u>4,839,000</u>	<u>13,197,000</u>	<u>13,584,000</u>
Revenues Less Expenses	(319,000)	(1,984,000)	1,081,000	922,000	1,248,000
Transfer for SRF Reserve Requirement	-	-	-	-	(995,000)
Ending Fund Reserves	5,227,000	3,243,000	4,324,000	5,246,000	5,499,000
SRF Reserve Fund	-	-	-	0	995,000
Min Fund Rsrv Target: 50% O&M + \$1M	2,414,000	2,432,000	2,507,000	2,567,000	2,630,000
Debt Service Coverage	-	-	-	-	-

Table 10 - South San Luis Obispo CSD Wastewater Cash Flow Projections (SRF)					Years 6 - 10
	2019/20	2020/21	2021/22	2022/23	2023/24
Effective Date	July-1	July-1	July-1	July-1	July-1
Residential Sewer Charge	\$26.00	\$26.50	\$27.00	\$28.00	\$29.00
Monthly Increase	\$2.00	\$0.50	\$0.50	\$1.00	\$1.00
Residential Connection Fee (+3%)	\$2,869	\$2,955	\$3,044	\$3,135	\$3,229
Beginning ERUs	17,395	17,415	17,435	17,455	17,475
Growth (ERUs)	20	20	20	20	20
City Cost Escalation	4%	4%	4%	4%	4%
SRF Debt Svc per \$1M	\$53,000	\$53,000	\$53,000	\$53,000	\$53,000
Bond Debt Svc per \$1M	\$76,000	\$76,000	\$76,000	\$76,000	\$76,000
Interest Earnings Rate	1.0%	2.0%	2.0%	2.0%	2.0%
Beginning Fund Reserves	\$5,499,000	\$5,567,000	\$5,625,000	\$5,613,000	\$5,626,000
REVENUES					
Arroyo Grande Services	2,618,000	2,672,000	2,725,000	2,830,000	2,934,000
Grover Beach Services	1,946,000	1,985,000	2,025,000	2,102,000	2,180,000
OCSD Services	871,000	889,000	907,000	941,000	976,000
School Services	43,000	44,000	45,000	47,000	49,000
<i>Subtotal Service Charges & Fees</i>	<i>5,478,000</i>	<i>5,590,000</i>	<i>5,702,000</i>	<i>5,920,000</i>	<i>6,139,000</i>
Connection Fees	57,000	59,000	61,000	63,000	65,000
Investment Earnings	55,000	111,000	113,000	112,000	113,000
Other Revenues	150,000	150,000	150,000	150,000	150,000
Total Revenues	5,740,000	5,910,000	6,026,000	6,245,000	6,467,000
Debt Proceeds					
EXPENSES					
<u>Operating & Maintenance</u>					
Salaries & Wages	946,000	984,000	1,023,000	1,064,000	1,107,000
Benefits & Other Personnel Costs	760,000	790,000	822,000	855,000	889,000
Administrative Costs	642,000	668,000	695,000	723,000	752,000
Utilities	226,000	235,000	244,000	254,000	264,000
Maintenance, Tools & Replacements	329,000	342,000	356,000	370,000	385,000
Materials, Services & Supplies	293,000	305,000	317,000	330,000	343,000
Other Operating Expenses	193,000	201,000	209,000	217,000	226,000
New Redundancy Project Operations	500,000	520,000	541,000	563,000	586,000
Subtotal	3,889,000	4,045,000	4,207,000	4,376,000	4,552,000
<u>Debt Service</u>					
Projected Debt Service, SRF Loan	995,000	995,000	995,000	995,000	995,000
<u>Capital & Other Non-Operating</u>					
Redundancy Project:					
Design & Preliminary Costs	-	-	-	-	-
Construction & Const Mgmt	-	-	-	-	-
Ongoing CIP/Repairs/Rehab/Repl	788,000	812,000	836,000	861,000	886,000
RWQCB Fine Repayment	-	-	-	-	-
2009 Equip Lease (Muni Finance Loan)	-	-	-	-	-
Subtotal	788,000	812,000	836,000	861,000	886,000
Total Expenses	5,672,000	5,852,000	6,038,000	6,232,000	6,433,000
Revenues Less Expenses	68,000	58,000	(12,000)	13,000	34,000
Transfer for SRF Reserve Requirement	-	-	-	-	-
Ending Fund Reserves	5,567,000	5,625,000	5,613,000	5,626,000	5,660,000
SRF Reserve Fund	995,000	995,000	995,000	995,000	995,000
Min Fund Rsrv Target: 50% O&M + \$1M	2,945,000	3,023,000	3,104,000	3,188,000	3,276,000
Debt Service Coverage	1.86	1.87	1.83	1.88	1.92

South San Luis Obispo County Sanitation District

10-Year Revenue & Expense Projections with SRF Loans (\$ Millions)



Excludes capital improvements funded by debt, but includes the associated debt service.

Excludes interfund transfers that are not expenditures.

South San Luis Obispo County Sanitation District Historical & Projected Monthly Residential Sewer Rates

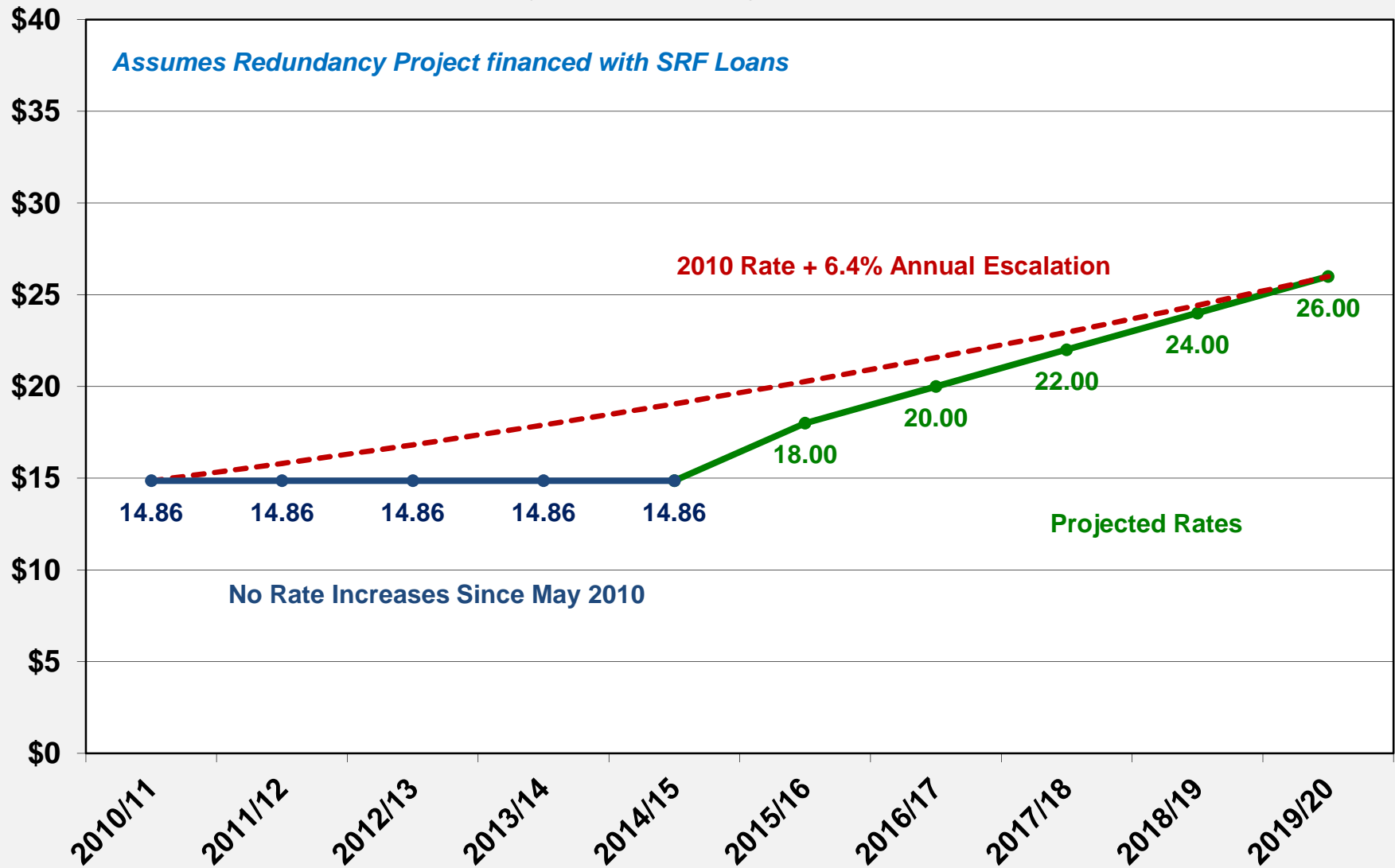


Table 11
South San Luis Obispo County Sanitation District
Wastewater Rate Study
Projected Rates with Across-the-Board Increases

Assumes no rate structure modifications
With SRF Financing

	Current Rates	Projected Rates with Across-the-Board Increases				
		2015/16 Jan-1	2016/17 July-1	2017/18 July-1	2018/19 July-1	2019/20 July-1
a. Residences & Apartments	\$14.86	\$18.00	\$20.00	\$22.00	\$24.00	\$26.00
b. Hotel Units with Kitchens	15.71	19.03	21.14	23.25	25.36	27.47
c. Hotel Units without Kitchens	10.02	12.14	13.49	14.84	16.19	17.54
d. Hotel Room	10.36	12.55	13.94	15.33	16.72	18.11
e. Commercial Establishments	7.65	9.27	10.30	11.33	12.36	13.39
Each additional employee above 5	1.53	1.85	2.06	2.27	2.48	2.69
f. Beauty Shops	13.97	16.92	18.80	20.68	22.56	24.44
Each additional operator above 5	2.33	2.82	3.13	3.44	3.75	4.06
g. Eating Establishments w/o Grinders	15.16	18.36	20.40	22.44	24.48	26.52
Each additional 5 seats above 30	2.53	3.06	3.40	3.74	4.08	4.42
h. Restaurants (w/Grinders) <30 seats	31.07	37.64	41.82	46.00	50.18	54.36
Restaurants (w/Grinders) over 30 seats	39.84	48.26	53.62	58.98	64.34	69.70
i. Laundromats - per washing maching	9.71	11.76	13.07	14.38	15.69	17.00
Minimum Charge	29.14	35.30	39.22	43.14	47.06	50.98
j. Service Stations - no wash/rack	37.41	45.31	50.34	55.37	60.40	65.43
Service Stations - with wash/rack	54.40	65.90	73.22	80.54	87.86	95.18
k. Factories	22.05	26.71	29.68	32.65	35.62	38.59
Each additional employee above 20	1.10	1.33	1.48	1.63	1.78	1.93
l. Churches	12.56	15.21	16.90	18.59	20.28	21.97
Per ADA with elementary school	0.34	0.41	0.46	0.51	0.56	0.61
Per ADA with other school	0.51	0.62	0.69	0.76	0.83	0.90
m. Bottling Plants	22.05	26.71	29.68	32.65	35.62	38.59
n. Schools (Non-boarding)	7.07	8.56	9.51	10.46	11.41	12.36
Per ADA with elementary school	0.33	0.40	0.44	0.48	0.52	0.56
Per ADA with other school	0.52	0.63	0.70	0.77	0.84	0.91
o. Schools (Boarding)	7.07	8.56	9.51	10.46	11.41	12.36
Per ADA with elementary school	0.71	0.86	0.96	1.06	1.16	1.26
Per ADA with other school	0.95	1.15	1.28	1.41	1.54	1.67
p. Trailer/Mobile Home Space	4.19	5.08	5.64	6.20	6.76	7.32
q. RV Dump Stations - Less than 50 svcs	42.69	51.71	57.46	63.21	68.96	74.71

Table 10B - South San Luis Obispo CSD Wastewater Cash Flow Projections (Bonds)					Years 1 - 5
	2014/15	2015/16	2016/17	2017/18	2018/19
Effective Date		Jan-1	July-1	July-1	July-1
Monthly Residential Sewer Charge	\$14.86	\$18.00	\$20.00	\$22.00	\$25.50
Monthly Increase		\$3.14	\$2.00	\$2.00	\$3.50
Residential Connection Fee (+3%)	\$2,475	\$2,549	\$2,625	\$2,704	\$2,785
Beginning ERUs	17,315	17,315	17,335	17,355	17,375
Growth (ERUs)	-	20	20	20	20
District Cost Escalation	-	4%	4%	4%	4%
SRF Debt Svc per \$1M	-	-	\$53,000	\$53,000	\$53,000
Bond Debt Svc per \$1M	-	-	\$76,000	\$76,000	\$76,000
Interest Earnings Rate	0.25%	0.30%	0.5%	1.0%	1.0%
Beginning Fund Reserves	\$5,546,000	\$5,227,000	\$3,243,000	\$2,824,000	\$4,211,000
REVENUES	<u>BWA est</u>				
Arroyo Grande (8,340 ERUs est.)	1,487,000	1,647,000	2,007,000	2,210,000	2,565,000
Grover Beach (6,200 ERUs)	1,106,000	1,224,000	1,492,000	1,643,000	1,906,000
Oceano CSD Services (2,775 ERUs)	495,000	548,000	668,000	736,000	853,000
School Services	25,000	28,000	34,000	37,000	43,000
Subtotal Service Charges	3,113,000	3,447,000	4,201,000	4,626,000	5,367,000
Connection Fees	85,000	51,000	53,000	54,000	56,000
Investment Earnings (All Funds)	14,000	16,000	16,000	28,000	42,000
Other Revenues	144,000	226,000	150,000	150,000	150,000
Total Revenues	3,356,000	3,740,000	4,420,000	4,858,000	5,615,000
Bond Proceeds				10,846,000	9,523,000
				Issuance Year	
EXPENSES					
Operating & Maintenance					
Salaries & Wages	650,000	734,000	841,000	875,000	910,000
Benefits & Other Personnel Costs	510,000	615,000	676,000	703,000	731,000
Administrative Costs	693,000	625,000	570,000	593,000	617,000
Utilities	196,000	193,000	201,000	209,000	217,000
Maintenance, Tools & Replacements	241,000	281,000	292,000	304,000	316,000
Materials, Services & Supplies	290,000	251,000	261,000	271,000	282,000
Other Operating Expenses	248,000	165,000	172,000	179,000	186,000
New Redundancy Project Operations	-	-	-	-	-
Subtotal	2,828,000	2,864,000	3,013,000	3,134,000	3,259,000
Debt Service					
Projected Debt Service, Bonds	-	-	-	1,120,000	1,548,000
				Interest Only 1st Year	
Capital & Other Non-Operating					
Redundancy Project:					
Design & Permitting	-	610,000	1,030,000	-	-
Construction & Management	-	-	-	9,246,000	9,523,000
Ongoing CIP/Repairs/Rehab/Repl	772,000	1,075,000	721,000	742,000	765,000
RWQCB Fine Repayment	-	1,100,000	-	-	-
2009 Equip Lease (Muni Finance Loan)	75,000	75,000	75,000	75,000	37,000
Subtotal	847,000	2,860,000	1,826,000	10,063,000	10,325,000
Total Expenses	3,675,000	5,724,000	4,839,000	14,317,000	15,132,000
Revenues Less Expenses	(319,000)	(1,984,000)	(419,000)	1,387,000	6,000
Ending Fund Reserves	5,227,000	3,243,000	2,824,000	4,211,000	4,217,000
Min Fund Rsrv Target: 50% O&M + \$1M	2,414,000	2,432,000	2,507,000	2,567,000	2,630,000
Debt Service Coverage	-	-	-	1.54	1.52

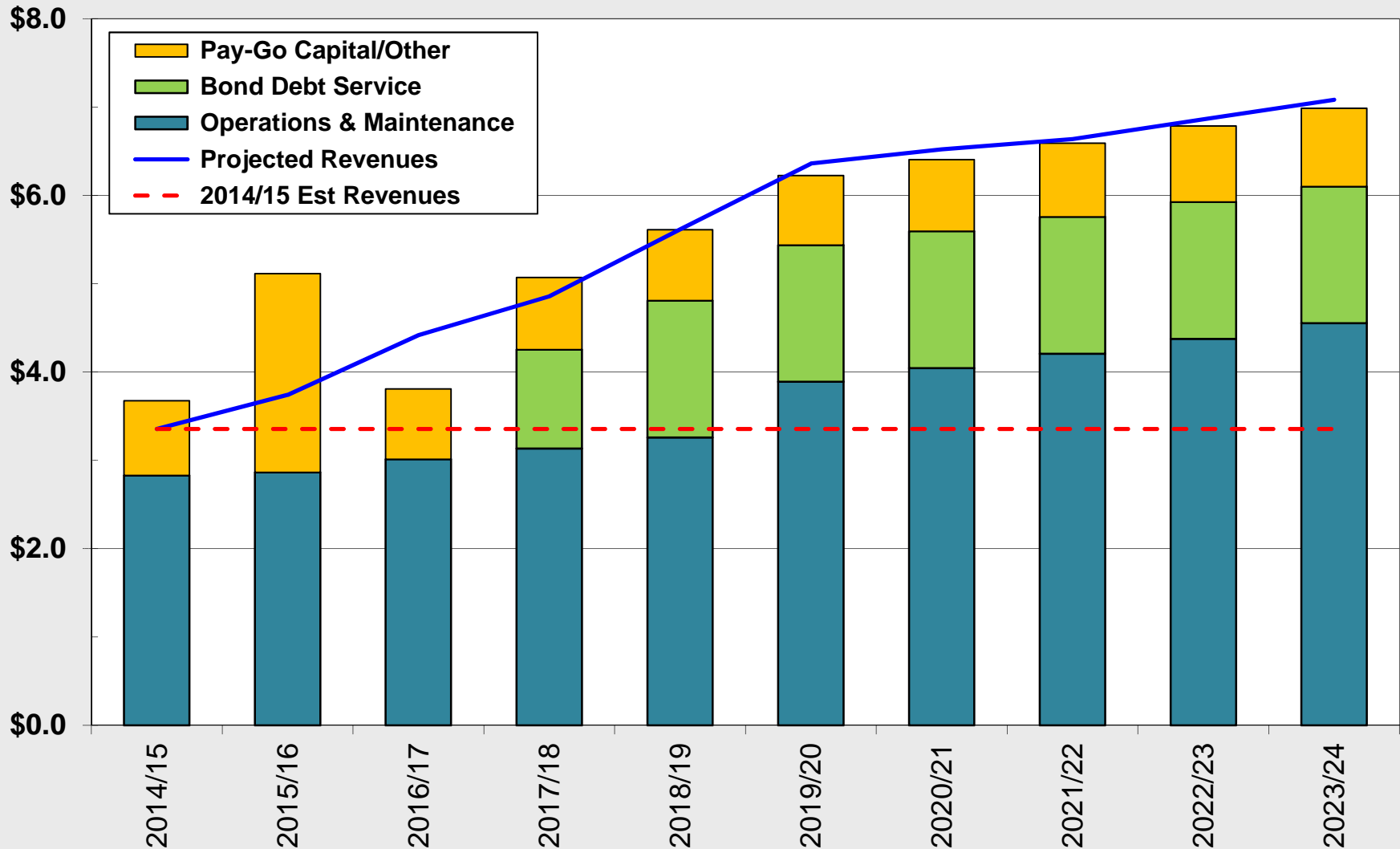
Table 10B - South San Luis Obispo CSD Wastewater Cash Flow Projections (Bonds)

Years 6 - 10

	2019/20	2020/21	2021/22	2022/23	2023/24
Effective Date	July-1	July-1	July-1	July-1	July-1
Residential Sewer Charge	\$29.00	\$29.50	\$30.00	\$31.00	\$32.00
Monthly Increase	\$3.50	\$0.50	\$0.50	\$1.00	\$1.00
Residential Connection Fee (+3%)	\$2,869	\$2,955	\$3,044	\$3,135	\$3,229
Beginning ERUs	17,395	17,415	17,435	17,455	17,475
Growth (ERUs)	20	20	20	20	20
City Cost Escalation	4%	4%	4%	4%	4%
SRF Debt Svc per \$1M	\$53,000	\$53,000	\$53,000	\$53,000	\$53,000
Bond Debt Svc per \$1M	\$76,000	\$76,000	\$76,000	\$76,000	\$76,000
Interest Earnings Rate	1.0%	2.0%	2.0%	2.0%	2.0%
Beginning Fund Reserves	\$4,217,000	\$4,352,000	\$4,466,000	\$4,511,000	\$4,585,000
REVENUES					
Arroyo Grande Services	2,920,000	2,974,000	3,028,000	3,133,000	3,238,000
Grover Beach Services	2,170,000	2,210,000	2,250,000	2,328,000	2,405,000
OCSO Services	972,000	989,000	1,007,000	1,042,000	1,077,000
School Services	49,000	50,000	51,000	53,000	55,000
Subtotal Service Charges & Fees	6,111,000	6,223,000	6,336,000	6,556,000	6,775,000
Connection Fees	57,000	59,000	61,000	63,000	65,000
Investment Earnings	42,000	87,000	89,000	90,000	92,000
Other Revenues	150,000	150,000	150,000	150,000	150,000
Total Revenues	6,360,000	6,519,000	6,636,000	6,859,000	7,082,000
Debt Proceeds					
EXPENSES					
<u>Operating & Maintenance</u>					
Salaries & Wages	946,000	984,000	1,023,000	1,064,000	1,107,000
Benefits & Other Personnel Costs	760,000	790,000	822,000	855,000	889,000
Administrative Costs	642,000	668,000	695,000	723,000	752,000
Utilities	226,000	235,000	244,000	254,000	264,000
Maintenance, Tools & Replacements	329,000	342,000	356,000	370,000	385,000
Materials, Services & Supplies	293,000	305,000	317,000	330,000	343,000
Other Operating Expenses	193,000	201,000	209,000	217,000	226,000
New Redundancy Project Operations	500,000	520,000	541,000	563,000	586,000
Subtotal	3,889,000	4,045,000	4,207,000	4,376,000	4,552,000
<u>Debt Service</u>					
Projected Debt Service, Bonds	1,548,000	1,548,000	1,548,000	1,548,000	1,548,000
<u>Capital & Other Non-Operating</u>					
Redundancy Project:					
Design & Preliminary Costs	-	-	-	-	-
Construction & Const Mgmt	-	-	-	-	-
Ongoing CIP/Repairs/Rehab/Repl	788,000	812,000	836,000	861,000	886,000
RWQCB Fine Repayment	-	-	-	-	-
2009 Equip Lease (Muni Finance Loan)	-	-	-	-	-
Subtotal	788,000	812,000	836,000	861,000	886,000
Total Expenses	6,225,000	6,405,000	6,591,000	6,785,000	6,986,000
Revenues Less Expenses	135,000	114,000	45,000	74,000	96,000
Ending Fund Reserves	4,352,000	4,466,000	4,511,000	4,585,000	4,681,000
Min Fund Rsrv Target: 50% O&M + \$1M	2,945,000	3,023,000	3,104,000	3,188,000	3,276,000
Debt Service Coverage	1.60	1.60	1.57	1.60	1.63

South San Luis Obispo County Sanitation District

10-Year Revenue & Expense Projections with Bonds (\$ Millions)



Excludes capital improvements funded by debt, but includes the associated debt service.

Excludes interfund transfers that are not expenditures.

South San Luis Obispo County Sanitation District Historical & Projected Monthly Residential Sewer Rates

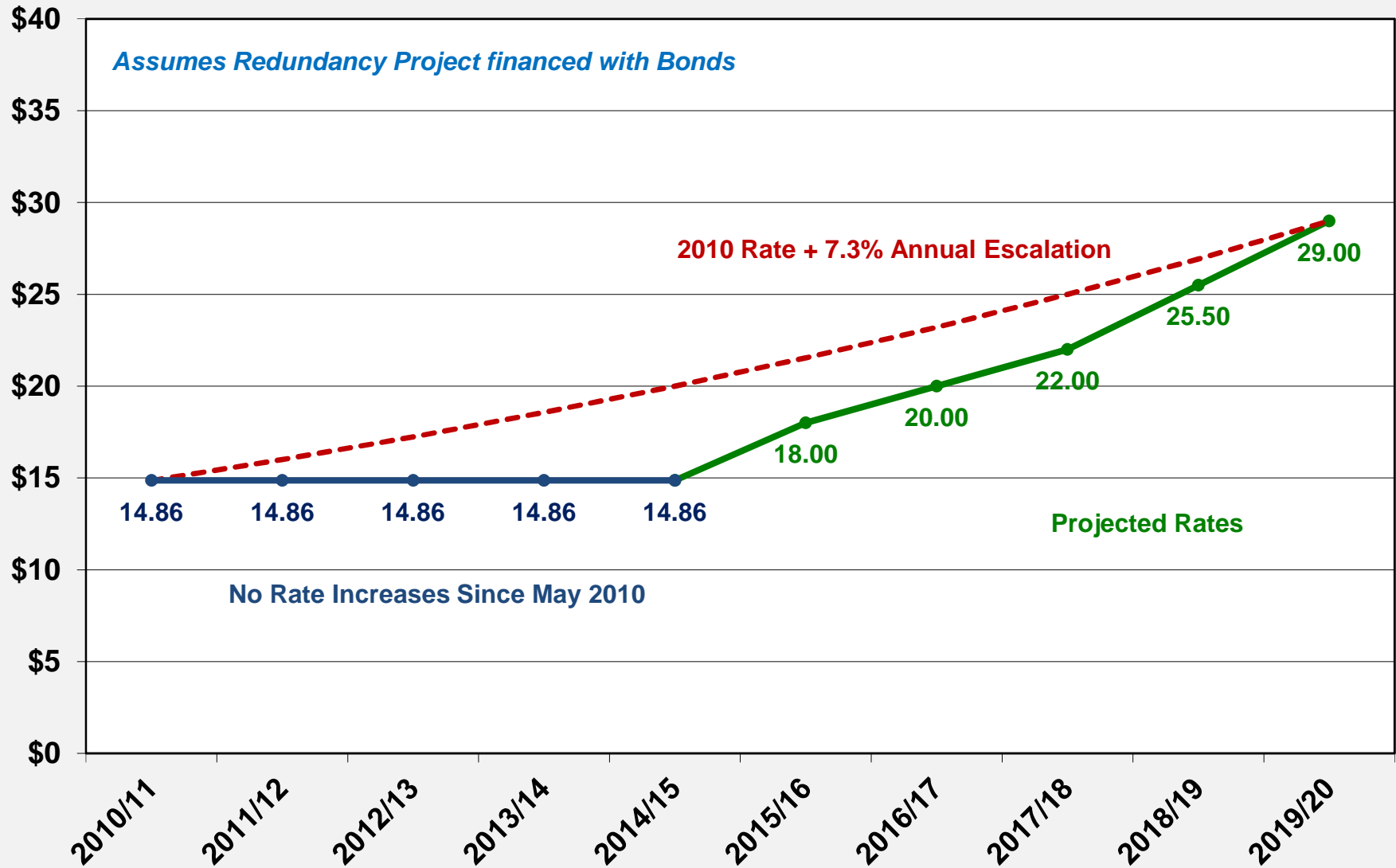


Table 11B
South San Luis Obispo County Sanitation District
Wastewater Rate Study
Projected Rates with Across-the-Board Increases

Assumes no rate structure modifications
With Bond Financing

	Current Rates	Projected Rates with Across-the-Board Increases				
		2015/16 Jan-1	2016/17 July-1	2017/18 July-1	2018/19 July-1	2019/20 July-1
a. Residences & Apartments	\$14.86	\$18.00	\$20.00	\$22.00	\$25.50	\$29.00
b. Hotel Units with Kitchens	15.71	19.03	21.14	23.25	26.95	30.65
c. Hotel Units without Kitchens	10.02	12.14	13.49	14.84	17.20	19.56
d. Hotel Room	10.36	12.55	13.94	15.33	17.77	20.21
e. Commercial Establishments	7.65	9.27	10.30	11.33	13.13	14.93
Each additional employee above 5	1.53	1.85	2.06	2.27	2.63	2.99
f. Beauty Shops	13.97	16.92	18.80	20.68	23.97	27.26
Each additional operator above 5	2.33	2.82	3.13	3.44	3.99	4.54
g. Eating Establishments w/o Grinders	15.16	18.36	20.40	22.44	26.01	29.58
Each additional 5 seats above 30	2.53	3.06	3.40	3.74	4.34	4.94
h. Restaurants (w/Grinders) <30 seats	31.07	37.64	41.82	46.00	53.32	60.64
Restaurants (w/Grinders) over 30 seats	39.84	48.26	53.62	58.98	68.36	77.74
i. Laundromats - per washing maching	9.71	11.76	13.07	14.38	16.67	18.96
Minimum Charge	29.14	35.30	39.22	43.14	50.00	56.86
j. Service Stations - no wash/rack	37.41	45.31	50.34	55.37	64.18	72.99
Service Stations - with wash/rack	54.40	65.90	73.22	80.54	93.35	106.16
k. Factories	22.05	26.71	29.68	32.65	37.84	43.03
Each additional employee above 20	1.10	1.33	1.48	1.63	1.89	2.15
l. Churches	12.56	15.21	16.90	18.59	21.55	24.51
Per ADA with elementary school	0.34	0.41	0.46	0.51	0.59	0.67
Per ADA with other school	0.51	0.62	0.69	0.76	0.88	1.00
m. Bottling Plants	22.05	26.71	29.68	32.65	37.84	43.03
n. Schools (Non-boarding)	7.07	8.56	9.51	10.46	12.12	13.78
Per ADA with elementary school	0.33	0.40	0.44	0.48	0.56	0.64
Per ADA with other school	0.52	0.63	0.70	0.77	0.89	1.01
o. Schools (Boarding)	7.07	8.56	9.51	10.46	12.12	13.78
Per ADA with elementary school	0.71	0.86	0.96	1.06	1.23	1.40
Per ADA with other school	0.95	1.15	1.28	1.41	1.63	1.85
p. Trailer/Mobile Home Space	4.19	5.08	5.64	6.20	7.19	8.18
q. RV Dump Stations - Less than 50 svcs	42.69	51.71	57.46	63.21	73.27	83.33

Table 12
South San Luis Obispo County Sanitation District
Wastewater Rate Study
Total Member Agency Billing Units & ERUs

SSLOCS D Customer Class	Current Monthly Rate	Monthly Billing Units				Estimated Gross Revenues				Estimated ERUs			
		Oceano CSD	Grover Beach	Arroyo Grande	Total	Oceano CSD	Grover Beach	Arroyo Grande	Total	Oceano CSD	Grover Beach	Arroyo Grande	Total
a. Residences & Apartments	\$14.86	2,373.8	5,631.0	7,090.0	15,094.8	423,287	1,004,126	1,264,289	2,691,702	2,373.8	5,631.0	7,090.00	15,094.8
b. Hotel Units with Kitchens	15.71	56.0	-	-	56.0	10,557	-	-	10,557	59.2	-	-	59.2
c. Hotel Units without Kitchens	10.02	19.0	128.0	418.0	565.0	2,285	15,391	50,260	67,936	12.8	86.3	281.85	381.0
d. Hotel Room	10.36	-	-	-	-	-	-	-	-	-	-	-	-
e. Commercial Establishments	7.65	66.8	368.1	745.0	1,179.9	6,132	33,791	68,391	108,314	34.4	189.5	383.53	607.4
Each additional employee above 5	1.53	-	512.8	2,599.0	3,111.8	-	9,415	47,718	57,133	-	52.8	267.60	320.4
f. Beauty Shops	13.97	-	18.5	10.0	28.5	-	3,099	1,676	4,775	-	17.4	9.40	26.8
Each additional operator above 5	2.33	-	5.0	-	5.0	-	140	-	140	-	0.8	-	0.8
g. Eating Establishments w/o Grinders	15.16	19.7	33.0	25.0	77.7	3,581	6,003	4,548	14,132	20.1	33.7	25.50	79.3
Each additional 5 seats above 30	2.53	-	24.0	168.0	192.0	-	729	5,100	5,829	-	4.1	28.60	32.7
h. Restaurants (w/Grinders) <30 seats	31.07	2.6	1.0	-	3.6	956	373	-	1,329	5.4	2.1	-	7.5
Restaurants (w/Grinders) over 30 seats	39.84	-	3.0	4.0	7.0	-	1,434	1,912	3,347	-	8.0	10.72	18.8
i. Laundromats - per washing machine	9.71	29.0	116.0	34.0	179.0	3,379	13,516	3,962	20,857	19.0	75.8	22.22	117.0
Minimum Charge	29.14	-	-	-	-	-	-	-	-	-	-	-	-
j. Service Stations - no wash/rack	37.41	-	-	8.0	8.0	-	-	3,591	3,591	-	-	20.14	20.1
Service Stations - with wash/rack	54.40	0.7	2.9	3.0	6.6	449	1,899	1,958	4,306	2.5	10.6	10.98	24.1
k. Factories	22.05	10.0	23.0	-	33.0	2,645	6,092	-	8,737	14.8	34.2	-	49.0
Each additional employee above 20	1.10	-	5.5	-	5.5	-	73	-	73	-	0.4	-	0.4
l. Churches	12.56	6.0	9.0	16.0	31.0	910	1,356	2,412	4,678	5.1	7.6	13.52	26.2
Per ADA with elementary school	0.34	-	-	-	-	-	-	-	-	-	-	-	-
Per ADA with other school	0.51	-	-	-	-	-	-	-	-	-	-	-	-
m. Bottling Plants	22.05	-	-	-	-	-	-	-	-	-	-	-	-
n. Schools (Non-boarding)	7.07	-	-	13.0	-	-	-	1,103	1,103	-	-	6.19	6.2
Per ADA with elementary school	0.33	-	-	84.0	-	-	-	333	333	-	-	1.87	1.9
Per ADA with other school	0.52	-	-	-	-	-	-	-	-	-	-	-	-
o. Schools (Boarding)	7.07	-	-	-	-	-	-	-	-	-	-	-	-
Per ADA with elementary school	0.71	-	-	-	-	-	-	-	-	-	-	-	-
Per ADA with other school	0.95	-	-	-	-	-	-	-	-	-	-	-	-
p. Trailer/Mobile Home Space	4.19	808.3	158.7	628.0	1,595.0	40,639	7,982	31,576	80,196	227.9	44.8	177.07	449.7
q. RV Dump Stations - Less than 50 svcs	42.69	-	2.0	-	2.0	-	85	-	85	-	5.7	-	5.7
Total						494,820	1,105,503	1,488,829	3,089,153	2,774.9	6,204.8	8,349.2	17,328.9

Table 13

South San Luis Obispo County Sanitation District
Customer Categories & ERU/Rate Assignments

Cost Recovery Allocation		
Flow	BOD	SS
60%	20%	20%

	CURRENT		REVISED							IMPACTS	
	Sewer Rates	ERUs	Wastewater Flow		Wastewater Strength			Proposed ERUs	Revised Rates	% Rate Change	\$ Rate Change
			Flow (gpd)	Flow Factor	BOD mg/l	SS mg/l	Strength Factor	Flow Factor x Strength Factor	Revenue-Neutral Modifications		
a. Residences & Apartments	\$14.86	1.00	200	1.00	200	200	1.0	1.00	\$14.56	-2%	(\$0.30)
b. Hotel Units with Kitchens	15.71	1.06	175	0.88	200	200	1.0	0.88	12.74	-19%	(2.97)
c. Motel Units without Kitchens	10.02	0.67	125	0.63	150	150	0.9	0.56	8.19	-18%	(1.83)
d. Hotel Room	10.36	0.70	125	0.63	150	150	0.9	0.56	8.19	-21%	(2.17)
e. Commercial Establishments	7.65	0.51	100	0.50	150	150	0.9	0.45	6.55	-14%	(1.10)
Each additional employee above 5	1.53	0.10	20	0.10	150	150	0.9	0.09	1.31	-14%	(0.22)
f. Beauty Shops	13.97	0.94	200	1.00	150	150	0.9	0.90	13.10	-6%	(0.87)
Each additional operator above 5	2.33	0.16	30	0.15	150	150	0.9	0.14	1.97	-15%	(0.36)
g. Eating Establishments w/o Grinders	15.16	1.02	200	1.00	400	400	1.4	1.40	20.38	34%	5.22
Each additional 5 seats above 30	2.53	0.17	30	0.15	400	400	1.4	0.21	3.06	21%	0.53
h. Restaurants (w/Grinders) less than 30 seats	31.07	2.09	250	1.25	700	500	1.8	2.25	32.76	5%	1.69
Restaurants (w/Grinders) over 30 seats	39.84	2.68	350	1.75	700	500	1.8	3.15	45.86	15%	6.02
i. Laundromats - per washing machine	9.71	0.65	150	0.75	150	110	0.9	0.65	9.39	-3%	(0.32)
Minimum Charge	29.14	1.96	450	2.25	150	110	0.9	1.94	28.17	-3%	(0.97)
j. Service Stations - no wash/rack	37.41	2.52	500	2.50	180	280	1.1	2.65	38.58	3%	1.17
Service Stations - with wash/rack	54.40	3.66	800	4.00	150	200	1.0	3.80	55.33	2%	0.93
k. Factories	22.05	1.48	300	1.50	200	200	1.0	1.50	21.84	-1%	(0.21)
Each additional employee above 20	1.10	0.07	15	0.08	200	200	1.0	0.08	1.09	-1%	(0.01)
l. Churches	12.56	0.85	200	1.00	130	100	0.8	0.83	12.08	-4%	(0.48)
Per ADA with elementary school	0.34	0.02	6	0.03	130	100	0.8	0.02	0.36	6%	0.02
Per ADA with other school	0.51	0.03	9	0.05	130	100	0.8	0.04	0.54	6%	0.03
m. Bottling Plants	22.05	1.48	400	2.00	150	150	0.9	1.80	26.21	19%	4.16
n. Schools (Non-boarding)	7.07	0.48	120	0.60	130	100	0.8	0.50	7.25	3%	0.18
Per ADA with elementary school	0.33	0.02	6	0.03	130	100	0.8	0.02	0.36	9%	0.03
Per ADA with other school	0.52	0.03	9	0.05	130	100	0.8	0.04	0.54	4%	0.02
o. Schools (Boarding)	7.07	0.48	100	0.50	200	200	1.0	0.50	7.28	3%	0.21
Per ADA with elementary school	0.71	0.05	10	0.05	200	200	1.0	0.05	0.73	3%	0.02
Per ADA with other school	0.95	0.06	14	0.07	200	200	1.0	0.07	1.02	7%	0.07
p. Trailer/Mobile Home Space	4.19	0.28	120	0.60	200	200	1.0	0.60	8.74	109%	4.55
q. RV Dump Stations - Less than 50 services	42.69	2.87	100	0.50	2,700	6,000	9.3	4.65	67.70	59%	25.01

Table 14

South San Luis Obispo County Sanitation District

Rates & Revenue-Neutral Impacts with Updated Flow & Strength Assignments

Sewer Customer Class	Billing Units	Current ERUs	Current Rates	Current ERU Factor	Revised ERU Factor	Revised ERUs	Rates with Revised ERUs	Revenue Neutral Impact	
								\$ Change	% Change
a. Residences & Apartments	15,094.8	15,094.8	\$14.86	1.00	1.00	15,094.8	\$14.56	(\$0.30)	-2.0%
b. Hotel Units with Kitchens	56.0	59.2	15.71	1.06	0.88	49.0	12.74	(2.97)	-18.9%
c. Motel Units without Kitchens	565.0	381.0	10.02	0.67	0.56	317.8	8.19	(1.83)	-18.3%
d. Hotel Room	-	-	10.36	0.70	0.56	-	8.19	(2.17)	-20.9%
e. Commercial Establishments	1,179.9	607.4	7.65	0.51	0.45	531.0	6.55	(1.10)	-14.4%
Each additional employee above 5	3,111.8	320.4	1.53	0.10	0.09	280.1	1.31	(0.22)	-14.4%
f. Beauty Shops	28.5	26.8	13.97	0.94	0.90	25.6	13.10	(0.87)	-6.2%
Each additional operator above 5	5.0	0.8	2.33	0.16	0.14	0.7	1.97	(0.36)	-15.5%
g. Eating Establishments w/o Grinders	77.7	79.3	15.16	1.02	1.40	108.8	20.38	5.22	34.4%
Each additional 5 seats above 30	192.0	32.7	2.53	0.17	0.21	40.3	3.06	0.53	20.9%
h. Restaurants (w/Grinders) less than 30 seats	3.6	7.5	31.07	2.09	2.25	8.0	32.76	1.69	5.4%
Restaurants (w/Grinders) over 30 seats	7.0	18.8	39.84	2.68	3.15	22.1	45.86	6.02	15.1%
i. Laundromats - per washing machine	179.0	117.0	9.71	0.65	0.65	115.5	9.39	(0.32)	-3.3%
Minimum Charge	-	-	29.14	1.96	1.94	-	28.17	(0.97)	-3.3%
j. Service Stations - no wash/rack	8.0	20.1	37.41	2.52	2.65	21.2	38.58	1.17	3.1%
Service Stations - with wash/rack	6.6	24.1	54.40	3.66	3.80	25.1	55.33	0.93	1.7%
k. Factories	33.0	49.0	22.05	1.48	1.50	49.5	21.84	(0.21)	-1.0%
Each additional employee above 20	5.5	0.4	1.10	0.07	0.08	0.4	1.09	(0.01)	-0.9%
l. Churches	31.0	26.2	12.56	0.85	0.83	25.8	12.08	(0.48)	-3.8%
Per ADA with elementary school	-	-	0.34	0.02	0.02	-	0.36	0.02	5.9%
Per ADA with other school	-	-	0.51	0.03	0.04	-	0.54	0.03	5.9%
m. Bottling Plants	-	-	22.05	1.48	1.80	-	26.21	4.16	18.9%
n. Schools (Non-boarding)	-	6.2	7.07	0.48	0.50	-	7.25	0.18	2.5%
Per ADA with elementary school	-	1.9	0.33	0.02	0.02	-	0.36	0.03	9.1%
Per ADA with other school	-	-	0.52	0.03	0.04	-	0.54	0.02	3.8%
o. Schools (Boarding)	-	-	7.07	0.48	0.50	-	7.28	0.21	3.0%
Per ADA with elementary school	-	-	0.71	0.05	0.05	-	0.73	0.02	2.8%
Per ADA with other school	-	-	0.95	0.06	0.07	-	1.02	0.07	7.4%
p. Trailer/Mobile Home Space	1,595.0	449.7	4.19	0.28	0.60	957.0	8.74	4.55	108.6%
q. RV Dump Stations - Less than 50 services	2.0	5.7	42.69	2.87	4.65	9.3	67.70	25.01	58.6%
Total		17,328.9				17,681.8			
Rate per ERU		\$14.86				\$14.56			
Est. Annual Revenues		\$3,090,092				\$3,089,362		(730)	-0.02%

Table 15

South San Luis Obispo County Sanitation District
Wastewater Rate Study
Projected Rates with Rate Structure Modifications

With Rate Structure Modifications
With SRF Financing

	Current	Revised Rates	Projected Rates with Rate Structure Modifications				
		Rev-Neutral	2015/16 Jan-1	2016/17 July-1	2017/18 July-1	2018/19 July-1	2019/20 July-1
a. Residences & Apartments	\$14.86	14.56	\$17.64	\$19.60	\$21.56	\$23.52	\$25.48
b. Hotel Units with Kitchens	15.71	12.74	15.43	17.14	18.85	20.56	22.27
c. Hotel Units without Kitchens	10.02	8.19	9.92	11.02	12.12	13.22	14.32
d. Hotel Room	10.36	8.19	9.92	11.02	12.12	13.22	14.32
e. Commercial Establishments	7.65	6.55	7.93	8.81	9.69	10.57	11.45
Each additional employee above 5	1.53	1.31	1.59	1.77	1.95	2.13	2.31
f. Beauty Shops	13.97	13.10	15.87	17.63	19.39	21.15	22.91
Each additional operator above 5	2.33	1.97	2.39	2.66	2.93	3.20	3.47
g. Eating Establishments w/o Grinders	15.16	20.38	24.69	27.43	30.17	32.91	35.65
Each additional 5 seats above 30	2.53	3.06	3.71	4.12	4.53	4.94	5.35
h. Restaurants (w/Grinders) <30 seats	31.07	32.76	39.68	44.09	48.50	52.91	57.32
Restaurants (w/Grinders) over 30 seats	39.84	45.86	55.55	61.72	67.89	74.06	80.23
i. Laundromats - per washing maching	9.71	9.39	11.37	12.63	13.89	15.15	16.41
Minimum Charge	29.14	28.17	34.12	37.91	41.70	45.49	49.28
j. Service Stations - no wash/rack	37.41	38.58	46.73	51.92	57.11	62.30	67.49
Service Stations - with wash/rack	54.40	55.33	67.02	74.47	81.92	89.37	96.82
k. Factories	22.05	21.84	26.45	29.39	32.33	35.27	38.21
Each additional employee above 20	1.10	1.09	1.32	1.47	1.62	1.77	1.92
l. Churches	12.56	12.08	14.63	16.26	17.89	19.52	21.15
Per ADA with elementary school	0.34	0.36	0.44	0.49	0.54	0.59	0.64
Per ADA with other school	0.51	0.54	0.65	0.72	0.79	0.86	0.93
m. Bottling Plants	22.05	26.21	31.75	35.28	38.81	42.34	45.87
n. Schools (Non-boarding)	7.07	7.25	8.78	9.76	10.74	11.72	12.70
Per ADA with elementary school	0.33	0.36	0.44	0.49	0.54	0.59	0.64
Per ADA with other school	0.52	0.54	0.65	0.72	0.79	0.86	0.93
o. Schools (Boarding)	7.07	7.28	8.82	9.80	10.78	11.76	12.74
Per ADA with elementary school	0.71	0.73	0.88	0.98	1.08	1.18	1.28
Per ADA with other school	0.95	1.02	1.24	1.38	1.52	1.66	1.80
p. Trailer/Mobile Home Space	4.19	8.74	10.59	11.77	12.95	14.13	15.31
q. RV Dump Stations - Less than 50 svcs	42.69	67.70	82.01	91.12	100.23	109.34	118.45

South San Luis Obispo County Sanitation District Historical & Projected Monthly Residential Sewer Rates

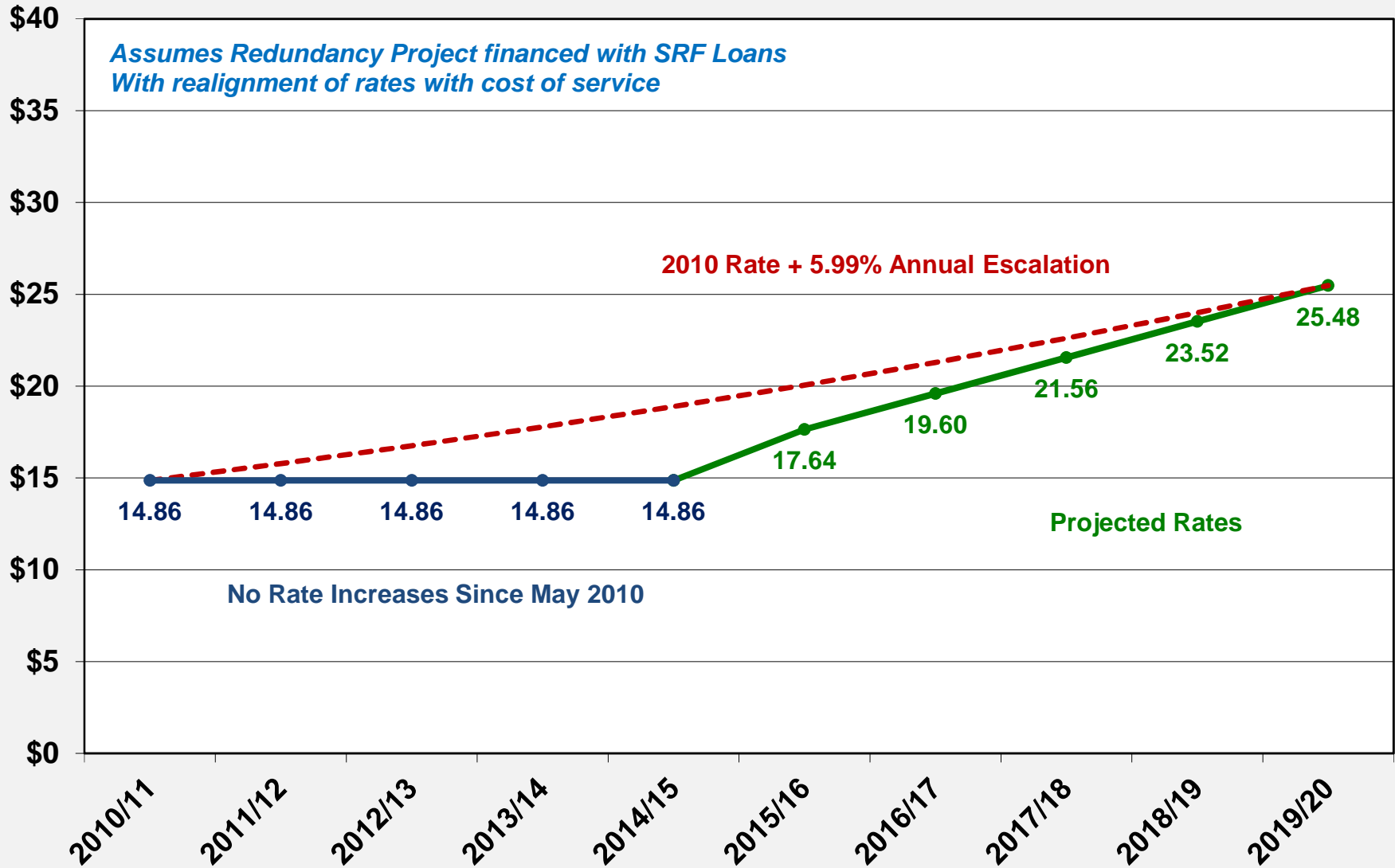


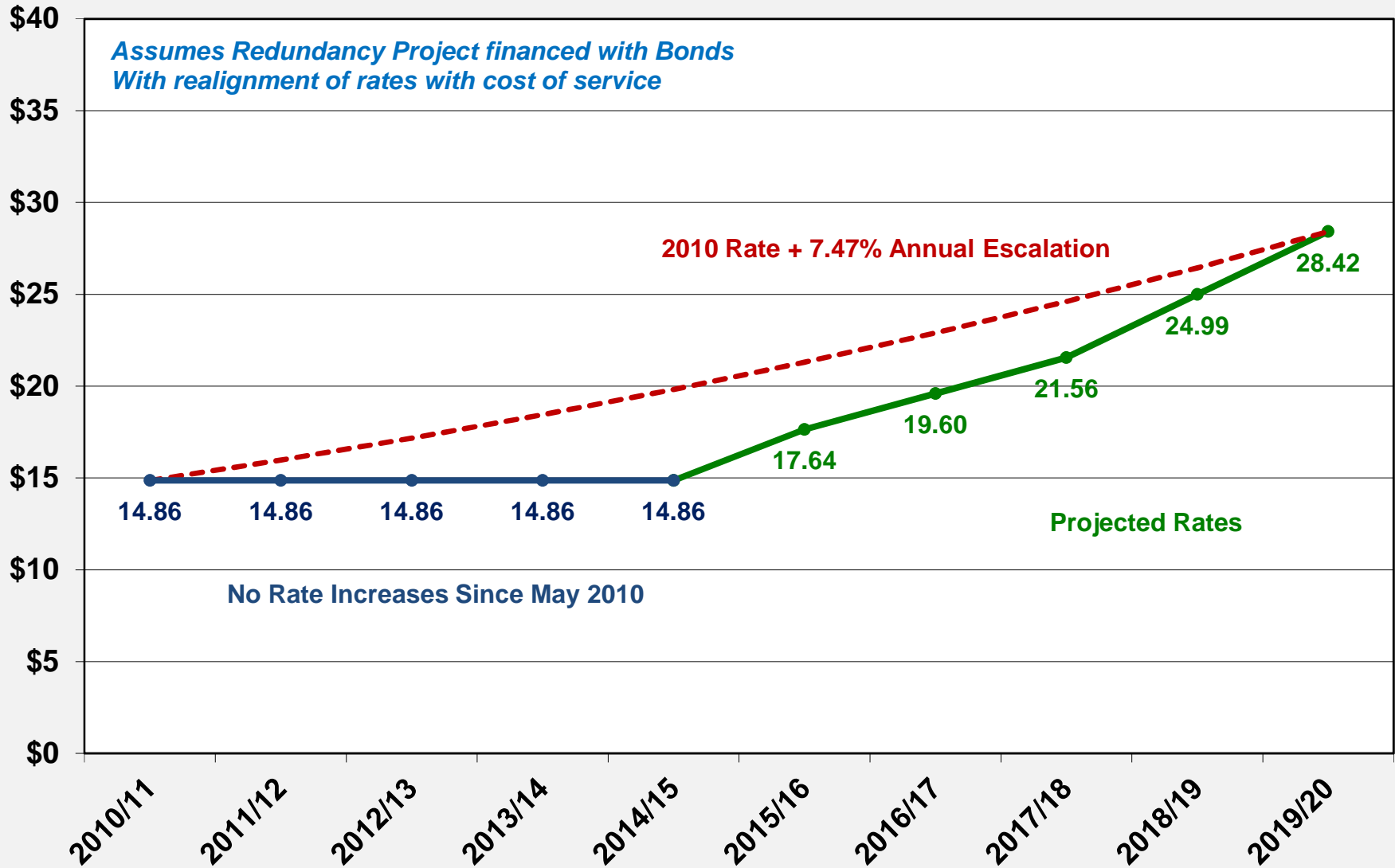
Table 15B

South San Luis Obispo County Sanitation District
Wastewater Rate Study
Projected Rates with Rate Structure Modifications

With Rate Structure Modifications
With Bond Financing

	Current	Revised Rates Rev-Neutral	Projected Rates with Rate Structure Modifications				
			2015/16 Jan-1	2016/17 July-1	2017/18 July-1	2018/19 July-1	2019/20 July-1
a. Residences & Apartments	\$14.86	14.56	\$17.64	\$19.60	\$21.56	\$24.99	\$28.42
b. Hotel Units with Kitchens	15.71	12.74	15.43	17.14	18.85	21.85	24.85
c. Hotel Units without Kitchens	10.02	8.19	9.92	11.02	12.12	14.05	15.98
d. Hotel Room	10.36	8.19	9.92	11.02	12.12	14.05	15.98
e. Commercial Establishments	7.65	6.55	7.93	8.81	9.69	11.23	12.77
Each additional employee above 5	1.53	1.31	1.59	1.77	1.95	2.26	2.57
f. Beauty Shops	13.97	13.10	15.87	17.63	19.39	22.47	25.55
Each additional operator above 5	2.33	1.97	2.39	2.66	2.93	3.40	3.87
g. Eating Establishments w/o Grinders	15.16	20.38	24.69	27.43	30.17	34.97	39.77
Each additional 5 seats above 30	2.53	3.06	3.71	4.12	4.53	5.25	5.97
h. Restaurants (w/Grinders) <30 seats	31.07	32.76	39.68	44.09	48.50	56.22	63.94
Restaurants (w/Grinders) over 30 seats	39.84	45.86	55.55	61.72	67.89	78.69	89.49
i. Laundromats - per washing machine	9.71	9.39	11.37	12.63	13.89	16.10	18.31
Minimum Charge	29.14	28.17	34.12	37.91	41.70	48.33	54.96
j. Service Stations - no wash/rack	37.41	38.58	46.73	51.92	57.11	66.20	75.29
Service Stations - with wash/rack	54.40	55.33	67.02	74.47	81.92	94.95	107.98
k. Factories	22.05	21.84	26.45	29.39	32.33	37.47	42.61
Each additional employee above 20	1.10	1.09	1.32	1.47	1.62	1.88	2.14
l. Churches	12.56	12.08	14.63	16.26	17.89	20.74	23.59
Per ADA with elementary school	0.34	0.36	0.44	0.49	0.54	0.63	0.72
Per ADA with other school	0.51	0.54	0.65	0.72	0.79	0.92	1.05
m. Bottling Plants	22.05	26.21	31.75	35.28	38.81	44.98	51.15
n. Schools (Non-boarding)	7.07	7.25	8.78	9.76	10.74	12.45	14.16
Per ADA with elementary school	0.33	0.36	0.44	0.49	0.54	0.63	0.72
Per ADA with other school	0.52	0.54	0.65	0.72	0.79	0.92	1.05
o. Schools (Boarding)	7.07	7.28	8.82	9.80	10.78	12.50	14.22
Per ADA with elementary school	0.71	0.73	0.88	0.98	1.08	1.25	1.42
Per ADA with other school	0.95	1.02	1.24	1.38	1.52	1.76	2.00
p. Trailer/Mobile Home Space	4.19	8.74	10.59	11.77	12.95	15.01	17.07
q. RV Dump Stations - Less than 50 svcs	42.69	67.70	82.01	91.12	100.23	116.18	132.13

South San Luis Obispo County Sanitation District Historical & Projected Monthly Residential Sewer Rates



Appendix B

Proposition 218 Notice of Public Hearing



NOTICE OF PUBLIC HEARING – PROPOSED WASTEWATER TREATMENT RATE INCREASES (PROPOSITION 218 NOTIFICATION)

December 30, 2015

South San Luis Obispo County Sanitation District provides wastewater treatment services to Arroyo Grande, Grover Beach and Oceano Community Services District. This notice explains wastewater treatment rate increases the District proposes to charge over the next five years. The District will hold a public hearing to discuss the proposed rate increases on February 17, 2016, at 6:00 p.m. in the Arroyo Grande City Council Chambers, 215 East Branch Street, Arroyo Grande.

BASIS AND REASON FOR THE PROPOSED RATE INCREASES: The District has not increased its wastewater treatment charges in over five years. The proposed rate increases are needed to a) provide adequate funding for the costs of operating and maintaining the District's regional wastewater treatment facilities, b) fund major new facility upgrades needed to comply with state and federal laws and regulations, and c) provide funding for repair and replacement of aging facilities. The proposed rates are based on a Wastewater Financial Plan and Rate Study prepared by Bartle Wells Associates, an independent utility rate consulting firm.

PROPOSED WASTEWATER TREATMENT RATES: The District proposes to phase in a series of rate increases as shown in the table below. The proposed rates are designed to recover the District's cost of service and align rates with the cost of providing wastewater treatment services to individual parcels. With the proposed rates, residential users would continue to pay a flat monthly charge per dwelling unit, and nonresidential users would pay fixed monthly charges that vary by factors including customer type, number or employees, number of restaurant seats, number of students, and other factors as shown below.

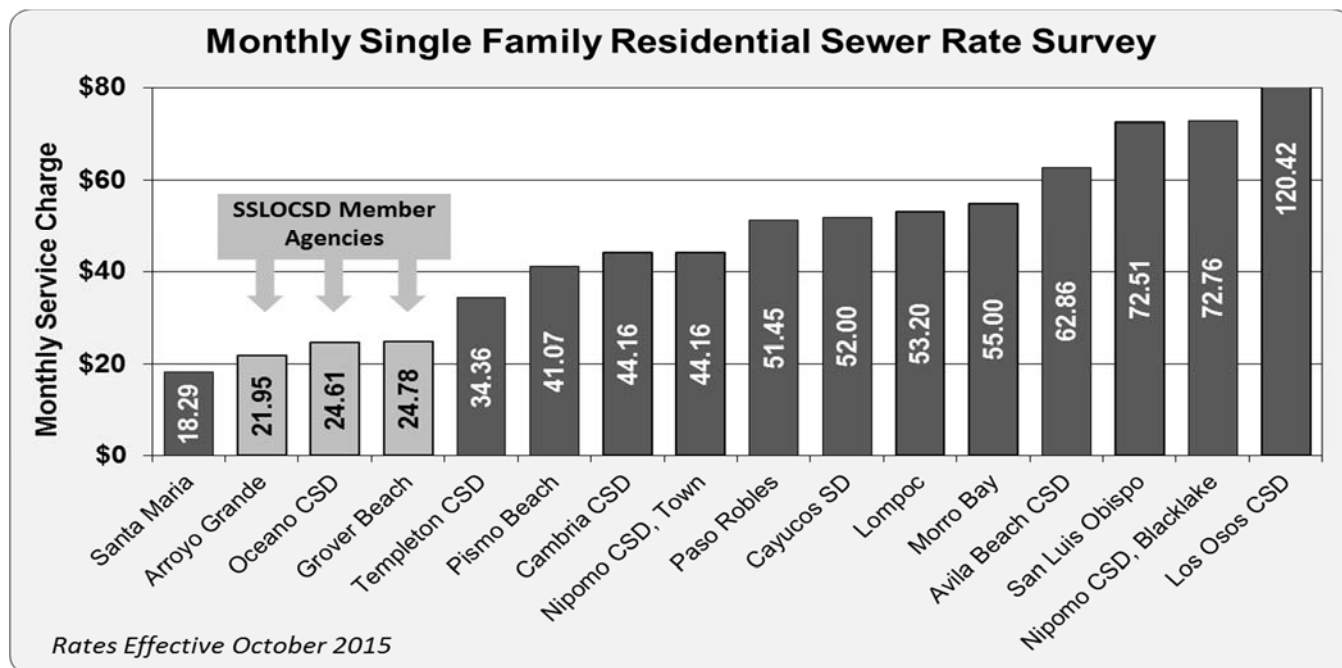
	Current	Proposed Monthly Service Charges Effective On or After:				
		March 1* 2016	July 1 2016	July 1 2017	July 1 2018	July 1 2019
a. Residences & Apartments	\$14.86	\$17.64	\$19.60	\$21.56	\$23.52	\$25.48
b. Hotel Units with Kitchens	15.71	15.43	17.14	18.85	20.56	22.27
c. Hotel Units without Kitchens	10.02	9.92	11.02	12.12	13.22	14.32
d. Hotel Room	10.36	9.92	11.02	12.12	13.22	14.32
e. Commercial Establishments	7.65	7.93	8.81	9.69	10.57	11.45
Each additional employee above 5	1.53	1.59	1.77	1.95	2.13	2.31
f. Beauty Shops	13.97	15.87	17.63	19.39	21.15	22.91
Each additional operator above 5	2.33	2.39	2.66	2.93	3.20	3.47
g. Eating Establishments w/o Grinders	15.16	24.69	27.43	30.17	32.91	35.65
Each additional 5 seats above 30	2.53	3.71	4.12	4.53	4.94	5.35
h. Restaurants (w/Grinders) <30 seats	31.07	39.68	44.09	48.50	52.91	57.32
Restaurants (w/Grinders) over 30 seats	39.84	55.55	61.72	67.89	74.06	80.23
i. Laundromats - per washing machine	9.71	11.37	12.63	13.89	15.15	16.41
Minimum Charge	29.14	34.12	37.91	41.70	45.49	49.28
j. Service Stations - no wash/rack	37.41	46.73	51.92	57.11	62.30	67.49
Service Stations - with wash/rack	54.40	67.02	74.47	81.92	89.37	96.82
k. Factories	22.05	26.45	29.39	32.33	35.27	38.21
Each additional employee above 20	1.10	1.32	1.47	1.62	1.77	1.92
l. Churches	12.56	14.63	16.26	17.89	19.52	21.15
Per ADA with elementary school	0.34	0.44	0.49	0.54	0.59	0.64
Per ADA with other school	0.51	0.65	0.72	0.79	0.86	0.93
m. Bottling Plants	22.05	31.75	35.28	38.81	42.34	45.87
n. Schools (Non-boarding)	7.07	8.78	9.76	10.74	11.72	12.70
Per ADA with elementary school	0.33	0.44	0.49	0.54	0.59	0.64
Per ADA with other school	0.52	0.65	0.72	0.79	0.86	0.93
o. Schools (Boarding)	7.07	8.82	9.80	10.78	11.76	12.74
Per ADA with elementary school	0.71	0.88	0.98	1.08	1.18	1.28
Per ADA with other school	0.95	1.24	1.38	1.52	1.66	1.80
p. Trailer/Mobile Home Space	4.19	10.59	11.77	12.95	14.13	15.31
q. RV Dump Stations - Less than 50 svcs	42.69	82.01	91.12	100.23	109.34	118.45

* Proposed rate increases for the current fiscal year – which began July 1, 2015 – have been deferred until March 1, 2016; hence the first rate increase will only impact customers for the last four months of the current fiscal year.

HOW TO SUBMIT A WRITTEN PROTEST: Written protests must be submitted before the public hearing closes. They may be submitted in person at the public hearing or mailed to South San Luis Obispo County Sanitation District, P.O. Box 339, Oceano, CA 93475. Any written protest must a) include the name and signature of the property owner or customer submitting the protest; b) identify the affected property(ies) by address or Assessor's Parcel Number; c) state opposition to the increase. Only one protest will be counted per identified parcel.

THE DISTRICT'S RATES ARE PROJECTED TO REMAIN LOW COMPARED TO OTHER REGIONAL AGENCIES.

The District's rates are very low compared to other statewide and regional agencies. The total monthly sewer bills paid by residents of Arroyo Grande, Grover Beach, and Oceano are among the lowest in the region as shown on the following survey. These charges include both the District's charge for wastewater treatment as well each local agency's charge for sewer collection services. With the proposed rate increases, charges are projected to remain low compared to other statewide and regional agencies.



WHY ARE RATE INCREASES NEEDED?

The proposed rate adjustments are needed to fund a major upgrade to the District's regional wastewater treatment plant and keep revenues aligned with the cost of providing service. Key factors driving the need for the rate increases include:

- **State-Mandated Wastewater Treatment Plant Upgrades** – The District needs to fund a major upgrade to the regional wastewater treatment plant in order to meet regulatory requirements mandated by the Regional Water Quality Control Board and improve reliability of service. Based on updated engineering estimates, the project is estimated to cost approximately \$19 million. The upgrade will also result in over \$400,000 of new operating costs. The District anticipates pursuing low-interest-rate financing from California's State Revolving Fund Financing Program to help minimize annual debt service for the project.
- **Repair & Replacement of Aging Wastewater Treatment Facilities** – The District's regional treatment plant was originally constructed almost 50 years ago in 1966 and has subsequently been upgraded and expanded to its current configuration. Due to the age and condition of various components of its facilities, the District will need to make ongoing investments to keep its aging facilities in good operating condition and ensure continued compliance with stringent environmental regulatory requirements.
- **Ongoing Cost Inflation** – Small annual rate increases are also needed to keep revenues in line with ongoing operating cost inflation. The District anticipates facing annual increases in costs for staffing, electricity, chemicals, insurance, and other operating expenses.

The District has implemented a number of cost-cutting measures in recent years and remains committed to providing high-quality service as cost-efficiently as possible. *For more information about the District and the proposed rate increases, please visit our website at www.sslocsd.org or contact us at (805) 489-6666.*

Appendix C

California Sewer Rate Structures



California Sewer Rate Structures

California wastewater agencies use a variety of rate structures to recover the costs of providing service. Bartle Wells Associates believes that a wide range of rate structures can be appropriate, equitable, and legally defensible, while reflecting the policy preferences of each agency. This memo summarizes common types of residential and commercial wastewater rate structures used in California and provides brief background on some general issues regarding wastewater rates. Estimates of the percentage or proportion of agencies that use different types of rate structures are based on a) Bartle Wells Associate's experience with hundreds of California wastewater agencies and b) the State Water Resources Control Board's *Wastewater User Charge Survey and Report*, a survey of over 400 California wastewater agencies.

Residential Sewer Rate Structures

- Roughly 65% to 75% of agencies throughout California levy fixed residential sewer service charges. The charge is generally based on a reasonable estimate of average wastewater discharge per residential dwelling unit. Of these agencies, roughly 50% to 60% levy the same standard charge on all residential units, while the others levy reduced charges on multi-family dwelling units that typically in the range of 70% to 90% of the charge for single family homes.
- Roughly 25% to 35% of California agencies have sewer rates that include a variable rate component. Many of these agencies have both a fixed and variable, usage based charge. The variable rate component is typically based on winter water use as a proxy for sewer discharge since there is minimal outdoor irrigation during winter months. Some agencies with variable rates subject the charges to a minimum and/or maximum charge. A minimum charge ensures that even customers with very low levels of water use pays at least a minimum amount towards the fixed costs of service. A maximum charge helps ensure that customers are not overbilled, such as due to water use for landscape irrigation.
- A small number of agencies levy residential sewer rates that vary based on other factors such as number of bedrooms or plumbing fixture units as proxies for wastewater demand.

Commercial Sewer Rate Structures

- Roughly half of California agencies have fixed commercial sewer rate structures, with commercial rates based on estimates of wastewater capacity needs, flow, and/or strength for different customer types or classes. These agencies use a wide range of approaches to reasonably estimate commercial wastewater capacity needs, flow, and strength, and determine reasonable rates. These approaches include:
 - Square footage of building area for different types of commercial uses

- Number of plumbing fixture units
 - Fixed charge based on water meter size
 - Estimates of monthly water use and/or winter water use
 - Other factors such as average daily attendance (ADA) of students, number of seats in a restaurant, number of washing machines in a laundromat, etc.
- The other half of California agencies bill commercial accounts based on metered water consumption. These charges are typically based on all monthly use throughout the year, but some agencies only bill based on winter water use. These agencies sometimes have rates that include both a fixed and variable rate component. Some agencies have numerous customer classes that apply to specific types of businesses (e.g. restaurant, retail store, professional office, auto service station, etc.) while others have a relatively small number of generic customer classes based on wastewater strength (e.g. low strength, moderate strength, mod-high strength, high strength, etc.)

Fixed & Variable Rates

Fixed and variable rate structures can both be appropriate and equitable methods for cost recovery. Bartle Wells Associates believes agencies may legitimately opt to use different types of rate structures depending on their policy preferences provided they can provide justification that their rates reasonably reflect the costs of providing service. For example, the policy preferences of one agency may be to recover fixed residential charges (e.g. \$50 per month), another similar agency can opt to recover variable residential charges based on metered water use (e.g. \$6.50 per hundred cubic feet of metered winter water use), while a third similar agency may opt for some combination of fixed and variable charges (e.g. \$20 per month plus \$3.75 per hcf of metered water use).

- Fixed rates are widely used as most of the costs of providing wastewater service – often in excess of 90% of expenses – are typically fixed costs that do not vary with changes in the volume of wastewater flow. For example, most of the costs of operating, maintaining, and administering the wastewater system, need to be incurred so the system is both ready to serve customers and capable of processing their wastewater at all times while meeting a range regulatory requirements. This does not imply that all costs should be equally divided by all accounts. Rather it implies that fixed charges can equitably reflect the cost of service provided the costs are reasonably allocated to customers based on their proportional share of wastewater system capacity needs.
- Variable charges can also be an equitable method of cost recovery, even for agencies with a high level of fixed costs. Even though a high percentage costs may be fixed expenses, many agencies find it fair and appropriate to recover those costs proportionally based on the capacity needs and/or estimated wastewater characteristics of different customer types. What is important is not whether an expense is fixed or variable, but revenue recovery

Wastewater Flow & Strength Estimates

Unlike water consumption, which can be reasonably accurately measured by water meters, the volume of wastewater discharge cannot easily or cost-effectively be metered. Likewise, it is extremely impractical and cost-prohibitive to physically sample and analyze every customer's wastewater to determine their wastewater strength concentrations or loadings, and wastewater sampling data can fluctuate widely based on range of factors rendering the data subject to interpretation. Due to these limitations, California agencies have used a range of alternative approaches to reasonably estimate the wastewater capacity needs, flow and strength of different customers and/or classes. These estimates provide an underlying basis for apportioning costs and determining equitable rates for a range of customer classes.

- The volume of wastewater flow generated from different types of customers is commonly estimated based on approaches including: a) all metered water use, b) a discounted percentage of water use (e.g. 85%) to account for water that is not discharged into the sewer system, such as water for landscape irrigation, c) water use during the wetter winter months, which may more accurately represent the actual wastewater discharge of some types of connections since winter use typically excludes outdoor irrigation, or d) estimates of the typical volume of wastewater discharge and/or system capacity requirements for different types of connections.
- Wastewater strength is often measured based on the concentration levels of Biological Oxygen Demand (BOD) and Suspended Solids (SS). However, a small number of agencies use Chemical Oxygen Demand (COD) or Total Organic Carbon (TOC) instead of BOD, or in some cases also use Ammonia Nitrogen as an additional measure of wastewater strength. Wastewater strength is most commonly estimated based on engineering and/or industry standards, but is sometimes based on actual sampling data. Bartle Wells Associates believes a range of wastewater strength estimates can be used provided they are supported by actual data or fall within a reasonable range of estimates. For example, residential wastewater strength is generally estimated to range from 175 to 250 mg/l for both BOD and SS, while the wastewater strength of restaurants commonly ranges from 600 – 1200 mg/l for BOD and 400 – 800 mg/l for SS.



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To: Board of Directors

From: John Clemons, Interim District Administrator

Date: February 12, 2016

Subject: Selection of Design Engineering Firm for Wastewater Treatment Facility
Redundancy Project and Approval of Contract

RECOMMENDATION

Staff recommends that the Board of Directors issue a Notice of Award to Kennedy/Jenks Consultants, Inc., and authorize the Interim District Administrator to execute the attached contract for design of the WWTF Redundancy Project.

BACKGROUND

At the November 18, 2015 regular meeting, the Board approved issuance of a Request for Qualifications for Engineering Design Services for the Redundancy Project. The primary objective of the project is to allow the single biological treatment unit, the fixed film reactor or FFR, and the single secondary clarifier to be taken out of service for maintenance or repairs while allowing the District to meet discharge permit requirements.

On January 6, the Board approved a contract with John F. Rickenbach Consulting for completion of a Coastal Development Permit and California Environmental Quality Act documentation (anticipated to be a mitigated negative declaration). This effort is necessary to receive approvals for construction of the Redundancy Project.

DISCUSSION

The District issued the RFQ on November 20, 2015. A mandatory meeting was held on December 8, 2015, for prospective proposers and was attended by representatives from AECOM, Carollo Engineers, Kennedy/Jenks, Yeh & Associates, and Cannon Corporation.

Two consultant teams submitted Statements of Qualifications (SOQs) on January 15, 2016: Kennedy/Jenks Consultants and Carollo Engineers. Based on the qualifications of both proposed teams and the adherence of both SOQs to the RFQ requirements, an evaluation team of John

Clemons, Jim Garing (Garing & Taylor), and Mike Nunley (MKN) conducted interviews on February 3, 2016.

As described in the RFQ, both the written SOQs and the interviews were evaluated according to the following criteria:

- Quality and clarity of SOQ, and understanding of the work
- Experience of firm's Project Manager and key team members together on similar projects
- Firm's history of design projects with minimal construction change orders
- Experience designing WWTP improvements in the Coastal Zone with similar site constraints (flood risk, tsunami risk, and soils)

Both firms presented qualified teams and a comprehensive project approach. Kennedy/Jenks Consultants was ranked highest by the interview team because of their experience with past successful projects at the WWTF, the experience of their project team together on similar projects, and their experience in designing WWTP improvements in the Coastal Zone. The Kennedy/Jenks Consultants team included Cannon Corporation for surveying, civil engineering and flood mitigation design support; ESA for coastal planning and engineering expertise; and Dan Cortinovis, PE, an operations consultant. ESA was proposed to provide support for coastal and flood control issues and also for as-needed services to the District to respond to permitting agency requests.

A scope and budget were negotiated with Kennedy/Jenks Consultants for consideration by the District Board. The proposed budget is \$1,837,304 (including \$30,000 for as-needed permitting support and \$50,050 for as-needed construction and startup support), which is within the total engineering design budget of \$1,870,000¹ from the September 2015 Work Plan (MKN).

If the Board approves issuance of a Notice of Award to Kennedy/Jenks Consultants, as well as execution of the attached agreement, the next stages of the Redundancy Project will follow the schedule below as presented in the RFQ:

Consultant Selection / Board Approval	February 17, 2016
Notice to Proceed	March 3, 2016
Initial Feedback from California Coastal Commission	June 30, 2016 (Goal)
Final Design Documents/ Permit Issuance	June 30, 2017
Construction Bidding	Summer – Fall 2017
Construction	Fall 2017 – Fall 2019

¹ Includes \$1,490,000 for design services and \$380,000 for engineering services during construction (ESDC)

OPTIONS

1. Approve staff's recommendation to issue a Notice of Award to Kennedy Jenks Consultants and execute the District's agreement for design services.
2. Reject staff's recommendation and direct staff as to how to proceed

Best Regards,

John Clemons III
Superintendent/Interim District Administrator

Attachment
Agreement for Engineering Design Services

Project Purpose, Scope of Work, and Organization

The South San Luis Obispo County Sanitation District (District) owns and operates a wastewater treatment facility (WWTF) that is permitted under National Pollutant Discharge Elimination System (NPDES) No. CA0048003/Waste Discharge Requirements Order No. R3-2009-0046. The existing plant uses mechanical screens, primary clarifiers, fixed film reactors (FFR), one secondary clarifier, and chlorination to provide secondary treatment with disinfection to treat wastewater. The plant is designed and permitted to treat a peak dry weather flow of 5.0 million gallons per day (MGD).

The existing treatment plant cannot meet effluent limits at the permitted design flow if the FFR or the secondary clarifier is out of service. There is no redundant unit for either process. The goal of this project is to allow major process units to be removed from service for maintenance or repairs without risking violation of effluent permit limits.

Project components included in this scope of work are listed below:

- Two activated sludge (AS) aeration basins
- One secondary clarifier
- One fixed film reactor (FFR) effluent pump station
- Waste activated sludge (WAS) thickening equipment
- WAS/scum and return activated sludge (RAS) pumping equipment, located in existing structures or under a canopy next to new structures
- Blower, electrical, and motor control center (MCC) in a new masonry building attached to the aeration basins
- Dewatered sludge conveyor
- Yard piping associated with the upgrades listed above
- Site improvements associated with the upgrades listed above
- Flood control improvements (extent of improvements to be determined)
- Instrumentation and controls and electrical systems associated with the upgrades listed above

The project will be completed within the existing plant site on property that has been previously disturbed. No additional property or offsite work is anticipated. Design of the recommended flood control improvements will be scoped and budgeted after the concept design report; this scope includes advancing flood control to the preliminary design level.

The Scope of Work is organized into seven phases:

- **Phase 1:** Preliminary Design
- **Phase 2:** As Needed Support for CEQA and Permits
- **Phase 3:** Final Design and Construction Documents
- **Phase 4:** Workshops, Project Management, and Quality
- **Phase 5:** Engineering Cost Opinion
- **Phase 6:** Bid Phase Services
- **Phase 7:** Office Engineering During Construction

Each phase is discussed in the following pages.

Phase 1 – Preliminary Design

Preliminary Design Services will include investigations and design development. Previous design reports focus on the treatment process, including the nominal size and planning-level cost opinions of major unit process components. Permitting, geotechnical, condition assessment of existing facilities, other project costs and site constraints were outside the scope of the previous reports. These issues will be assessed during this phase to identify the condition of existing facilities, existing/new facility interrelationships, design criteria, permit implications, costs, and schedule/sequencing implications. The Consultant (Kennedy/Jenks, Cannon, ESA, and/or Yeh) will also identify any refinements to the conceptual design described in prior reports that will improve the operability and energy efficiency of the WWTF and/or enable it to produce high quality effluent. Phase 1 tasks are described below.

Task 1.1 - Topographic and Structure Survey

The Consultant will complete a topographic survey that includes acquisition of a preliminary title report for boundary information, locations of existing structures, facilities, and plotable easements. The survey will utilize existing aerial mapping supplemented by a conventional field survey of site features. The site survey will be used for updating existing aerial mapping of the site.

Survey services will be performed to the following specifications:

- Horizontal Coordinates based on NAD83 Lambert Zone 5.
- Vertical Control based on NAVD88.
- Provide 3D tin lines for surface creation.

Newly constructed facilities and buildings will be located, and additional spot elevations will be identified to provide an updated 1-foot topographic base map showing visible above ground improvements such as tanks and process units; foundations and equipment pads; fire hydrants, exposed pipes and valves; fire hydrants, valve cover boxes, air/vac cans or risers, and other appurtenances; berms, basins and drainage features such as natural drainage channels, concrete v-ditches, channels and culverts; and rims and inverts of sewer and storm drain man holes and inlets within project survey limits. Individual pipes greater than 4-inches in diameter will be located separately. Smaller diameter above-ground pipes that are closely aligned in ducting or pipe arrays will be surveyed at the approximate centerline of the pipe array and a brief description of the pipes in the ducting or array will be provided on the base map. The Consultant will also locate any visible underground utility mark-outs and ground evidence of recent trenching locations such as newly installed electrical or telephone lines.

Surveying support for potholing of up to six (6) locations will also be provided. The Consultant will coordinate with the District to identify the pothole locations and coordinate with District staff for locating the lines, once exposed.

Task 1.2 - Preliminary Geotechnical Investigation

Site soil conditions, including high groundwater, bearing strength, liquefaction potential, and other parameters will be addressed to provide design values for foundations, embankments and slopes, drainage and other project elements. Early in Phase 1, the Consultant will perform a preliminary geotechnical investigation which will include an initial field exploration program. The purpose of the preliminary geotechnical evaluation, and performing explorations before proceeding with design, will be to provide an early assessment of geologic hazards and geotechnical considerations that could impact the location of facilities, design of structure, schedule or cost of construction. The field exploration will include Cone Penetration Test (CPT) soundings, soil resistivity testing, and borings within the plant facility. Seven (7) CPT's and three (3) borings up to 70 feet deep are planned. A Preliminary Geotechnical Report will be prepared which will provide a preliminary

Engineering Design Services for South San Luis Obispo County Sanitation District Redundancy Project

Scope of Work

Exhibit A

assessment of liquefaction, seismic settlement, and foundation support for structures. The report will include the evaluation of alternatives that may be needed to address liquefaction, soft soils, or settlement and the preferred alternative for this project, if appropriate.

Task 1.3 - Pipeline Condition Assessment

Recently it was discovered that some buried plant piping that was part of the original WWTF construction in 1965 had experienced significant corrosion requiring repair. The Consultant will assess the condition of buried and exposed pipelines that will be modified for the new processes to determine if repair or replacement is necessary. This will include evaluation of soil, wastewater, and atmospheric corrosivity; review of the original plans and specifications for the pipelines; and discussions with the District's O&M staff regarding their recent observations of pipe condition. The Consultant will work with the District and its Project Manager to determine which pipelines should be potholed and assessed; the consultant will then evaluate the condition of coatings, pipe thickness, and level of pitting. Up to six (6) pipelines are budgeted to be potholed and evaluated in conjunction with Task 1.1; it is assumed that the District will pothole the piping and the Consultant will observe and take measurements. The Consultant will also work with the District to select pipelines which could be internally inspected using manned internal inspection, video technology or other means. Internal inspection of pipelines is not currently budgeted, but could be added to the scope of work if determined necessary (refer to optional task 1.3A).

The Consultant will summarize pipeline condition and life expectancy along with alternative repair and replacement methods, recommendations and associated costs in Technical Memorandum No. 2. Repair/replacement recommendations will provide the basis for final design of necessary improvements during Phase 3.

Optional Task 1.3A - Internal Inspection and Condition Assessment of Additional Pipelines and Facilities

At the District's discretion, the Consultant will extend the condition assessment to include pipelines not directly affected by the Redundancy Project if they are felt to be at significant risk. Other plant facilities such as treatment units, pump stations, other mechanical equipment, structures, and appurtenances can be assessed as well. If requested, the Consultant will develop detailed work plans and schedules for internal pipeline inspections addressing safety, shut down and startup procedures, access, and internal inspection methodology.

This optional task is not included in the requested budget, but can be added to the scope of work and budget later if needed.

Task 1.4 - Design Criteria Refinement

The Consultant will review available plant data, prior reports, and identify additional data requirements for design of the project. The design criteria presented in prior reports will be reviewed and updated or modified if appropriate. Steps taken to refine the design criteria will include:

- Document existing and future flows and plant loading to verify that the Redundancy Project will meet its defined objectives.
- Develop proposed sizing for improvements including the new aeration basins; additional secondary clarifier; FFR pump station; waste activated sludge thickening improvements; blower, electrical and motor control center building; dewatered sludge conveyor; yard piping; instrumentation and controls; and electrical systems.
- Recommend required project equipment with respect to equipment performance, familiarity of operations staff and synergy with existing WWTF equipment, cost and energy efficiency.
- Conduct a review of applicable building codes and standards for new facilities.

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- Present conceptual structural and architectural designs for the new facilities based on the preliminary geotechnical report and discussions with the District.
- Review site preparation, grading operations, paving, storm drainage installation, flood and tsunami protection (see Task 1.5), and vehicle access for the project.
- Provide strategy for integration of the plant's proposed cogeneration facilities (by others) with the Redundancy Project.
- Address construction sequencing and plant operations to designate an effective staging for the construction of improvements so as to minimize impacts on plant operations.
- Define the design-related documents needed to meet CEQA requirements in conjunction with the District's team as part of Phase 2.
- Coordinate with plant staff regarding power quality issues that may affect the new facilities (phase/current imbalance, etc.) and discuss solutions.
- Prepare a planning level cost estimate to allow the District to identify project funding requirements.
- Prepare technical memoranda containing project strategy and design alternatives to be discussed in design workshops with the District's team. These memoranda will act as the basis for the draft Concept Design Report. These memoranda include:
 - TM1 – Liquid Process Design, including:
 - Influent Flow Characteristics
 - Process and Hydraulic Modeling
 - Fixed Film Reactor Effluent Pumping
 - Activated Sludge Facilities including Blowers, RAS, and WAS Pumps
 - Secondary Clarification Facilities
 - TM2 – Site Piping Condition Assessment
 - TM3 – Solids Process Design, including:
 - Waste Activated Sludge Thickening Alternatives
 - Dewatered Sludge Conveyance
 - Integration with Cogeneration Facilities
 - TM4 – Discipline Design, including:
 - Code Review
 - Structural Design
 - Architectural Design
 - Building Mechanical Design
 - Power and Electrical Distribution and Motor Control Centers
 - Instrumentation and Controls
 - TM5 – Site Planning, Site Improvements, Flood Risk Mitigation Alternatives, and CEQA
 - TM6 - Construction Sequencing

Workshops will be conducted for alternatives evaluations related to waste sludge thickening and flood mitigation measures; this work is further described in Tasks 1.5 and 1.6. Other improvements (pumping, blowers, etc.) will forego an alternatives evaluation process and will be recommended based on the Consultant's experience and best fit technology for this application.

Optional Task 1.4A – Alternatives for Future Production of Recycled Water

At the District's discretion, the Consultant will present conceptual alternatives for how the concept design could be upgraded for future production of recycled water. These concepts could include a sidestream nutrient removal facility (e.g. a packaged MBR system), a sidestream tertiary filtration facility (membranes, media filters, or cloth disk filters), a complete plant upgrade, or other alternatives based on District preferences. Up to three alternatives will be presented with conceptual layouts, conceptual cost estimates, and conceptual O&M estimates. The concept alternatives would be presented in TM 7 – Alternatives for Future Production of Recycled Water.

This optional task is not included in the requested budget, but can be added to the scope of work and budget later if needed.

Task 1.5 - Flood Risk Mitigation Alternatives

The preliminary design will include flood-proofing measures for the WWTF based upon evaluations and recommendations developed by the District with input from the Consultant. The WWTF is located within a tsunami hazard zone mapped by the State of California for emergency planning, which represents the maximum credible tsunami. This mapping will be reviewed by the Consultant, and recommend strategies for emergency response will be discussed in a workshop setting with the District, its Project Manager, and permitting consultant. American Society of Civil Engineers (ASCE) Category III and IV buildings guidelines will also be reviewed and considered with the District.

The results of this workshop will be combined with the flood and tsunami risk assessments conducted by the District and its Project Management Team plus any input from the permitting agencies. The output will be a strategy for mitigating flood and tsunami risks.

Using the above strategy as a basis, the preliminary design effort will include a review of the District's analysis of flood-proofing measures for both existing facilities and Redundancy Project components. The Consultant will review the various alternative flood-proofing measures considered by the District, which are expected to include full site flood protection measures, flood-proofing of critical facilities only, evacuation and emergency access requirements, storm drainage system upgrades, and other improvements to reduce inundation after flooding events. The Consultant will work with District staff and the Project Management Team to select the flood-proofing measures to be designed as part of the Redundancy Project for both existing and new facilities.

A summary of the flood risk evaluations performed by the District, along with the recommended design features, will be summarized in Technical Memorandum No. 5.

Task 1.6 - Sludge Thickening Alternatives

While a centrifuge was identified as the preferred waste activated sludge (WAS) thickening equipment in prior studies, the Consultant will evaluate other options such as screw-type, rotary drum, and gravity belt thickeners as a minimum. The Consultant will provide a recommendation to the District based a number of criteria including:

- Capital cost
- Annual operation and maintenance cost (including chemical, power, operation/maintenance, and major service/replacement)

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- Total lifecycle costs
- Potential equipment obsolescence
- Reliability and flexibility
- Ease of operation and maintenance
- Consistency with existing WWTF equipment

The analysis of sludge thickening alternatives, along with a recommendation, will be summarized in Technical Memorandum No. 3.

Task 1.7 - Geotechnical Report

Near the completion of Phase 1, the Consultant will prepare a design-level Geotechnical Report. At this point, the project design concept and layout will have been defined and the size of the structures and other facilities will be known. The findings presented in the Preliminary Geotechnical Report will be discussed along with recommendations for seismic data for use with code based design, and the design of earthwork, trenches, foundations, buried structures, and pavements. Geotechnical considerations and materials recommendations will be provided for reuse of excavated soil as compacted fill, trench and wall backfill, surface and subsurface drainage, and aggregates. Graphics will be provided to show the site location, the locations of the field explorations relative to the proposed improvements, and the interpreted subsurface profile(s).

Task 1.8 - Concept Design Report

The Concept Design Report will summarize the results of the investigations and describe the proposed design for the WWTF Redundancy Project. It will refine the overall project concept presented in earlier reports and present a comprehensive set of design criteria and guidelines based on the technical memoranda discussed above. It will serve as the foundation for the final design to be completed in Phase 3. The report will include:

- An executive summary of the preliminary design recommendations, with Technical Memoranda attached as appendices
- 30% level design plans
- A preliminary list of construction plans
- A preliminary list of construction technical specifications
- A preliminary project schedule, and
- An engineer's opinion of the probable cost of construction based on the 30% level of design

Phase 1 - Deliverables

- A topographic base map of the site with 1-foot contour interval (1' Major and 0.5 index contours) and showing the above existing site details. The base map will be provided in an AutoCAD .DWG format together with a .PDF of the base map and an ASCII or .CSV points file showing point number, N/E coordinates, elevation, point feature and description.
- Technical Memorandum No. 3 (including Waste Sludge Thickening Alternatives)
- Technical Memorandum No. 5 (including Flood Mitigation Alternatives)
- Draft Preliminary Geotechnical Report
- Draft and Final Geotechnical Report
- Draft and Final Concept Design Report
- Other Technical Memoranda (to be submitted as attachments to Draft and Final Concept Design Report)

Phase 2 – As-Needed Support for CEQA and Permits

Permitting and CEQA compliance activities will be handled by the District's Project Manager, with the Consultant providing support services. Services may include:

- Development of a project description for the CEQA process
- Assessment of construction period impacts
- Consultation regarding sea level rise and tsunami risk
- Participation in strategy meetings with the District and its Project Management team
- Participation in meetings with the California Coastal Commission
- Participation in meetings with other regulatory agencies
- Preparation of exhibits or other materials for and general assistance with permit applications
- Assessment of additional design alternatives requested by permitting agencies
- Review of the Report of Waste Discharge
- Review of draft permit applications
- Negotiation assistance

The scope of work for this Phase is not defined and budget is included for this assistance on an "as needed" basis, to assist the District with the above listed services up to the budgeted level of effort. The actual scope needed will be identified by the District as required.

Phase 3 – Final Design and Construction Documents

The Consultant will develop 60%, 90%, and Final design plans and specifications required for competitive public bidding of the Project. Each design submittal shall be based on the previous and address comments from the District and the District's Project Management Team.

Task 3.1 - 60% Design Plans and Specifications

Subtasks include:

- Prepare and submit drawings and technical specifications for the 60% design submittal with the following estimated progress on the design disciplines as adjusted to meet the District's requests and project requirements:
 - General sheets, notes and design criteria – 90%
 - Site and civil design – 80%
 - Structural design – 70%
 - Architectural design – 70%
 - Mechanical design – 60%
 - Electrical design – 50%
 - Instrumentation – 50%
- Prepare and submit a 60% design effort engineer's opinion of the probable cost of construction (see Phase 5).
- Conduct a 60% design submittal review workshop with the District's team and members of the design team in order to assess progress and confirm/make decisions about design preferences and resolve open questions.

Engineering Design Services for South San Luis Obispo County Sanitation District Redundancy Project

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- Prepare minutes from the 60% design review meeting and update action item and decision logs based on resulting direction from the District.
- Conduct a constructability review of the design to identify modifications to improve document clarity, improve constructability, and reduce project risk.

Task 3.2 - 90% Design Plans and Specifications

Subtasks include:

- Prepare and submit drawings and technical specifications for the 90% design submittal with the following estimated progress on the design disciplines adjusted to meet the District's requests and project requirements:
 - General sheets, notes and design criteria - 99%
 - Site and civil design – 95%
 - Structural design – 95%
 - Architectural design – 95%
 - Mechanical design – 90%
 - Electrical design – 90%
 - Instrumentation – 90%
- Prepare and submit 90% design effort engineer's opinion of the probable cost of construction (see Phase 5).
- Conduct a 90% design submittal review workshop with the District's team and members of the design team in order to assess status of design and identify actions required to complete the bid package.
- Prepare minutes from the 90% design submittal review meeting and update action item and decision logs based on resulting direction from the District.
- Update the 60% level constructability review and conduct a bidability review focused on the clarity of the construction documents.

Task 3.3 - Produce Final Construction Documents.

Subtasks include:

- Prepare final drawings and technical specifications.
- Review action item lists and decision logs to check that review comments from previous tasks have been addressed.
- Perform a final discipline quality control review of the documents.
- Perform a final inter-discipline check on drawings and specifications.
- Make any final adjustments to the engineer's opinion of the probable cost of construction.

Phase 3 - Deliverables

- 60% design submittal and cost estimate
- 90% design submittal and cost estimate
- Constructability review memoranda
- Final design submittal

Phase 4 – Workshops, Project Management, and Quality

A number of meetings will be held to facilitate communication, monitor progress and make decisions as the project progresses. The Consultant team will also implement standard project management procedures to provide the necessary cost, schedule, and quality control for the project.

Task 4.1 - Kickoff and Deliverable Workshops

Workshops will be held regularly during the course of the design process, generally associated with deliverable products furnished to the District.

Budgeted workshops:

- Preliminary Design Kick-off Workshop
- Flood Mitigation Alternatives Workshop
- Sludge Thickening Alternatives Workshop
- Draft Concept (30% Design) Report Review Workshop and Final Design Kickoff
- 60% Design Submittal Review Workshop
- 90% Design Submittal Review Workshop

Workshops are budgeted for three (3) hours each workshop, with up to three (3) consultant staff attending in person and up to three (3) consultant staff participating by phone.

Task 4.2 - Board of Directors Updates

In addition to workshops between the Kennedy/Jenks team, the District staff, and the District's Project Management team, we will provide a project update to the District Board of Directors on a quarterly basis. These updates will highlight the status of project completion, key decisions made during the previous quarter, and major milestones and decisions expected during the upcoming quarter. The most recent engineer's opinion of probable cost of construction will also be presented to the Board.

Budgeted updates:

- Updates following completion of Concept Design Report (Phase 1)
- Updates following completion of Final Design (Phase 3)
- Updates following receipt of contractor bids (Phase 6)

Task 4.3 - Project Management

The objective of this task is to maintain regular communication with the District and make certain that technical objectives are achieved in a timely and cost effective manner. Project management activities include:

- Project Setup: Preparing internal project team documents such as a Project Management Plan and Hazard Appraisal and Recognition Plan (HARP). These internal documents include: the project scope, task assignments, deliverables, project team roles and responsibilities, communication protocols, a detailed project schedule, level of effort, safety requirements for this phase of the project, quality control and quality assurance review milestones, and project procedures.
- Negotiate Subcontracts: Developing subconsultant agreements. A defined scope of services with a not-to-exceed budget will be developed for these agreements.

Engineering Design Services for South San Luis Obispo County Sanitation District Redundancy Project

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- Coordinate Members of Project Team, including Subconsultants: Working closely with project team members so that each person knows their role, work product expectations, deadlines, and labor allocations. The Consultant will have regular internal meetings to keep the project on track and to maximize design efficiencies.
- Monitor Project Schedule and Budget: The Project Schedule and Project Budget will be created as the project gets underway. Project deadlines will be established jointly by the Consultant and the District, and the District will be kept informed of work status as deadlines approach and budget status with each invoice.
- Project Progress Meetings with the District: The Consultant will participate in monthly project progress meetings via teleconference to keep the District apprised of project status, discuss work accomplished, solicit for input on design decisions, and plan subsequent stages of work. It is expected that these meetings will last 30 minutes to one hour.
- Prepare Monthly Project Status Report and Invoice for the District: The Consultant will monitor progress as compared to expenditures every month throughout the project. Monthly "Cost Control/Progress Reports" are routinely used for assessing Kennedy/Jenks' progress so that costs can be controlled and potential problems can be identified early enough in the process to resolve them before they become big issues. An earned value assessment will be provided with each monthly status report and invoice.
- Ongoing Review Activities: The Consultant will periodically review project work. QA/QC activities provided by other reviewers (independent reviewers, discipline reviewers, interdisciplinary reviewers) and associated with deliverables are budgeted under a separate task.
- Maintaining a Decision and Action Item Log: The Consultant will maintain a decision log throughout the project. The decision log will act as the project record of input and decisions from both the District and the Consultant project team.
- Preparing a Risk Register: The Consultant will prepare a risk register with completion of the 90% design submittal for discussion with the District. The risk register provides a helpful template to discuss bidding and construction risks and response plans prior to launching into bidding and construction efforts.

Task 4.4 - Quality Assurance/Quality Control

The goal of this task will be to develop and implement a tailored QA/QC Plan to verify the quality of services and deliverables including reports, plans and documents provided to the District. The QA/QC Plan will require that technical documents receive the independent reviews prior to submittal to the District. Quality management steps include:

- QA/QC Plan: Develop project QA/QC Plan to guide the project technical reviews and establish the priority of providing quality services and deliverables. This plan will be integrated into the Project Management Plan.
- Independent Reviews: Perform independent technical reviews of deliverables by qualified design and construction staff.
- Concepts and Criteria Review (C&CR): Conduct an internal project Concept and Criteria Review (C&CR) to provide our project team with an early opportunity to confirm the project concept with senior design and construction management staff. The review consists of the scope of work, technical project approach, key project processes and design elements, the budget to perform the work, and the schedule.

Phase 4 – Deliverables

Deliverables include:

- Workshop meeting minutes
- Project decision logs (summary of key decisions/feedback from workshops) – made available to the District via the web
- Progress reports attached to the monthly invoices, with earned value reporting

- Risk register
- Board presentations
- Project schedule updates

Phase 5 – Engineering Cost Opinion

As described in Phases 1 and 3, opinions of the probable cost of construction will be prepared at the 30%, 60%, 90%, and final design levels. The Consultant will prepare costs estimates at the 60%, 90%, and Final Design Phases of the project in accordance AACE's Cost Estimate Classification System.

- A 30% Opinion of Probable Construction Cost (OPCC) will be prepared that defines the specific elements included in the Wastewater Treatment Facility Redundancy Project estimate, inclusions, exclusions, and assumptions used for each estimate update. Job specific site conditions, schedule, and contract considerations and local costs and requirements specific to San Luis Obispo County will be considered when preparing the estimate.
- At the 60% level of design, the OPCC will include quantity takeoffs for major structures such as aeration tanks and clarifiers and process equipment. Process equipment costs for major equipment such as clarifier mechanisms and blowers will be based upon a combination of historical pricing and vendor budget price quotes. Takeoffs for larger diameter process piping systems are included. Ancillary systems such as utilities and allowances are used for cost. Location factors and specific site conditions such as access to the site, haul routes, geotechnical conditions such as dewatering needs and shoring are considered when defining work activities. Temporary systems required for construction phasing are included. Site improvements will be included as allowance amounts.
- At the 90% level of design the estimate the estimate will use largely deterministic estimating methods, such as detailed quantity take-offs for process piping systems , and vendor price quotes for smaller equipment . Site improvements will be more defined and included in the takeoffs.
- At the final design level, final quantity takeoffs and updates to cost will be made. Adjustments for current local market conditions may be made. Adjustments for any special specification requirements may be made.

Phase 5 – Deliverables

Included in other phases.

Phase 6 – Bid Phase Services

The Consultant will assist the District to select a qualified contractor in accordance with the contract documents. The Consultant will provide the following services:

- Assist the District to advertise and distribute the final bid packages.
- Conduct a pre-bid meeting and site tour for prospective bidders; prepare summary meeting minutes.
- Receive and log bidder inquiries and requests for information; these inquiries will be handled through simple clarifications where possible, and other inquiries shall be responded to by addenda.
- Prepare and issue addenda and technical and design clarifications to bid documents.
- Attend a Board meeting to consider contract award

Engineering Design Services for South San Luis Obispo County Sanitation District Redundancy Project

Scope of Work

Exhibit A

Phase 6 –Deliverables

Deliverables include:

- Up to two (3) addenda, submitted to the District in pdf format via email for distribution to bidder.
- Prebid meeting summary.

Phase 7 – Office Engineering During Construction

The Consultant will provide engineering support throughout the construction period to assist the District in clarifying design intent, review product submittals, and developing solutions to resolve implementation challenges with construction contractor. Construction period services include:

Task 7.1 – Conformed Drawings

The Consultant will prepare a set of conformed drawings and specifications incorporating changes made via addenda during the bidding period.

Task 7.2 – Responding to Requests for Information and Issuing Clarifications

Inevitably questions will arise during construction. This task provides a vehicle for the design team to prepare written Clarifications and respond to written Requests for Information (RFIs) from the contractor. Clarifications and RFIs are used in the construction process to document and provide formal interpretation of questions arising instruction. The level of effort assumes 50 clarifications and RFIs.

Task 7.3 – Preparing Requests for Quotation and Reviewing Change Orders

In construction projects, situations occur that necessitate a change in scope of the construction contract. Through this task, the Consultant will assist the District in reviewing, interpreting, responding, and preparing changes to the construction contract. The Consultant will prepare written Requests for Quotation (RFQs) and respond to written Change Order (COs) requests from the contractor. RFQs are used to communicate and request quotations for Owner-initiated changes; for example, adding equipment not in the original scope is an example of an Owner-initiated change. COs are Contractor-initiated and used to communicate and request additional payment for providing extra work due to an unexpected condition. The level of effort assumes 15 Change Orders and RFQs.

Task 7.4 – Submittal Reviews

Submittals are used to communicate the contractor's intent for providing equipment and materials for the project; for example the contractor will prepare a submittal detailing the type of pipe they propose to provide. Consultant will review these submittals for compliance with the design intent, and advocate that the PUD receives the level of quality in the products that they have specified and are paying for. The level of effort assumes 200 submittals including resubmittals.

Task 7.5 – Construction Meetings, Coordination Meetings, and Photo Review

The Consultant will participate in weekly construction meetings and coordination meetings via phone to provide feedback to the District and the construction contractor on status of reviews and input on construction issues. This level of effort assumes one-hundred and four (104) 1-hour coordination meetings with the District and its Construction Manager, and one-hundred and four (104) 1-hour meetings with the District, its Construction Manager, and the construction contractor. Prior to the coordination meetings the Consultant will review photos from the previous week and provide feedback to the District and its Construction Manager. The level of effort for photo reviews assumes 1 hour per week for 104 weeks.

Engineering Design Services for South San Luis Obispo County Sanitation District Redundancy Project

Scope of Work

Exhibit A

Task 7.6 – Site Visits

This task includes effort for the Consultant to visit the site to review work, perform inspection, coordinate engineering issues, and other needs that may arise. Twelve (12) site visits are budgeted for the Consultant Project Manager or other design leads.

Task 7.7 – Record Drawings

The Consultant will use contractor provided red-line construction drawings to prepare as-built drawings in AutoCAD. The as-built drawings will assist the District in record-keeping and future maintenance of the facilities.

Task 7.8 – Other As Needed Services

The Consultant will assist the District with other as needed services, which could include:

- Support the District and its Project Management team in developing solutions to challenges that arise due to varying site conditions or discrepancies in contract documents.
- Provide support to the District for SCADA screen development and PLC programming for non-vendor supplied PLCs.
- Perform periodic field visits and final inspections.
- Coordinate with contractor to receive vendor-provided O&M manuals for equipment installed as part of this project, in order to produce O&M manual.
- Prepare a plant operation and maintenance manual in electronic format.
- Provide start-up support services for new improvements and plant modifications related to the Redundancy Project.
- Provide training services to the operations staff to incorporate the new facility operations into the plant operators skill set.

The scope of work for this Task is not completely defined as the design is not yet complete; budget is included for this assistance on an “as needed” basis, to assist the District with these services up to the budgeted level of effort. The actual scope needed will be identified by the District as required.

Phase 7 - Deliverables

- Conformed drawings and specifications
- Submittal responses
- RFI responses and clarifications
- Change order recommendation memoranda and requests for quotation
- Project record drawings

Responsibilities

The following items establish responsibilities as they relate to the scope of services described above:

1. Permitting, agency negotiation, and CEQA-related work will be handled separately by the District.
2. The District will provide previous work products related to the design of the proposed improvements.
3. The District will perform necessary flood studies or investigations to evaluate impacts of new structures relative to the BFE, address permit agencies questions or concerns, and identify any existing plant facilities that require additional flood-proofing.

Engineering Design Services for South San Luis Obispo County Sanitation District Redundancy Project

Scope of Work

Exhibit A

4. Subsurface utility excavating services (potholing) will be provided by District forces; the District will provide a backhoe and operator to pothole utilities. The District will obtain all permits required for this work, and will provide flaggers and traffic control as-needed.
5. The District and its Project Management Team will attend and participate in preliminary design workshops and draft deliverable review meetings. The District will endeavor to provide timely reviews within the timeframes identified on the detailed design schedule. The preliminary schedule allows 2 weeks for District reviews.
6. The District will compile review comments on all deliverables into a single version and reconcile any conflicting review comments before providing comments to the Consultant.
7. The District will pay for all permit fees, advertising costs, and other project associated fees unless they are specifically identified to be a Consultant expense.
8. The District will arrange for printing and distribution of the contract documents for bidding purposes.
9. The District or others will provide construction management services, including construction administration, day-to-day construction management, special inspections, document administration services, and any other activities not specifically identified in this scope of work. The District will ensure that staff is available to perform these duties with fluctuations in the level of effort required for the project.
10. The Consultant will provide review of construction correspondence for the purposes of determining compliance with the technical and functional provisions of the construction contract documents only. This review service is not in any way an assumption on the part of the Consultant of responsibility for methods or equipment used by the construction contractor; for the sufficiency of design or installation of scaffolding, sheeting, or shoring; for the safety of the job; or for compliance by the construction contractor with laws and regulations.
11. The District or its Construction Manager will take a minimum of 20 digital project photos per day and preserve them to provide an additional source of photo documentation to that of the Contractor. Photos will be used to document existing conditions, construction progress, contractor forces and equipment on site, and defective work. The District or its Construction Manager will save all digital photos into a networked project directory viewable by the Consultant. Digital photos for each day will be saved in folder, with each folder chronologically titled by date.
12. The District or its Construction Manager will receive, review, and provide comments on construction administration submittals. Most Division 1 submittals are construction administration submittals (schedule of values, CPM schedule, plan of operations, punch list, etc.).
13. Periodic Review of Record Drawings: the District or its Construction Manager will track progress by the Contractor in keeping up with contractor required updates to the record drawings through the course of the project to ensure that they are reflective of the actual work installed.
14. The District or its Documents Administrator will transmit all project correspondence (RFIs, submittals, change orders, etc.) to the Consultant in electronic PDF format. Electronic copies of the Consultants review will be returned; no hard copies will be returned. If physical samples are submitted for review, they will be mailed to the Consultant; no samples will be returned.
15. The District will review and tabulate contractor bids, check that bids are complete/responsive/meet the minimum qualification requirements, and perform reference and license checks (as needed).
16. The District will take electrical measurements, as requested by the Consultant, to assist in diagnosing power quality issues.

Assumptions

In preparing this scope of services and associated budget, it is assumed that:

1. Project work shall begin with receipt of notice to proceed and proceed continuously through completion as illustrated in the schedule provided at the end of this section. Project management costs are estimated for this anticipated project duration.
2. Technical Memoranda and Reports – three hardcopies and one electronic copy of each will be submitted for each deliverable.
3. 60% Design Documents – Three half-size (11x17) drawings sets and three (3) technical specifications books will be submitted.
4. 90% Design Documents – Three half-size (11x17) drawings sets and three (3) technical specifications books will be submitted.
5. Final Design Documents – One full size (22x34) signed and sealed drawing set; three (3) 11x17 signed and sealed drawing sets; and three (3) technical specification books. One CD will also be provided with electronic copies of each in pdf format.
6. Conformed Design Documents - One full size (22x34) signed and sealed drawing set; three (3) 11x17 signed and sealed drawing sets; and three (3) specification books. One CD will also be provided with electronic copies of each in pdf format.
7. Reproduction and advertising costs will be covered by the District or others.
8. The District will arrange for a pre-bid meeting and tour of the project areas, and provide District staff for the meeting.
9. The bid period is a maximum of 8 weeks, and a re-bid is not required.
10. The project will be bid and awarded as one construction bid package to a single bidder.
11. Sheet piling, shoring, dewatering, traffic control plans and measures, and temporary erosion and sedimentation control measures will be designed by the Contractor.
12. An investment grade energy review/audit, if required, will be provided and coordinated by the District.
13. Full size drawing format will be 22-inch x 34-inch sheets. Plans will be arranged in an order that reflects Uniform Drawing Systems (UDS) standard format. Design drawings will be produced in AutoCAD 2014 and be delivered compatible with the District's current record keeping software.
14. Specifications will be double-sided and will include Division 0-17 specifications in 1995 CSI format. Kennedy/Jenks standard front-end documents will be used for the specifications.
15. Kennedy/Jenks will prepare its OPCCs based on a schedule of unit prices and quantities. OPCCs will be prepared in accordance with American Association of Cost Engineers (AACE) guidelines.
16. The District will consent to and sign Kennedy/Jenks electronic disclosure agreement.
17. Public outreach and coordination, if needed, will be performed by District forces or by others under separate contract.
17. The contract time for construction, as measured from notice to proceed to final acceptance, will not exceed 24 months. Extensions of contract time may result in additional effort being required.
18. The level and duration of effort required for construction period services often varies depending on a number of factors (i.e., contractor cooperation, unexpected construction issues, weather related complications, cultural artifact discovery, etc.). Because this project is budgeted on a time and materials basis, it is possible the level of effort expended could be less than or greater than budgeted. It is understood that augmentation or modification of the scope, budget, and schedule for any of the work proposed in this contract will require notification, discussion, and approval by both parties.

Engineering Design Services for South San Luis Obispo County Sanitation District Redundancy Project

Scope of Work

Exhibit A

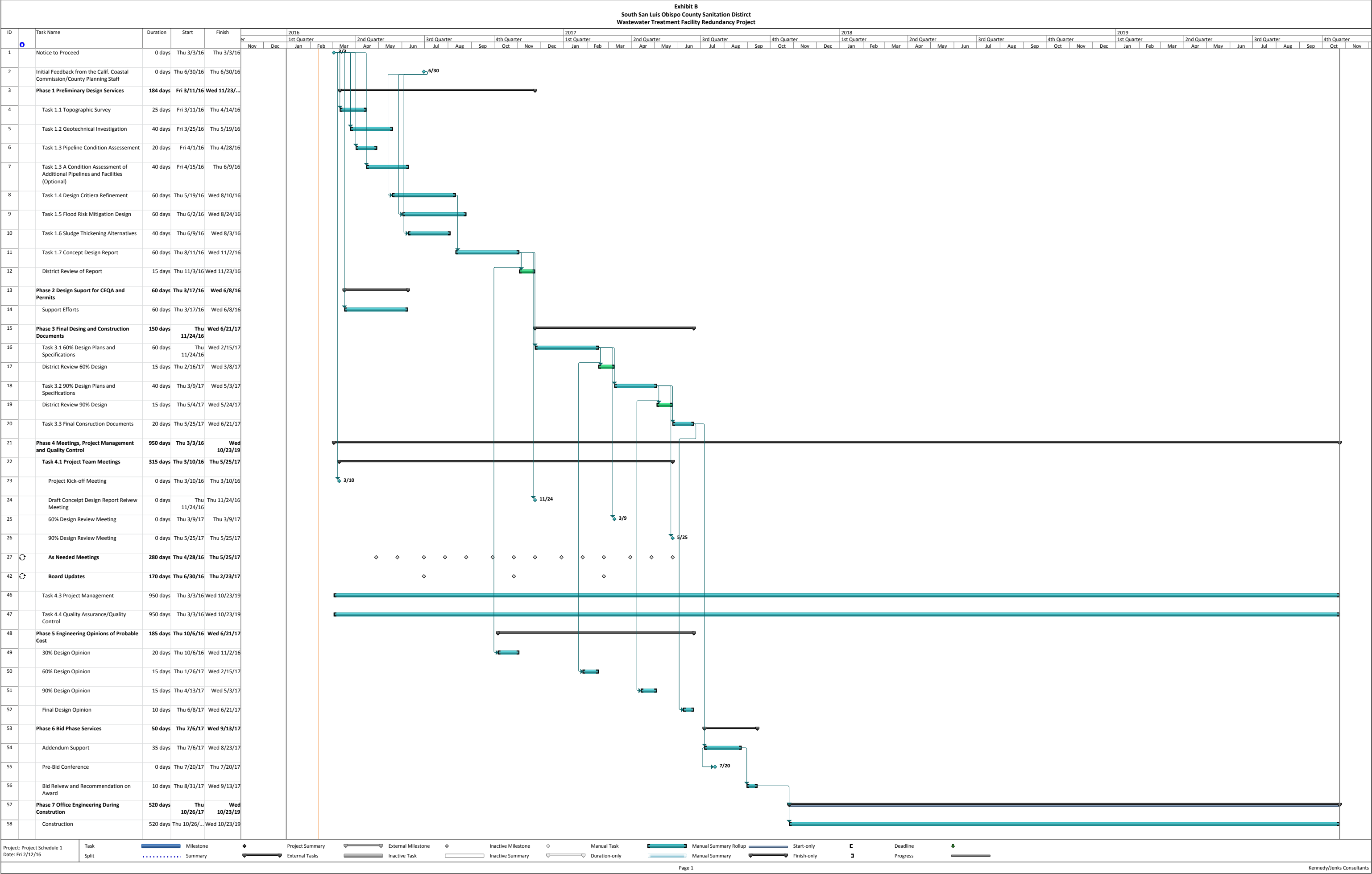
19. The construction contractor will pay for and coordinate shipment of physical submittals and other documents provided by the Contractor to Kennedy/Jenks' Seattle, Santa Clara, or San Francisco offices.
20. The level of effort for Phase 7 Task 6 assumes that construction contractor's redline drawings provided before final acceptance will be reflective of installed work, and that the construction contractor will consolidate its own and its subcontractor's redline drawings onto one drawing set.
21. A property boundary survey is not included in this Proposal, but can be provided as an additional service. A property boundary survey may be needed depending on the extent of flood mitigation improvements.
22. The Consultant will utilize previous geotechnical and survey work in addition to new survey and geotechnical information collected for this project. Supplemental survey and geotechnical reports that could require additional surveying effort or geotechnical borings and analysis due to unforeseen conditions; should this occur the District will be notified and additional budget will be requested for this work.
23. The electrical service to the WWTF site and standby power is adequate for the new facilities and will not be upgraded as a part of this project. Existing switchgear has adequate capacity to provide power to the new facilities; it is anticipated that minor modifications such as new circuit breakers may be required.
24. The District indicated that there may be electrical power quality issues at the site. These issues will be investigated in Phase 1 and solutions will be proposed in TM 4. Improvements needed to resolve power quality issues are not currently understood, and as such the detailed design of improvements to resolve any power quality issues within the existing power distribution system is not included in the scope of budget and may need to be added at a later date to maintain operability of the new facilities.
25. Detailed design of flood protection improvements for the site and existing structures is not included in the current scope of work and budget. The scope of work and budget will be revised to include any desired improvements follow the flood mitigation alternatives analysis in Phase 1.

Schedule

A planning-level schedule is attached as Exhibit B. A detailed schedule for Phases 1 through 4 will be developed after NTP.

Level of Effort

Refer to Exhibit C.



CLIENT Name: South San Luis Obispo County Sanitation District

PROJECT Description: WWTF Redundancy Project

Proposal/Job Number: TBD

Date: 2/8/2016

EXHIBIT C

January 1, 2016 Rates	Eng-Sci-9	Eng-Sci-8	Eng-Sci-7	Eng-Sci-6	Eng-Sci-5	Eng-Sci-4	Eng-Sci-3	Eng-Sci-2	Eng-Sci-1	Designer	CAD	Project Administrator	Admin. Assist.	Aide	Total	KJ Labor	Sub Cannon	Sub Yeh	Sub ESA	KJ Sub-Markup	KJ ODCs	KJ ODCs Markup	Total Labor	Total Subs	Total Expenses	Total Labor + Subs + Expenses
Classification:																										
Hourly Rate:	\$260	\$250	\$240	\$220	\$195	\$180	\$165	\$150	\$130	\$155	\$120	\$115	\$95	\$75	Hours	Fees	Fees	Fees	Fees	10%	Fees	10%				
Phase 1 - Preliminary Design																										
Task 1.1 - Topographic and Structure Survey		8		4											12	\$2,880	\$19,210			\$1,921		\$0	\$2,880	\$21,131	\$0	\$24,011
Task 1.2 - Preliminary Geotechnical Investigation		8				2									10	\$2,360		\$35,785		\$3,578		\$0	\$2,360	\$39,363	\$0	\$41,723
Task 1.3 - Pipeline Condition Assessment		2		52											54	\$11,940				\$0	\$5,240	\$524	\$11,940	\$0	\$5,764	\$17,704
Task 1.4 - Design Criteria Refinement	54	150	80	300		150				250	22	56			1062	\$211,570	\$7,300			\$730		\$0	\$211,570	\$8,030	\$0	\$219,600
Task 1.5 - Flood Risk Mitigation Alternatives		7		6											13	\$3,070	\$7,120			\$712		\$0	\$3,070	\$7,832	\$0	\$10,902
Task 1.6 - Sludge Thickening Alternatives		7		72											79	\$17,590				\$0		\$0	\$17,590	\$0	\$0	\$17,590
Task 1.7 - Geotechnical Report		4				8									12	\$2,440		\$35,785		\$3,578		\$0	\$2,440	\$39,363	\$0	\$41,803
Task 1.8 - Concept Design Report	2	12		72								16			102	\$21,200	\$12,000			\$1,200	\$1,000	\$100	\$21,200	\$13,200	\$1,100	\$35,500
Phase 1 - Subtotal	56	198	80	506	0	160	0	0	0	250	22	72	0	0	1344	\$273,050	\$45,630	\$71,569	\$0	\$11,720	\$6,240	\$624	\$273,050	\$128,919	\$6,864	\$408,833
Phase 2 - As Needed Support for CEQA and Permits																										
Task 2.1 - As Needed Support															0	\$0			\$30,000	\$0		\$0	\$0	\$30,000	\$0	\$30,000
Phase 2 - Subtotal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$0	\$0	\$0	\$30,000	\$0	\$0	\$0	\$0	\$30,000	\$0	\$30,000
Phase 3 - Final Design and Construction Documents																										
Task 3.1 - 60% Design Submittal	2	180	38	390		200				330	70	30			1240	\$239,440	\$20,820			\$2,082	\$1,000	\$100	\$239,440	\$22,902	\$1,100	\$263,442
Task 3.2 - 90% Design Submittal	2	180	46	200		200				180	60	30			898	\$175,110	\$37,680			\$3,768	\$1,000	\$100	\$175,110	\$41,448	\$1,100	\$217,658
Task 3.3 - Final Design Submittal	2	120	16	80		114				110	70	40			552	\$102,530	\$14,880			\$1,488	\$1,500	\$150	\$102,530	\$16,368	\$1,650	\$120,548
Phase 3 - Subtotal	6	480	100	670	0	514	0	0	0	620	200	100	0	0	2690	\$517,080	\$73,380	\$0	\$0	\$7,338	\$3,500	\$350	\$517,080	\$80,718	\$3,850	\$601,648
Phase 4 - Workshops, Project Management, and Quality																										
Task 4.1 - Kickoff and Deliverable Workshops	6	42		42		18									108	\$24,540	\$1,080			\$108	\$19,620	\$1,962	\$24,540	\$1,188	\$21,582	\$47,310
Task 4.2 - Board of Directors Updates		12													12	\$3,000				\$0	\$2,310	\$231	\$3,000	\$0	\$2,541	\$5,541
Task 4.3 - Project Management		244	76									25			345	\$82,115	\$7,800			\$780		\$0	\$82,115	\$8,580	\$0	\$90,695
Task 4.4 - Quality Assurance/Quality Control	140														140	\$36,400				\$0		\$0	\$36,400	\$0	\$0	\$36,400
Phase 4 - Subtotal	146	298	76	42	0	18	0	0	0	0	0	25	0	0	605	\$146,055	\$8,880	\$0	\$0	\$888	\$21,930	\$2,193	\$146,055	\$9,768	\$24,123	\$179,946
Phase 5 - Engineering Cost Opinion																										
Task 5.1 - Costructability Reviews and Opinions of Probable Cost					80										80	\$15,600	\$3,690			\$369		\$0	\$15,600	\$4,059	\$0	\$19,659
Phase 5 - Subtotal	0	0	0	0	80	0	0	0	0	0	0	0	0	0	80	\$15,600	\$3,690	\$0	\$0	\$369	\$0	\$0	\$15,600	\$4,059	\$0	\$19,659
Phase 6 - Bid Phase Services																										
Task 6,1 - All Bid Phase Services		76	6	44		6						6			138	\$31,890	\$2,370			\$237	\$3,040	\$304	\$31,890	\$2,607	\$3,344	\$37,841
Phase 6 - Subtotal	0	76	6	44	0	6	0	0	0	0	0	6	0	0	138	\$31,890	\$2,370	\$0	\$0	\$237	\$3,040	\$304	\$31,890	\$2,607	\$3,344	\$37,841
Phase 7 - Office Engineering During Construction																										
Task 7.1 - Conformed Drawings		16									12		12		40	\$6,580	\$720			\$72	\$1,500	\$150	\$6,580	\$792	\$1,650	\$9,022
Task 7.2 - Responding to RFIs and Preparing Clarifications		100	15	65	45	25									250	\$56,175	\$1,005			\$101		\$0	\$56,175	\$1,106	\$0	\$57,281
Task 7.3 - Preparing RFQs and Responding to COs		50	10	20	30	10									120	\$26,950	\$1,005			\$101		\$0	\$26,950	\$1,106	\$0	\$28,056
Task 7.4 - Submittal Reviews		430	60	310	200	200									1200	\$265,100	\$2,010			\$201		\$0	\$265,100	\$2,211	\$0	\$267,311
Task 7.5 - Construction Meetings, Coordination Meetings, and Photo Review				312											312	\$68,640				\$0		\$0	\$68,640	\$0	\$0	\$68,640
Task 7.6 - Site Visits		48		48											96	\$22,560	\$1,080			\$108	\$9,240	\$924	\$22,560	\$1,188	\$10,164	\$33,912
Task 7.7 - Record Drawings		8		120							120				248	\$42,800	\$960			\$96	\$1,500	\$150	\$42,800	\$1,056	\$1,650	\$45,506
Task 7.8 - Other As-Needed Services				200											200	\$44,000				\$0	\$5,500	\$550	\$44,000	\$0	\$6,050	\$50,050
Phase 7 - Subtotal	0	652	85	1075	275	235	0	0	0	0	132	0	12	0	2466	\$532,805	\$6,780	\$0		\$678	\$17,740	\$1,774	\$532,805	\$7,458	\$19,514	\$559,777
Preliminary Design, Design, and Bid Phase Services - Subtotal																										\$1,277,927
All Phases Total	208	1704	347	2337	355	933	0	0	0	870	354	203	12	0	7323	\$1,516,480	\$140,730	\$71,569	\$30,000	\$21,230	\$52,450	\$5,245	\$1,516,480	\$263,529	\$57,695	\$1,837,704



CERTIFICATE OF LIABILITY INSURANCE

10/1/2016

DATE (MM/DD/YYYY)

2/10/2016

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Lockton Companies 444 W. 47th Street, Suite 900 Kansas City MO 64112-1906 (816) 960-9000	CONTACT NAME:	
	PHONE (A/C, No, Ext): FAX (A/C, No):	
INSURED 1370659 KENNEDY/JENKS CONSULTANTS, INC. 303 SECOND STREET, SUITE 300 SOUTH SAN FRANCISCO CA 94107	E-MAIL ADDRESS:	
	INSURER(S) AFFORDING COVERAGE	
	INSURER A: Zurich American Insurance Company	
	INSURER B: Lexington Insurance Company	
	INSURER C:	
	INSURER D:	
INSURER E:		
INSURER F:		

COVERAGES**CERTIFICATE NUMBER:** 13896477**REVISION NUMBER:** XXXXXXXX

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC <input type="checkbox"/> OTHER:	Y	N	GL05833581	10/1/2015	10/1/2016	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COM/OP AGG \$ 2,000,000 \$
A	<input checked="" type="checkbox"/> AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input checked="" type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	Y	N	BAP9326879	10/1/2015	10/1/2016	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ XXXXXXXX BODILY INJURY (Per accident) \$ XXXXXXXX PROPERTY DAMAGE (Per accident) \$ XXXXXXXX \$ XXXXXXXX
	<input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> DED <input type="checkbox"/> RETENTION \$			NOT APPLICABLE			EACH OCCURRENCE \$ XXXXXXXX AGGREGATE \$ XXXXXXXX \$ XXXXXXXX
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N <input checked="" type="checkbox"/> N	N/A	WC9326878	10/1/2015	10/1/2016	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
B	PROFESSIONAL LIABILITY	N	N	026154151	10/1/2015	10/1/2016	\$1,000,000 PER CLAIM \$1,000,000 ANNUAL AGGREGATE

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

RE: DESIGN AND ENGINEERING SERVICES FOR REDUNDANCY PROJECT. SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT, ITS TRUSTEES, OFFICERS, EMPLOYEES AND VOLUNTEERS ARE ADDITIONAL INSURED AS RESPECTS GENERAL AND AUTO LIABILITY, AS REQUIRED BY WRITTEN CONTRACT.

CERTIFICATE HOLDER

13896477

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
PO BOX 339
OCEANO CA 93475**CANCELLATION**

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

Post Office Box 339 Oceano, California 93475-0339

1600 Aloha Oceano, California 93445-9735

Telephone (805) 489-6666 FAX (805) 489-2765

www.sslocsd.org

To: Board of Directors

From: John Clemons, Interim District Administrator

Date: February 17, 2016

Subject: Chemical Controls System Replacement

RECOMMENDATION

Staff recommends that the Board of Directors authorize the Interim District Administrator to Execute the attached contract with CannonCorp Engineering Consultants for the design and Installation of a chemical feed control system for the chlorine contact tank at the WWTP.

BACKGROUND

The chlorine/sodium Bisulfite feed control system which is currently being used at the WWTP's chlorine contact chamber is no longer supported by the manufacturer. There is no way to acquire replacement parts for the equipment. The designer no longer offers any technical support for the system.

DISCUSSION

Staff asked four qualified vendors for quotes to replace the existing system. Of the four vendors that were solicited, two (Tesco Controls Inc. and Cannon Engineers) responded with proposals. Each vendor visited the WWTP to review our current controls system. Cannon provided the lowest quote that meets the requirements of this project (Attachment C).

FISCAL CONSIDERATIONS

Funds for this project will come from Replacement Fund 26-8065 Structure/Grounds Replacement and Improvement. This fund has an available balance of \$512,000.

Best Regards,

John Clemons III
Superintendent/Interim District Administrator

AGREEMENT TO PROVIDE UPGRADE TO CHLORINE CONTACT SYSTEM AT OCEANO WASTEWATER TREATMENT PLANT

This Agreement is made on February 12, 2016, by and between Cannon Corporation, a California Corporation, ("Contractor") and the South San Luis Obispo County Sanitation District ("District"), in Oceano, California, based on the following recitals:

1. District needs an upgrade to its chlorine contact instrumentation located at the Oceano Wastewater Treatment Plant, and does not have in-house staff to provide these services;
2. Via Resolution 2014-313, the District has adopted Uniform Construction Cost Accounting as provided in the Public Contract Code; and
3. District has investigated and solicited quotes from local engineering firms that could provide the needed upgrade, and Contractor has provided a proposal that appears to best fit District's needs at lowest price; and
4. Hiring Contractor to provide an upgrade to District's chlorine contact system is consistent with District's Purchasing Guidelines, as adopted by Resolution 2014-314, which provide that the District Manager is the District's agent for purchasing services less than \$45,000 and establish objectives including that District services procurement be efficient, at lowest possible cost, and of a quality to assure efficient running of the wastewater plant, and give a local preference in contracts with a bid price less than \$45,000.

NOW, THEREFORE, IT IS AGREED:

1. Recitals true. The above recitals are true.

2. General.

2.01. Term and Termination. The term of this contract is 120 Days, beginning on the date first written above. This contract may be extended by mutual consent of the parties. This contract may be terminated for breach of its terms or conditions, or because of discovery of any act which violates local, state or federal law. Termination is effective 14 days after deposit of notice as specified in this Agreement.

2.02. Work to be Performed. Contractor shall determine the method, details and means of providing an upgrade to the chlorine contact system at District's Oceano Wastewater Treatment Plant. More specifically, Contractor agrees to perform the specific work listed in Exhibit "A."

2.03 District's Duties. District's duties under this Agreement are to cooperate with Contractor in the performance of the contract and timely pay invoices.

2.04. Payment. Payment terms under this Agreement are listed in Exhibit "B."

2.05. Insurance. Contractor shall provide insurance as listed in Exhibit "C."

2.06. Exhibits. Exhibits "A," "B," and "C" are attached and incorporated.

3. Contractor's Obligations.

3.01. Minimum Amount of Service. Contractor shall devote sufficient time to perform services under this agreement efficiently and effectively. Contractor may represent, perform services for and be employed by additional individuals or entities, in Contractor's sole discretion, as long as the performance of these extra-contractual services does not interfere with or present a conflict with District's business. Contractor may perform the services in a manner consistent with the care and skill ordinarily exercised by other professional consultants providing similar services in similar circumstances at the time the services are performed.

3.02. Tools and Equipment. Except as otherwise stated in this Agreement, Contractor will supply all tools and equipment necessary to perform this Agreement.

3.03. Status. Contractor (including its employees) is an independent contractor. No employer/employee relationship exists between Contractor and the District. Contractor's assigned personnel shall not be entitled to any benefits payable to employees of the District. The District is not required to make any deductions or withholdings from the compensation payable to Contractor under this agreement.

3.04. Indemnification. To the fullest extent permitted by law, the Contractor shall indemnify, defend (with independent counsel approved by the District) and hold harmless the District, and its directors, officers, and employees from and against all liabilities (including without limitation all claims, losses, damages, penalties, fines, and judgments, associated investigation and administrative expenses, and defense costs, including but not limited to reasonable attorneys' fees, court costs and costs of alternative dispute resolution) regardless of nature or type that arise out of, pertain to, or relate to the negligence, reckless, or willful misconduct of the Contractor or the acts or omissions of an employee, agent or subcontractor of the Contractor. The provisions of this paragraph survive completion of the services or the termination of this contract. The provisions of this Section are not limited by the provisions of the Section relating to insurance. Indemnification should be limited by California Civil Code section 2782.6.

4. Miscellaneous

4.01. Notices. All communication relating to the day-to-day activities of this Agreement shall be exchanged between a designated representative of the District and a representative of Contractor, listed below. All notices shall be addressed as follows unless a written change is filed with the District:

To District:
Attn. (Interim) District Administrator
South San Luis Obispo County
Sanitation District
P.O. Box 339
Oceano, CA 93475-0339

To Contractor:
David Ducher, PE
Cannon
1050 South Wood Dr.
San Luis Obispo, CA 93401

If the designated Representative or address of either party changes during the term of this agreement, a written notice shall be given to the other party prior to the effective date of change. Any written notices required under this agreement shall be effective five (5) days after deposit into United States mail, postage prepaid, addressed to the designated Representative, or upon confirmation of receipt of delivery if another notification process is used.

4.02. Compliance With Laws, etc. Contractor shall comply with all laws, including but not limited to the rules and policies of the District, in performing this agreement.

4.03. Integration. This agreement constitutes the entire agreement of the parties with respect to the subject matter. All modifications, amendments, or waivers of the terms of this agreement must be in writing and signed by the appropriate representatives of the parties.

4.04. Interpretation. This agreement shall be interpreted in accordance with the laws of the State of California.

4.05. Jurisdiction. Jurisdiction and venue of all disputes over the terms of this agreement shall be in the County of San Luis Obispo, State of California.

4.06. Warranty of authority. Each person signing this agreement on behalf of a party warrants that he or she has authority to do so.

4.07. No Waiver. Failure to enforce with respect to a default shall not be construed as a waiver.

4.08. Severability. The provisions of this agreement are severable. If any part of this agreement is held invalid by a court of competent jurisdiction, the remainder of the agreement shall remain in full force and effect unless amended or modified by mutual written consent of the parties.

4.09. Submittals. In addition to any other submittals required by this agreement, Contractor shall submit copies of its current business license and current certificate of workers compensation coverage to the District before beginning work on this project.

4.10 Prevailing Wage. If applicable, Contractor and all subcontractors are required to pay the general prevailing wage rates of per diem wages and overtime and holiday wages determined by the Director of the Department of Industrial Relations under Section 1720 et seq. of the California Labor Code. The Director's determination is on file and open to inspection at www.dir.ca.gov and is referred to and made a part hereof; the wage rates therein ascertained, determined and specified are referred to and made a part hereof as though fully set forth herein.

4.11 Exclusive Ownership. All plans, specifications, reports, electronic media, records, and other design documents prepared by Contractor pursuant to this agreement shall be the property of the District upon payment for contracted work; District is entitled to full and unrestricted use of such plans, specifications, reports and other design documents prepared by Contractor pursuant to this agreement; such plans, specifications, reports, and other design documents prepared by Contractor pursuant to this agreement shall be used exclusively on this project and shall not be used on any other work unless deemed necessary by the District, and Contractor is held harmless for the District's use on other project.


IN WITNESS WHEREOF, this agreement is executed by the parties on the date first written above.

CONTRACTOR

SOUTH SAN LUIS OBISPO COUNTY SANITATION
DISTRICT


By: *Director Public Infrastructure Division*

By: _____


By: *CFO*

APPROVED AS TO FORM:

District Counsel

EXHIBIT "A"

In accordance with its proposal dated December 23, 2015, Contractor will:

- Based on its preliminary design, further site investigation, and updated design work, obtain a 3-channel system capable of providing an in-situ total chlorine measurement which requires no reagents;
- Install instrument sensors and transmitters in parallel with current ones to minimize costs and disruptions to the processes;
- Reuse existing wiring where feasible;
- Provide termination of power and signal wiring and in the process, perform continuity checks of the wiring. If necessary, pull new wire from the terminal cabinet in the [Motor Control Center] MCC to the [Programmable Logic Controller] PLC panel using existing conduits;
- Provide calibration and configuration of each instrument
- Program the PLC and [Human Machine Interface] HMI

The chlorine dosing control is to remain hardwired between the transmitter and the dosing pumps. The transmitter is to control the dosage via an integral [Proportional-Interval-Derivative] PID controller, which Contractor will configure prior to commissioning.

- Conduct commissioning in cooperation with District staff.

Unless specifically set out in this Agreement document, this Agreement *does not* include "APPENDIX A: TERMS FOR CANNON SERVICES" submitted with Contractor's proposal.

EXHIBIT "B"

Contractor will provide the work described in this Agreement for the not-to-exceed price of **\$35,270**.

The District will pay Cannon for the work in the on a monthly basis to be billed by Cannon, as to undisputed amounts billed. If the District objects to all or any portion of an invoice, the District agrees to inform Cannon in writing within 14 days as set out in the Notices section, above.

If and as required by law, the District will retain at least five percent of the contract price until at least one-half of the work is completed and the District documents that satisfactory progress is being made to complete the job. With the exception of 150 percent of any disputed amount, the District will release any retention within 60 days after completion of the work.

EXHIBIT "C"
INSURANCE REQUIREMENTS

Contractor shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Contractor, his/her agents, representatives, or employees.

A. Minimum Scope of Insurance

Coverage shall be at least as broad as:

1. Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001).
2. Insurance Services Office Business Auto Coverage Form Number CA 0001, Code 1 (any auto).
3. Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.
4. Errors and Omissions liability insurance appropriate to the Contractor's profession. Architects' and engineers' coverage is to be endorsed to include contractual liability.

B. Minimum Limits of Insurance

Contractor shall maintain limits no less than:

1. General Liability - \$1,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
2. Automobile Liability - \$1,000,000 per accident for bodily injury and property damage.
3. Employee's Liability - \$1,000,000 per accident for bodily injury or disease.
4. Errors and Omissions Liability - \$1,000,000 per occurrence.

C. Deductibles and Self-insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by the District. At the option of the District, either: the insurer shall

reduce or eliminate such deductibles or self-insured retentions as respects the District, its trustees, officers, employees and volunteers; or the Contractor shall provide a financial guarantee satisfactory to the District guaranteeing payment of losses and related investigations, claim administration and defense expenses.

D. Other Insurance Provisions

The commercial general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

1. The District, its trustees, officers, employees and volunteers are to be covered as insureds as respects: liability arising out of work or operations performed by or on behalf of the Contractor; or automobiles owned, leased, hired or borrowed by the Contractor.

2. For any claims related to this project, the Contractor's insurance coverage shall be primary insurance as respects the District, its trustees, officers, employees and volunteers. Any insurance or self-insurance maintained by the District, its trustees, officers, employees or volunteers shall be excess of the Contractor's insurance and shall not contribute with it.

3. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled by either party, except after thirty (30) days' prior written notice stating the title of this contract has been given to the District. **All notices provided pursuant to this Agreement shall be given to the District representative listed for notice in this agreement and shall specify the title of this Agreement.** Notice may be given by overnight mail, facsimile with confirmation of receipt, or certified mail with return-receipt requested. In the case of a reduction in coverage, the Contractor shall provide thirty (30) days' prior written notice as provided in this subparagraph.

E. Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to the District.

F. Verification of Coverage

Contractor shall furnish the District with original certificates and amendatory endorsements effecting coverage required by this clause. The endorsements should be on forms provided by the District or on other than the District's forms provided those endorsements conform to District requirements. All certificates and endorsements are to be received and approved by the District before work commences. The District reserves the right to require complete, certified copies of all required insurance policies, including endorsements effecting the coverage required by these specifications at any time.

RESOLUTION NO.**A RESOLUTION OF THE BOARD OF SOUTH SAN LUIS
OBISPO COUNTY SANITATION DISTRICT AUTHORIZING AND
DIRECTING THE INTERIM DISTRICT ADMINISTRATOR TO
ENTER INTO AN AGREEMENT WITH CANNON CORPORATION,
INC. FOR UPGRADE OF THE DISTRICT'S CHLORINE
CONTACT INSTRUMENTATION SYSTEM**

WHEREAS, District needs an upgrade to its chlorine contact instrumentation located at the Oceano Wastewater Treatment Plant, and does not have in-house staff to provide these services; and

WHEREAS, via Resolution 2014-313, the District has adopted Uniform Construction Cost Accounting as provided in the Public Contract Code; and

WHEREAS, District has investigated and solicited quotes from local engineering firms that could provide the needed upgrade, and Cannon Corporation has provided a proposal that appears to best fit District's needs at lowest price; and

WHEREAS, hiring Cannon Corporation to provide an upgrade to District's chlorine contact system is consistent with District's Purchasing Guidelines, as adopted by Resolution 2014-314, which provide that the District Manager is the District's agent for purchasing services less than \$45,000 and establish objectives including that District services procurement be efficient, at lowest possible cost, and of a quality to assure efficient running of the wastewater plant, and give a local preference in contracts with a bid price less than \$45,000 and

WHEREAS, Cannon Corporation is willing to sign an agreement in a form acceptable to District Counsel with District;

NOW, THEREFORE, IT IS HEREBY RESOLVED by the Board of South San Luis Obispo County Sanitation District as follows:

1. An Agreement to Provide Upgrade to Chlorine Contact System at Oceano Wastewater Treatment Plant with Cannon Corporation is hereby approved in substantially the form attached hereto as Exhibit "1," provided that Cannon Corporation removes changes to Sections 3.04 and 4.11 as advised by District Counsel; and
2. The Interim District Administrator, or his/her designee, is hereby authorized and directed to execute the Agreement (if revised as described above) on behalf of the District, to take all steps necessary to implement the project, and, if appropriate, to enter into amendments to the Agreement necessary to implement the project.

PASSED AND ADOPTED at a regular meeting of the South San Luis Obispo County Sanitation District held February 17, 2016.

Board Chair

ATTEST:

DISTRICT SECRETARY

APPROVED AS TO FORM:

BY: _____
DISTRICT COUNSEL

CONTENTS:

BY: _____
DISTRICT ADMINISTRATOR



December 23, 2015

John Clemons
Plant Superintendent
SSLOCSD
PO Box 339
Oceano, CA 93445

PROJECT: CHLORINE CONTACT INSTRUMENTATION REPLACEMENT

Dear Mr. Clemons:

Thank you for meeting with me to discuss the proposed upgrades to your facility's chlorine contact instrumentation. I understand that the existing chlorine contact instrumentation is becoming both obsolete and unreliable. Individually, these conditions jeopardize your ability to meet permit requirements. Together, they necessitate increasingly frequent and costly maintenance. As such, you have requested a proposal from us to specify and install a chlorine contact monitoring system that is both maintainable and minimizes costly maintenance while avoiding the needs for reagents.

We are excited to work with you to find a solution to these issues. The following proposal outlines a smooth replacement and cutover sequence to install the new chlorine contact monitoring system. This proposed system also provides you with visibility into the process via your existing SCADA system thereby allowing you better control and monitoring of your process.

We will follow up with you next week to discuss this proposal. If you have any questions, please give me a call. If you would like to start this work, please sign and return the Acceptance of Proposal page, which will serve as our notice to proceed.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Dutcher'.

David Dutcher, PE
Principal Control Systems Engineer
Automation & Electrical Engineering Division

Proposal: Chlorine Contact Instrumentation Replacement

PROJECT UNDERSTANDING AND APPROACH

Our project understanding and approach are based on the 11/30/2015 and 12/07/2015 site visits with you and our subsequent preliminary design. During these site visits, we discussed that the existing system is becoming obsolete, unreliable, and is no longer supported by the manufacturer. Although this existing system is a US Filter oxidation reduction potential (ORP) type system, you have no specific vendor type preference. Instead, you wish to replace this system with a new product that meets the following criteria (ordered by priority):

- 1) Effectiveness of measurement
- 2) Cost
- 3) In-situ measurement
- 4) No reagents required
- 5) No sample pumping

Additionally, we understand that you prefer a 3-channel type system though a 2-channel system could possibly meet the minimum requirement of the plant.

Based on these factors, we have developed a preliminary design and evaluated four different vendors: Rosemount Analytical, Hach, Endress+Hauser, and ProMinent. Through our preliminary investigation, we determined that the Endress+Hauser and ProMinent products are the only two systems capable of providing an in-situ total chlorine measurement which requires no reagents. Of these vendors, there is a concern that measuring total chlorine below 0.5 ppm may prove difficult. Typical measurements of 1.0 – 2.0 ppm are anticipated on the influent to the chlorine contact chamber, but measurements less than 1.0 ppm are anticipated on the effluent. We recommend an ORP sensor on the effluent to provide more reliable readings and redundancy on the effluent side.

All other criteria equal, Endress+Hauser (E+H) is the most cost competitive and therefore our recommended vendor. Additionally, the current E+H vendor representative lives in Arroyo Grande, CA leading us to believe the District will benefit from vendor support.

Our approach to minimize downtime is to install the replacement sensors in parallel with the current ones. We will reuse structures, conduits, and wiring wherever possible to minimize costs and disruptions to the processes. We will also rely on the backup chlorine injection system for a brief cutover period.

Our proposal assumes the existing wiring is sufficient to transmit the signals from the new instrument transmitter(s) to the existing PLC while maintaining signals to the chlorine and sodium bisulfite pumps. This approach appears to be reasonable based on our site investigations with you. Additionally, some of existing conductors are “abandoned in place” and the condition is unknown. Continuity checks of this wiring will be required to determine if it is sufficient to repurpose for the new system. If it is determined to be substandard, we propose to pull new wire from the terminal cabinet in the MCC to the PLC panel utilizing the existing conduits.

As a part of this project we will provide the following services:

- install the instrument sensors and transmitters,
- provide termination of power and signal wiring,
- provide calibration and configuration of each instrument, and

Proposal: Chlorine Contact Instrumentation Replacement

- program the PLC and HMI for the new total chlorine measurement.

The chlorine dosing control will remain hardwired between the transmitter and the dosing pumps. The transmitter(s) will control the dosage via an integral PID controller, which we will configure prior to commissioning.

SCOPE OF WORK

The following is our proposed scope of work shown in phases and tasks to replace the existing instrumentation:

1. Site Investigation, Design, and Procurement

- a. Provide a replacement total chlorine (TCL) sensor for the chlorine contact chamber at the influent, mid and effluent streams.
- b. Provide ORP measurement on effluent of chlorine contact.
 - i. Recommended by research and vendor information, providing backup ORP measurement for effluent TCL is good practice.
- c. Identify power and signal circuits for new instrumentation.
- d. Update electrical plans and provide wiring diagrams accordingly.

2. Installation

- a. Pull new wire from terminal cabinet in MCC to PLC panel.
- b. Remove and re-terminate existing power wiring for chlorine instrumentation.
- c. Use existing “abandon in place” wiring for signal wiring for chlorine instrumentation to PLC.
- d. Remove and re-terminate existing signal wiring for dosing to chlorine and sodium bisulfite pumps.
- e. Modify PLC and HMI programs to support upgrades.

3. Commissioning

- a. Conduct commissioning in cooperation with SSLOCS staff. Commissioning tasks include the following:
 - i. Loop/functional testing, including termination of PLC and field wiring.
 - ii. Pre-commissioning validation of TCL/ORP instrumentation, chlorine dosing, sodium bisulfite dosing.
 - iii. Cut-over to new TCL/ORP instrumentation.
 - iv. Commissioning & startup support.

ASSUMPTIONS & EXCLUSIONS

Our fee for the current phase of work is based on the following assumptions:

1. We will be given accurate electronic copies of the as-built drawings of the existing facility in AutoCAD 2010 format. If as-built drawings do not reflect the currently installed condition, this may increase the time to make modifications.
2. Working time shall be no more than eight hours per day, Monday through Friday. If deviations to this schedule are required, additional labor and fees may be required. We can shift the work, as required, with prior coordination.

Proposal: Chlorine Contact Instrumentation Replacement

3. Existing cable from junction box adjacent to existing chlorine instrumentation to the MCC terminal cabinet is available for use, in good condition, and will provide adequate path for signals to PLC.
4. Pulling new cable(s) from the terminal cabinet in the MCC to the PLC panel will use an unobstructed and existing conduit, coordinated with SSLOCSD.
5. Programming of the PLC and HMI will included the following:
 - a. Display of total chlorine at influent, mid-stream, and effluent locations.
 - b. Display of ORP at effluent location.
 - c. High and low alarming of total chlorine at influent, mid-stream, and effluent locations.
6. Programming licenses for FactoryTalk View and RSLogix 500 are not required for this project. Access to both programs will be provided by SSLOCSD.
7. Cut-over time shall be a minimum of 1 day and SSLOCSD will assist in maintaining adequate chlorine disinfection (either thru use of backup chlorine system or manual dosing of primary chlorine dosing pump). Additionally, the sodium bisulfite dosing pump will run in manual mode to ensure adequate chlorine removal during cut-over.
8. Cannon will provide field terminations of instrument sensors, transmitter power and signal, and PLC panel terminations only for those conductors associated with our work on this project.
9. On-site commissioning delays due to items outside our scope of work (e.g. mechanical, electrical, or instrumentation issues) will increase our fees, per Cannon's rate schedule.

FEES

We have provided a fee estimate for both a 3-channel and 2-channel system for your consideration. However, this proposal reflects the cost of a 3-channel system.

3-channel system (plus ORP channel on effluent):

Chlorine Instrumentation Replacement	Hours	Total Labor Cost	Total Expense	Total
Installation & Programming of Instruments	160	\$ 22,988	\$ -	\$ 22,988
Materials			\$ 12,282	\$ 12,282
Totals	160			\$ 35,270

2-channel system (plus ORP channel on effluent):

Chlorine Instrumentation Replacement	Hours	Total Labor Cost	Total Expense	Total
Installation & Programming of Instruments	154	\$ 22,052	\$ -	\$ 22,052
Materials			\$ 8,852	\$ 8,852
Totals	154			\$ 30,904

Proposal: Chlorine Contact Instrumentation Replacement

Proposal Date:	Dec 23, 2015
Client:	SSLOCSD
	P.O. Box 339
	Oceano, CA 93445
Project:	Chlorine Contact Instrumentation Replacement
Scope of Work:	Provide site investigation, design, procurement, installation and commissioning of the chlorine contact basins instrumentation.
Fixed Fee:	\$ 35,270 (3-channel system)

Appendix A details the terms for work. Cannon bills monthly for work in progress and payment is due within 10 calendar days of receipt of the bill. Overdue amounts will be surcharged at 18 percent per annum or 1.5 percent monthly. If the client requests or the client's schedule requires work to be done on an overtime basis, a multiplier of 1.5 will be applied to the above rates for weekdays for daily hours in excess of 8 as well as weekends and a multiplier of 2.0 for daily hours in excess of 12 and holidays.

Please indicate your acceptance of this proposal by signing below.

In witness whereof, the parties hereto have caused this agreement consisting of proposal letter, Appendix A and any other necessary and applicable documents to be executed of the date and year first above written. In Appendix A, Cannon Corporation hereinafter referred to as Cannon. The Client, as noted below, hereinafter referred to as Client.

Client: SSLOCSD Cannon

X <hr/> John Clemons Plant Superintendent	<hr/> Jeff Spannbauer, PE Director of Automation and Electrical Engineering
---	---

Date: _____ Date: _____

APPENDIX A: TERMS FOR CANNON SERVICES

Section 1: The Agreement

- 1.1 The agreement between the above noted parties consists of the following terms, the attached proposal and any exhibits or attachments noted in the proposal. Together these elements will constitute the entire agreement superseding any and all prior negotiations, correspondence, or agreements either written or oral. Any changes to this agreement must be mutually agreed to in writing.

Section 2: Standard of Care

- 2.1 Data, interpretations, and recommendations by Cannon will be based solely on information provided to Cannon. Cannon is responsible for those data, interpretations, and recommendations, but will not be responsible for other parties' interpretations or use of the information developed.
- 2.2 Services performed by Cannon under this agreement are expected by the Client to be conducted in a manner consistent with the level of care and skill ordinarily exercised by members of this profession practicing contemporaneously under similar conditions in the locality of the project. No other warranty, expressed or implied, is made.
- 2.3 The Client agrees that Cannon may use and publish the Client's name and a general description of Cannon' services with respect to the project in describing Cannon' experience and qualifications to other Clients and prospective Clients. The Client also agrees that any patentable or copyrightable concepts developed by Cannon as a consequence of service hereunder are the sole and exclusive property of Cannon.
- 2.4 The Client recognizes that it is neither practical nor customary for Cannon to include all construction details in plans and specifications, creating a need for interpretation by Cannon or an individual who is under Cannon' supervision. The Client also recognizes that construction review permits Cannon to identify and correct quickly and at comparatively low cost professional errors or omissions that are revealed through construction, or errors or omissions committed by others due to misinterpretation of design documents, or due to other causes. For the foregoing reasons construction review is generally considered an essential element of a complete design professional service. Accordingly, if the Client directs Cannon not to provide construction monitoring, Cannon shall be held harmless for any and all acts, errors or omissions, except for those consequences which it reasonably could be concluded that Cannon's review services would not have prevented or mitigated.
- 2.5 Client acknowledges that Cannon is not responsible for the performance of work by third parties including, but not limited to, engineers, architects, contractors, subcontractors, or suppliers of Client.

Section 3: Billing and Payment

- 3.1 Client will pay Cannon on a monthly basis to be billed by Cannon. Prior to the start of the project, a retainer as specified in the proposal, is required. Invoices for the balance will be submitted to Client by Cannon and will be due and payable within 10 days of invoice date. If Client objects to all or any portion of any invoice, Client will so notify Cannon in writing within fourteen (14) days of the invoice date, identify the cause of the disagreement, and pay when due that portion of the invoice not in dispute. The parties will immediately make every effort to settle the disputed portion of the invoice. In the absence of written notification described above, the balance as stated on the invoice will be paid.
- 3.2 Invoices are delinquent if payment has not been received within thirty (30) days from date of invoice. Client will pay an additional charge of 1-1/2 (1.5) percent per month or 18% per year of any delinquent amount, excepting any portion of the invoiced amount in dispute and resolved in favor of Client. All time spent and expenses incurred (including any attorney's fees) in connection with collection of any delinquent amount will be paid by Client to Cannon per Cannon' current fee schedule. In the event Client fails to pay Cannon within sixty (60) days after invoices are rendered, Client agrees that Cannon will have the right to consider the failure to pay Cannon' invoice as a breach of this agreement.
- 3.3 Client agrees that if Client requests services not specified herein, Client agrees to timely pay for all such services as extra work. Cannon will notify the Client prior to performance of services which are not specified in this agreement.
- 3.4 Client agrees that payment to Cannon is in no way contingent on the results of work by Cannon or on the outcome of any litigation.
- 3.5 Preparation and/or travel time will be charged at the hourly rate.
- 3.6 Billing rates are subject to change, typically on an annual basis.

Section 4: Additional Services

- 4.1 Additional services include making revisions in drawings, specifications or other documents when such revisions are:
Inconsistent with approvals or instructions previously given by the Client, including revisions made necessary by adjustments in the Client's program or project budget;
Required by the enactment or revision of codes, laws or regulations subsequent to the preparation of such documents.
- 4.2 Additional services includes providing services required because of significant changes in the project including, but not limited to, size, quality, complexity, the Client's schedule, or the method of bidding or negotiating and contracting for construction.
- 4.3 Where unexpected developments increase the scope of work as defined herein and/or prove the assumptions of this proposal invalid, Cannon will make a reasonable effort to contact the Client to discuss the effects and adjustment of cost.

Section 5: Site Access and Site Conditions

- 5.1 Client will grant or obtain free access to the site for all equipment and personnel necessary for Cannon to perform the work set forth in this agreement. Client will notify any and all possessors of the project site that Client has granted Cannon free access to the site. Cannon will take reasonable precautions to minimize damage to the site, but it is understood by Client that, in the normal course of work, some damage may occur and the correction of such damage is not part of this agreement unless so specified in the proposal.

Section 6: Ownership of Documents

- 6.1 All reports, maps, plans, field data, field notes, estimates and other documents, whether in hard copy or machine readable form, which are prepared by Cannon as instruments of professional service, shall remain the property of Cannon. The Client may retain copies, including copies stored on magnetic tape or disk, for information and for reference in connection with the occupancy and use of the project.
- 6.2 Because of the possibility that information and data delivered in machine readable form may be altered, whether inadvertently or otherwise, Cannon reserves the right to retain the original tapes/disks and to remove from copies provided to the Client all identification reflecting the involvement of Cannon in their preparation. Cannon also reserves the right to retain hard copy originals of all project documentation delivered to the Client in machine readable form, which originals shall be referred to and shall govern in the event of any inconsistency between the two.
- 6.3 The Client recognizes that changes or modifications to Cannon' instruments of professional service introduced by anyone other than Cannon may result in adverse consequences which Cannon can neither predict nor control. Therefore, and in consideration of Cannon ' agreement to deliver its instruments of professional service in machine readable form, the Client agrees, to the fullest extent permitted by law, to hold harmless and indemnify Cannon from and against all claims, liabilities, losses, damages, and costs, including but not limited to attorney's fees, arising out of or in any way connected with the modification, misinterpretation, misuse or reuse by others of the machine readable information and data provided by Cannon under this Agreement. The foregoing indemnification applies, without limitation, to any use of the project documents on other projects, for additions to this project, or for completion of this project by others, excepting only such use as may be authorized, in writing, by Cannon.
- 6.4 Client agrees that all reports and other work furnished to Client or his agents, which is not paid for, will be returned upon demand and will not be used by Client or others for any purpose whatsoever.

Section 7: Client Responsibilities

- 7.1 The Client shall provide full information including a program setting forth the Client's design objectives, constraints, and construction budget criteria.
- 7.2 The Client shall furnish a legal description, a certified land survey, and the services of a soil, structural, mechanical, electrical or other engineer or consultant services, and laboratory tests, inspections, or reports as required by law or as requested by Cannon to perform the functions and services required of this agreement. The information shall be furnished at the Client's expense and Cannon shall be entitled to rely upon the accuracy and completeness thereof.
- 7.3 The Client shall furnish all legal, accounting and insurance counseling services as may be necessary at any time for the project, including auditing services the Client may require to verify the Contractor's Applications for Payment or to ascertain how or for what purposes the Contractor uses the moneys paid by the Client. The information above shall be furnished at the Client's expense, and Cannon shall be entitled to rely upon the accuracy and completeness thereof.
- 7.4 If the Client observes or otherwise becomes aware of any fault or defect in the project or nonconformance with the Contract Documents, prompt written notice shall be given by the Client to Cannon.
- 7.5 The Client shall furnish information and shall review Cannon' work and provide decisions as expeditiously as necessary for the orderly progress of the project and of Cannon' services.

Section 8: Insurance

- 8.1 Cannon represents and warrants that it and its agents, staff and consultants employed by it, is and are protected by worker's compensation insurance and that Cannon has such coverage under public liability and property damage insurance policies which Cannon deems to be adequate. Certificates for all such policies of insurance shall be provided to Client upon request in writing. Within the limits and conditions of such insurance, Cannon agrees to indemnify and save Client harmless from and against any loss, damage or liability arising from any negligent acts by Cannon, its agents, staff, and consultants employed by it. Cannon shall not be responsible for any loss, damage or liability beyond the amounts, limits, and conditions of such insurance. Cannon shall not be responsible for any loss, damage, or liability arising from any acts by Client, its agents, staff, and other consultants employed by Client.

Section 9: Termination

- 9.1 This agreement may be terminated by either party seven (7) days after written notice in the event of any breach of any provision of this agreement or in the event of substantial failure of performance by the other party, or if Client suspends the work for more than three (3) months. In the event of termination, Cannon will be paid for services performed prior to the date of termination plus reasonable termination expenses including the cost of completing analyses, records and reports necessary to document job status at the time of termination.
- 9.2 Failure of the Client to make payments to Cannon when due in accordance with this agreement shall be considered substantial nonperformance and cause for termination. If the Client fails to make payment when due to Cannon for services and expenses, Cannon may, upon seven (7) days written notice to the Client, suspend performance of services under this agreement. Unless payment in full is received by Cannon within seven (7) days of the date of the notice, the suspension shall take effect without further notice. In the event of a suspension of services, Cannon shall have no liability to the Client for delay, damage, loss of agency approvals, loss of financing, interest expenses, etc. caused the Client because of such suspension of service.

Section 10: Disputes Resolution

- 10.1 All claims, disputes, and other matters in controversy between Cannon and Client arising out of or related to this agreement will be submitted to "alternative dispute resolution" (adr) such as mediation and/or arbitration, before and as a condition precedent to other remedies provided by law. If and to the extent Client and Cannon have agreed on methods for resolving such disputes, then such methods will be set forth in the "alternative dispute resolution agreement" which, if attached, is incorporated and made a part of this agreement.
- 10.2 If a dispute at law related to the services provided under this agreement and that dispute requires litigation instead of adr as provided upon, then:
- (1) The claim will be brought and tried in judicial jurisdiction of the court of the county where Cannon's principal place of business is located and Client waives the right to remove the action to any other county or judicial jurisdiction, and
 - (2) The prevailing party will be entitled to recovery of all reasonable costs incurred, including staff time, court costs, attorney's fees, and other claim related expenses.

Section 11: Assigns

- 11.1 Cannon shall not assign this agreement in whole or in part nor shall it subcontract any portion of the work to be performed hereunder; except that Cannon may use the services of persons or entities not in our employ when it is appropriate and customary to do so. Such persons and entities include, but are not necessarily limited to, specialized consultants and testing laboratories. Cannon's use of others for additional services shall not be unreasonably restricted by the Client provided Cannon notifies the Client in advance.

Section 12: Governing Law and Survival

- 12.1 The law of the State of California will govern the validity of these terms, their interpretation and performance.
- 12.2 If any of the provisions contained in this agreement are held illegal, invalid or unenforceable, the enforceability of the remaining provisions will not be impaired. Limitations of liability and indemnities will survive termination of this agreement for any cause.

Section 13: Limitation of Liability

- 13.1 To the fullest extent permitted by law, the total liability, in the aggregate, of Cannon and Cannon's officers, directors, employees, agents and independent professional associates and consultants, and any of them, to Client and anyone claiming by, through or under Client, for any and all injuries, claims, losses, expenses or damages whatsoever arising out of or in any way related to Cannon's services, the project or this agreement from any cause or causes whatsoever, including but not limited to the negligence, errors, omissions, strict liability or breach of contract of Cannon or Cannon's officers, directors, employees, agents and independent professional associates and consultants, or any of them, shall not exceed the total compensation received by Cannon under this agreement, or the total amount of \$50,000.00, whichever is greater.

Section 14: Hiring Cannon's Employees

- 14.1 From time to time, Clients who have come to know and work with our employees in the course of a project wish to hire them to work as the Client's own in-house employees. We pride ourselves on recruiting, hiring, and training the very best employees possible, and in assigning to projects our employees who best meet our Clients' individual needs. Our goal is to have our Clients view Cannon and its individual employees as indispensable.
- 14.2 Client agrees to pay Cannon a finder's fees equal to 12 months of the employee's current salary or wage for each of our employees whom you choose to hire, either directly or indirectly. Client acknowledges and agrees that the finder's fee is both fair and reasonable, and is equivalent to a recruiting or "headhunter's fee" that Client would expect to pay to a third party for locating and recruiting an employee of the caliber of the hired Cannon employee.
- 14.3 This Section 14 shall be limited to those of Cannon's employees with whom Client works or is introduced by Cannon during the course of this engagement, and shall be applicable to such employees both during his/her employment with Cannon and for a period of six (6) months thereafter. This Section 14 shall survive the cancellation or expiration of this Agreement.

DATE: November 23, 2015

TO: South San Luis Obispo County Sanitary District

ATTN: John Clemens

JOB NAME: Replacement of US Filter Chlorine Injection Equipment

QUOTE NO.: 15E016Q01

Thank you for your interest in TESCO's products and services. We are pleased to quote the following scope of work pertaining to the above referenced project. This scope of work involves the supply of Chlorine Analyzing equipment as requested.

It is understood that existing US Filter equipment will be removed by others; the new stainless steel analyzer panel will be mounted on the existing backboard at the site location. Tesco will supply field technician services to startup the new equipment. This quotation does not include for PLC and/or SCADA integration services. This quotation does not include for any required wire or conduit runs.

ITEM #	QTY.	DESCRIPTION	AMOUNT
1	Lot	TESCO Materials/Equipment to include: <ul style="list-style-type: none"> NEMA 4 SS Instrumentation enclosure Panel Disconnect (Qty 2) Hach CLT10 TCA with sc200 controller and pHD differential sensor Hach Back Panel Instrumentation mount (Qty 2) Hach output expansion module Misc. field parts, supports for instrument mounting 	
2	Lot	TESCO Professional Services to include: <ul style="list-style-type: none"> Engineering – Submittals, O&M Manuals and Equipment Procurement Field Service – Onsite installation and wiring of Chlorine Analyzer, testing and startup. 	
TOTAL COST ESTIMATE			\$45,860.00

PLEASE NOTE:

- Quotation firm for 30 days.
- Delivery, installation and startup to be scheduled approximately **10-12 weeks** after receipt of purchase order.
- TESCO's price **does not** include trenching and underground installation of conduits and wiring. The existing conduit run will be used to pull power and signal wiring for new Chlorine Analyzer to terminate inside the PLC control cabinet section.
- Terms are net 30 days on approved credit accounts.
- Interest will be applied to all past due invoices.
- All merchandise sold is subject to lien laws.

- Final retention to be paid within 10 days after the project notice of completion.

Please feel free to contact us at (916) 395-8800 to discuss any questions or comments you may have regarding this quotation.

Sincerely,

Sean Keven
Technical Sales
skeven@tescocontrols.com