



**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.us](http://www.sslocsd.us)

**AGENDA  
BOARD OF DIRECTORS MEETING**

OCSD Board Room  
1655 Front Street  
Oceano, California 93445

**Wednesday, August 03, 2016 at 6:00 p.m.**

**Board Members**

John Shoals, Chair  
Mary Lucey, Director  
Jim Hill, Director

**Agencies**

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

**Alternate Board Members**

Matthew Guerrero, 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. PLEDGE OF ALLEGIANCE**
  - 3. AGENDA REVIEW**
  - 4. 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 Administrator 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.

**5. 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.

**5A. Approval of Minutes of Meeting of July 20, 2016**

**5B. Approval of Warrants**

**5C. Financial Review at June 30, 2016**

**6. DISTRICT ADMINISTRATOR AND PLANT SUPERINTENDENT'S REPORT**

Staff recommends the Board receive and file this report.

**7. ACTION ITEMS:**

**7A. REQUEST FOR APPROVAL FOR A CHANGE ORDER FOR THE GRIT REMOVAL SYSTEM PROJECT, CONTINGENCY FUNDS AND AUTHORITY TO PROCESS FUTURE CHANGE ORDER TO SUPPORT FUTURE UNFORESEEN PROJECT CONSTRUCTION EVENTS.**

Staff recommends the Board:

1. Approve a change order in the amount \$15,526.17;
2. Approve a specific contingency fund for this project in the amount of \$35,000 for unforeseen future project events; and
3. Authorize the District Administrator to approve further change orders for this project within the newly created contingency fund for this project.

**8. 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)*

**9. RETURN TO OPEN SESSION; REPORT ON CLOSED SESSION**

**10. ADJOURN MEETING**

**The next regularly scheduled Board meeting on August 17, 2016, 6 pm at the Oceano Community Service District Board Room, 1655 Front Street, Oceano, California**

## **SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT**

OCSD Board Room  
1655 Front Street  
Oceano, California 93445

Minutes of the Meeting of Wednesday July 20, 2016  
6 P.M.

### **1. CALL TO ORDER AND ROLL CALL**

Present: Director Barbara Nicolls, City of Grover Beach; Acting Chair Mary Lucey, Oceano Community Services District; Director Tim Brown, City of Arroyo Grande

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

### **2. FLAG SALUTE**

### **3. AGENDA REVIEW – Accepted as presented.**

### **4. PUBLIC COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA**

There was no public comment on items not appearing on the agenda.

### **5. CONSENT AGENDA**

#### **5A. Approval of Minutes of Meeting of July 06, 2016**

#### **5B. Approval of Warrants**

District Administrator noted that the two highlighted items on the Warrant Register will be Board Action Items tonight. The Board will consider those items when they are taken up.

Acting Chair Lucey opened the public comment period.

Julie Tacker commented on the legal counsel warrant.

Acting Chair Lucey closed public comment.

**Motion:** Director Brown made a motion to approve the Consent Agenda with the exception of the two Action Items highlighted on the Warrant Register.

**Second:** Director Nicolls

**Action:** Motion carries

### **6. DISTRICT ADMINISTRATOR AND PLANT SUPERINTENDENT'S REPORT**

District Administrator Hubner presented the first part of this report.

Superintendent Clemons presented the second part of the report. He did report that the plant is operating in compliance.

Acting Chair Lucey opened the item to public comment.

Julie Tacker commented on the District Administrator and Superintendent Report.

Acting Chair Lucey closed the public comment period.

**Action:** The Board received and filed this report.

**7. ACTION ITEMS:**

**7A. AUTHORIZATION TO SUBMIT PAYMENT TO CALIFORNIA PUBLIC EMPLOYEE'S RETIREMENT SYSTEM (CalPERS) AS ANNUAL LUMP SUM PAYMENT VS. MONTHLY AS A COST SAVING MEASURE**

Staff recommended the Board of Directors authorize the District Administrator to submit a lump sum annual payment to CalPERS in the amount of \$41,854.

Acting Chair Lucey opened the item to public comment.

Julie Tacker commented on this item.

Acting Chair Lucey closed the public comment period.

**Motion:** Director Nicolls made a motion to authorize the District Administrator to submit a lump sum annual payment to CalPERS in the amount of \$41,854.

**Second:** Director Brown

**Action:** Motion carries

**7B. AUTHORIZATION TO UTILIZE THE PREPAYMENT OPTION ON THE LOAN FOR DISTRICT'S COGENERATION UNIT**

Staff recommended the Board of Directors authorize the District Administrator to submit prepayment of \$73,750.05 on the loan for the District's Cogeneration Unit.

Director Tim Brown asked if other vendors could come in and use any of the original unit or if there was any salvage or depreciation value in the unit.

Acting Chair Lucey did not feel it was a great value to save only a small percentage in prepaying. She asked about refinancing the loan.

Acting Chair Lucey opened the item to public comment.

Julie Tacker gave public comment.

Acting Chair Lucey closed the public comment period.

**Motion:** Director Brown made a motion to authorize the District Administrator to submit prepayment of \$73,750.05 on the loan for the District's Cogeneration Unit to save rate payers \$1,046.55.

**Second:** Director Nicolls

**Action:** Motion carries

**7C. NOMINATION FOR MAIL IN BALLOT FOR CALIFORNIA SPECIAL DISTRICTS ASSOCIATION 2016 BOARD ELECTIONS**

Staff asked for direction from the Board of Directors whether to proceed with

options to either: 1) nominate one candidate, and complete and submit the mail in ballot for the CSDA's 2016 Board Election, 2) no action, or 3) create a subcommittee of one Board member to consider a candidate and provide a recommendation at future Board meeting.

Acting Chair Lucey shared her experience with Anthony Kalvans and is in favor of nominating him for the position.

Acting Chair Lucey opened the item to public comment.

Julie Tacker gave public comment.

Acting Chair Lucey closed the public comment period.

**Motion:** Acting Chair Lucey made a motion to submit the mail in ballot for the CSDA Board nominating Anthony Kalvans.

**Second:** Director Brown

**Action:** Motion carries

7D.

**APPROVAL TO SELECT FIRM AND EXECUTE A CONTRACT TO PERFORM PROFESSIONAL AUDITING SERVICES FOR THE DISTRICT'S 2015-16 FINANCIAL AUDIT**

Staff introduced the item, provided the background process for obtaining proposals, the review and selection process.

Acting Chair Lucey opened the item to public comment.

Julie Tacker gave public comment.

Acting Chair Lucey closed the public comment period.

**Motion:** Director Brown made a motion to approve the selection of Glenn Burdette Attest Corporation to perform the District's 2015-2016 Financial Audit,

**Second:** Director Nicolls

**Action:** Motion carries

**Motion:** Director Nicolls made a motion to authorize the District Administrator to sign and execute a professional contract with this firm in the amount of \$11,500 to perform these services, and

**Second:** Director Brown

**Action:** Motion carries

Director Brown made a personal request for the District Administrator's resume.

There being no further business to come before the Board, Acting Chair Lucey adjourned the meeting at approximately 7:02 p.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  
08/03/2016 FY 2016/17

	BUDGET LINE ITEM		WARRANT NO.	ACCT	ACCT BRKDN	TOTAL
ABBA EMPLOYER SERVICES	TEMPORARY LABOR	22554	080316-1478	6085	315.01	315.01
AMY SIMPSON	MEDICAL REIMBURSE	SIMPSON	79	7065	159.01	159.01
ARAMARK	UNIFORMS	07/15; 07/22; 07/29	80	7025	538.61	538.61
BARBARA NICOLLS	BOARD SERVICE	JULY	81	7075	100.00	100.00
BRENNTAG	PLANT CHEMICALS	BPI642982	82	8050	4,434.65	4,434.65
CAL ELECTRIC	EQUIPMENT MAINTENANCE	656468; 654363; 653681	83	8030	707.42	707.42
CALPERS	EMPLOYEE HEALTH	AUGUST	84	6010	16,544.26	16,544.26
CWEA	MEMBERSHIP	MUI; JONES	85	7050	432.00	432.00
DOWNEY BRAND	OUTSIDE LEGAL	JUNE	86	7070	186.32	186.32
FARM SUPPLY	SAFETY SUPPLY'S	38425; 38052	87	8056	222.75	222.75
FED EX	OFFICE EXPENSE	5-481-44919	88	8045	18.08	18.08
FRANKS LOCK AND KEY	EQUIPMENT MAINTENANCE	41605	89	8030	77.00	77.00
I.I. SUPPLY	SAFETY SUPPLY'S	39933; 40029	90	8056	199.45	199.45
JB DEWAR	FUEL	821073	91	8020	112.89	112.89
JOHN SHOALS	BOARD SERVICE	JULY	92	7075	100.00	100.00
MARY LUCEY	BOARD SERVICE	JULY	93	7075	200.00	200.00
OEC	CHEMICAL ANALYSIS	1602574	94	7078	110.00	110.00
PG&E	ELECTRICITY	06/09/16-07/10/16	95	7091	15,401.89	15,401.89
ROYAL WHOLESALE ELECTRIC	EQUIPMENT MAINTENANCE	431774	96	8030	34.32	1,161.78
	CAPITAL EQUIPMENT	432839		8010	1,127.46	
SAN LUIS POWERHOUSE	EQUIPMENT MAINTENANCE	36430	97	8030	1,545.00	1,545.00
STANLEY	ALARMS	AUGUST	98	7011	64.06	64.06
STATE FUND	WORK COMP PREMIUM	JULY	99	6080	4,982.33	7,985.85
	REQUIRED DEPOSIT PREMIUM ADJ.	FY 16/17		6080	3,003.52	
TIM BROWN	BOARD SERVICE	JULY	1500	7075	200.00	200.00
USA BLUEBOOK	EQUIPMENT MAINTENANCE	000580	01	8030	284.15	284.15
USA NORTH	SUBSCRIPTION	16070792	02	7011	390.61	390.61
VWR	LAB SUPPLIES	2016-863; 2016-869	03	8040	523.12	523.12
<b>GRAND TOTAL</b>					<b>\$ 52,013.91</b>	<b>\$ 52,013.91</b>
SO SLO CO SAN DIST. REIMB	PAYROLL 07/22/16	30,999.15				
<b>GRAND TOTAL</b>					<b>\$ 52,013.91</b>	<b>\$ 52,013.91</b>

We hereby certify that the demands numbered serially from 080316-1478 to 080316-1503 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



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Date: July 26, 2016  
To: Board of Directors  
From: Amy Simpson, District Bookkeeper/Secretary  
Via: Gerhardt Hubner, District Administrator  
Subject: **Financial Review as of June 30, 2016**

### **Overall Financial Summary**

As of June 30, 2016, the District has received total revenues of \$3,402,453. Of this amount, \$3,204,447 is for operating revenues, and \$198,006 is for non-operating revenues.

District operating expenses as of this date totaled \$3,550,210. Operating expenses totaled \$2,558,906 and non-operating expenses totaled \$991,304 as of June 30, 2016.

### **Local Agency Investment Fund**

The balance in the District's LAIF account was \$2,419,502 as of June 30, 2016.

### **County of San Luis Obispo Treasury Pool**

As of June 30, 2016, the reconciled cash balance with the County of San Luis Obispo Treasury Pool was \$3,026,360. The County issues the majority of the District's checks, and the majority of the District's revenues are deposited with this agency. As such, the County provides 'banking services' to the District and provides some accounting documents for internal control purposes.

### **Rabobank Funds**

At June 30, 2016, the reconciled cash balance in the District's Rabobank account totaled \$101,348. This account has been used to process the District's contracted payroll provider service and other District expenditures.





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### **SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT MONTHLY CASH REPORT JUNE 2016**

<b>Cash Balance at 05/31/16</b>	<b>5,768,422.74</b>
Deposits	\$ 161,984.54
Warrant Register 06/01/16	(229,242.41)
Warrant Register 06/15/16	(72,852.18)
Pay Roll 05/27/16	(9,656.17)
Pay Roll 06/10/2016	(31,669.32)
Pay Roll 06/24/16	(31,591.29)
Calpers	(7,437.00)
Rabobank June Activity	(749.35)
<b>Total June Activity</b>	<b>(221,213.18)</b>

<b>Cash Balance at 06/30/16</b>	<b>5,547,209.56</b>
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<b>Cash by Institution</b>	<b>CASH BALANCE</b>
	<b>@ 06/30/2016</b>
Cash with County Treasury	3,026,359.93
Cash with LAIF	2,419,501.90
Cash with Rabobank	101,347.73
	<u>\$ 5,547,209.56</u>



## SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

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

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Date: August 3, 2016  
To: Board of Directors  
From: Gerhardt Hubner, District Administrator & John Clemons, District Superintendent  
Subject: **DISTRICT ADMINISTRATOR AND PLANT SUPERINTENDENT'S REPORT**

Today's report presents ongoing information on latest District staff activities of possible interest to the Board and members of the public, project updates, regional efforts, our regular Superintendent report, and operation and maintenance activities. *Updates since the last report are provided in italics below:*

### **Project Updates:**

- **Cherry Ave. Arroyo Grande Sewer Bridge Project** – The purpose of this project is to perform regular maintenance on the existing structure, remove paint and debris and replace its anti-corrosion coating. *The draft Mitigated Negative Declaration for the project is now out for a 30-day comment period, with a comment deadline of August 19<sup>th</sup>. The MND is available for review at the District's office and website. Subsequently we anticipate bringing this MND for Board consideration and approval at its September 6<sup>th</sup> Board meeting.*
- **Grit Removal System** – On April 28, 2016, the Board approved a contract with Speiss Construction Company for \$492,100. *Construction continues on this project with initial site preparation complete. Work to connect the future Grit Removal System to one of our main truck line involved trenching across the District's main access road, and digging a large excavation pit. During this process, significant groundwater was encountered, requiring more dewatering and a storage tank. This phase is now complete, with backfilling of the pit and trench.*
- **Mechanical Bar Screen** – *A Notice Inviting Bids for this project was released, with a deadline for interested Parties to submit bids by 2 pm on August 10<sup>th</sup>. A Pre-Bid conference was held at the District's facility on July 25<sup>th</sup>. We anticipate at the first meeting in September bringing a recommendation to the Board for award of contract based upon the bids received.*
- **Secondary Process Redundancy Project** – On March 16, 2016, the Board approved a design contract with Kennedy Jenks for Phase I of this project. Work to complete biological surveys at our facility property, and additional flooding/sea rise analyses are nearing

completion. These analyses, when complete, will be used to provide a response to the Coastal Commission's April 15<sup>th</sup> letter.

- **Satellite Water Resource Recovery Facilities Grant** – The Board approved a re-scoping of this grant funded project at its March 30, 2016. Regular monthly meetings are held with the consultant and City of Arroyo Grande staff, where project schedule, milestone and progress on report components are discussed. *Staff met with WSC staff at their office in SLO on July 21<sup>st</sup>. The main topic on the agenda was discussion of conceptual alternatives.*
- **Energy Cost Reduction/Conservation Project, Co-Generation Unit** – Staff continue to work with representatives of PG&E, MKN and Envisia on the feasibility of a co-generation system at the District's facility. Significant benefits of a co-generation system may include future saving on facility electricity costs, and a reduced carbon footprint (eliminated flare)/greenhouse gases. The latest meeting with PG&E was held on July 7<sup>th</sup> to discuss contractual and performance issues we would like to see with any new Unit.
- **GIS manhole mapping system** – GIS software was recently purchased, facilitating completion of this effort
- **District Control Building and Office** – Significant issues and problems are evident in the District's Operational and Administrative Building. Identified issues include: Strong and persistent odors, noise and disruption from brine disposal trucks, multiple leaks in the ceiling/roof, mold, old desks and chairs (some decades old), old and stained carpets and flooring, infestation of pests, bubbling and peeling paint, break room/kitchen deterioration, identified leaks in the indoor plumbing, insufficient and overlapping utilization of space for administration vs. operations, IT integration, file storage, and others.

At the July 6<sup>th</sup> Board meeting, the Board approved work to repair the Building's HVAC Ductwork and Bathroom. *Demolition of bathroom is now complete, with jackhammering of the floor for pipe repair. The work has been very disruptive to the administrative work area. Completion is anticipated in the next week or two. Work on the HVAC has yet to begin.*

On May 11, 2016, an Ergonomic Specialist/Chief Risk Officer from the Special District Risk Management Association conducted and completed an ergonomic assessment of the District office. That assessment has been received with a number of findings and recommendations for improvement.

### **Regional Efforts**

- **Arroyo Grande Watershed MOU Group** – In 2006, various parties, including the District entered into a Memorandum of Understanding. The purpose of this watershed group is to develop programs and policies for the maintenance, protection, and enhancement of Arroyo Grande Watershed and creeks within the Watershed. *The next meeting is scheduled tentatively for late September.*
- **Zone 1-1A Flood Control Advisory Committee** – The Committee is focused on the goal to provide input and coordination on proposed improvement and maintenance of the Zone 1/1A flood facilities, working with the Coastal San Luis Resource Conservation District. At the June 15<sup>th</sup> Board meeting, the Board approved District staff participation. No meetings have been held recently.

- Integrated Water Resource Management (IRWM) – Integrated Regional Water Management (IRWM) is a collaborative effort with the County of San Luis Obispo to manage all aspects of water resources on a region wide scale that:
  - Crosses jurisdictional, watershed, and political boundaries
  - Involves multiple agencies, stakeholders, individuals, and groups
  - Addresses regional issues and differing perspectives of all the entities involved through mutually beneficial solutions.
  - Develops multi-benefit solutions

At the July 6<sup>th</sup> Board meeting the Board approved the District's participation in the IRWM program through adoption of a Resolution and becoming signatory under the existing Memorandum of Understanding. *The next meeting is scheduled for September 7<sup>th</sup>.*

- Water Reuse, Central Coast Chapter - The Association is a not-for-profit association (501c6) of utilities, government agencies and industry that advocates for laws, policies and funding to promote water reuse. The Water Reuse Association provides a comprehensive and complementary approach to increasing water reuse in California. *In the last few months District staff have not had the opportunity to participate with this group.*
- North Cities Management Area Technical Group - The NCMA TG, which includes representatives from the Cities of Arroyo Grande, Grover Beach, Pismo Beach, and the Oceano Community Services District, was formed as a result of the Santa Maria Groundwater Basin (SMGB) Adjudication. This group is exploring various ways to protect and enhance future water supplies in the basin through groundwater monitoring, and the collection and analyzing of data pertinent to water supply and demand. At the meetings, group members share hydrologic and water resources data and information, and water conservation efforts. *The next meeting is scheduled for August 15<sup>th</sup>.*
- Regional South SLO County Recycling and Countywide Water Action Team/Water Management Efforts: Staff participates in meeting with the City of Pismo Beach, and discusses their efforts with a potential regional recycling project and how might the District participate. In addition, a Countywide Water Action Team has formed, with water managers throughout San Luis Obispo County convening to discuss and collaborate on water supply management solutions, especially in light of the severe drought. *The next meeting of the latter group is scheduled for August 26<sup>th</sup>.*
- Outreach Efforts – *The District Administrator provided a formal presentation on the District and its initiatives to the Arroyo Grande City Council on July 26<sup>th</sup>, the Oceano CSD on July 27<sup>th</sup>, and the Regional Water Quality Control Board on July 28<sup>th</sup>.*

### **Superintendent's Report**

During this reporting period (July 1<sup>st</sup> through July 28<sup>th</sup>) the District's facility continues to regularly meet its Permit Limitations as required under the State of California's National Pollution Elimination Discharge (NPDES) Permit issued to the District. *All process values (lab test results) were within permit limits.*

**Plant Data (Data as Available July 28), 2016**

July 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	2.36	3.61	466	35	451	34	9	221	93
High	2.66	4.5	535	53	538	47	49	357	
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	

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

**Operation and Maintenance Projects**

- *Repair of men's restroom.*
- *Move alarm wiring from pump #1 to pump #2.*
- *Installed SSO float warning system in manhole at Norswing Ave in Oceano.*
- *Installed electrical conduit and wiring for ferric pump control system at headworks.*
- *Performed annual laboratory performance testing.*
- *Painted gas line bridge as part of corrosion control program.*
- *Serviced #2 grinder and auger at headworks.*
- *Removed debris ball from floats at headworks.*
- *Worked on boiler.*
- *Work orders.*
- *Marked underground service alerts.*



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---

**Date:** August 3, 2016

**To:** Board of Directors

**From:** Gerhardt Hubner

**Subject: REQUEST FOR APPROVAL FOR A CHANGE ORDER FOR THE GRIT REMOVAL SYSTEM PROJECT, CONTINGENCY FUNDS AND AUTHORITY TO PROCESS FUTURE CHANGE ORDER TO SUPPORT FUTURE UNFORESEEN PROJECT CONSTRUCTION EVENTS.**

## **RECOMMENDATION**

Staff recommends:

1. Approve a change order in the amount \$15,526.17;
2. Approve a specific contingency fund for this project in the amount of \$35,000 for unforeseen future project events; and
3. Authorize the District Administrator to approve further change orders for this project within the newly created contingency fund for this project.

## **BACKGROUND**

In the fiscal year 2015-16 Adopted Budget the District Board included an allocation of \$560,000 to fund the installation of a Grit Removal System project at the District's Wastewater Plant. The \$560,000 was derived from an engineer's estimate of \$582,000 (Attachment No. 1) for the construction phase of the project, including a 10% contingency amount. At the April 28, 2016 Board meeting, the Board accepted a bid in the amount of \$492,000 and awarded a contract to Spiess construction to purchase and install a grit removal system at the District's facility. Consequentially, staff budgeted \$492,000 in the FY 2016-17 budget for this project, a budget the Board approved at a subsequent meeting. This budgeted amount did not include an allowance for any contingencies within the project for any unforeseen events.

## **DISCUSSION**

Today, staff is requesting the Board approve an expenditure of \$15,528.17 to fund a change order for this project (Attachment No. 2). During the initial site construction preparation, it was discovered that the existing piping and valves necessary to connect the Grit Removal System was not flush or aligned. As stated in this change order: "the installation of a 24-inch fabricated steel pipe in lieu of the specified 24-inch DIP. The existing plug valves are not per the drawings requiring more piping length and the flanges are not plumb. Fabricated pipe will alleviate the issue at the plug valves and will provide a clean install to the new equipment".

The pipes will need to be fabricated on site because the valves are not position as per the design drawings. Staff have reviewed the change order and consulted with our project engineer and believe the change order is appropriate. Approval of this change order is necessary for the project to proceed.

In addition, staff is also requesting the Board create a specific contingency fund for this project to account for any future unforeseen events arising during the rest of project construction. Please note, a contingency fund of 10% of total project costs was recommended in the original engineering cost estimate as described above. The awarded contract amount of \$492,000 equates to a contingency of approximately \$50,000. If the Board approves today the proposed change order of \$15,528.17, a contingency fund of \$35,000 would bring the total to \$50,000 (or 10% of total amount). Any contingency funds not used at the conclusion of this project would revert back to the District's fund balance.

Lastly, staff is recommending the Board authorize the District Administrator authority to review and approve future change orders for this project (within the amount set-aside for contingency for this project). This would allow for more efficient and timely processing in the event of future change orders, and prevent project construction delays due to waiting for any necessary Board approval.

## **FISCAL CONSIDERATIONS**

Funds are available in the Adopted Budget for Fiscal Year 2016-2017, under Contingency funds. Currently \$98,500 is available.

### **Attachment**

1. Engineer's Estimate
2. Change Order Request - Speiss Construction, dated July 15, 2016

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT**  
**WWTP- Grit Removal Project**  
**OPINION OF PROBABLE CONSTRUCTION COST**  
**October 5, 2015**

Item	Description	Quantity	Unit	Unit Price	Amount
1	Mobilization/Demobilization (5%)	1	LS	\$ 26,000	\$ 26,000
2	Equipment Foundations	1	LS	\$ 18,000	\$ 18,000
3	Grit Separator and Classifier (Installed)	1	LS	\$ 362,000	\$ 362,000
4	Platform and Stairs	1	LS	\$ 28,000	\$ 28,000
5	Sales Tax (Grit Separator, Classifier, and Stairs, 8%)	1	LS	\$ 43,640	\$ 43,640
6	Site Piping and Appurtenances	1	LS	\$ 34,000	\$ 34,000
7	Site Concrete Flatwork	1	LS	\$ 12,000	\$ 12,000
8	Electrical	1	LS	\$ 5,000	\$ 5,000
<b>Subtotal</b>					<b>\$ 528,640</b>
Contingency 10%					\$ 52,864
<b>Total Construction Cost Opinion</b>					<b>\$ 582,000</b>
Engineering					\$ 32,550
Construction Management					\$ 12,400
<b>Total Project Cost Opinion</b>					<b>\$ 627,000</b>

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Prepared on: 10/2/2015

The opinion of probable construction cost presented here is only an opinion of possible construction costs for budgeting purposes. This opinion is limited to the conditions existing at issuance and is not a guaranty of actual price or cost. Uncertain market conditions such as, but not limited to, local labor or contractor availability, wages, other work, material market fluctuations, price escalations, force majeure events and developing bidding conditions, etc. may affect the accuracy of this estimate. MKN & Associates, Inc., is not responsible for any variance from this budgetary opinion of construction cost or actual prices and conditions obtained. The opinion of probable construction cost is based on the review of site conditions, vendor quotes and similar project experience; addition or subtraction of design elements will impact the final project cost.



