



**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

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

Wednesday, May 04, 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.

4. BOARD MEMBER COMMENTS

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 April 20, 2016

5B. Approval of Warrants

6. ACTION ITEMS:

6A. FISCAL YEAR 2015/16 THIRD (3RD) QUARTER BUDGET PERFORMANCE REVIEW

Staff recommends the Board receive and file this report.

6B. UPDATE ON EFFORTS TO PLACE DISTRICT'S BILLING SERVICES ON COUNTY TAX ROLL AND POTENTIAL OPTIONS FOR PROCEEDING

Staff requests the Board provide further direction on whether to proceed with one of the options.

6C. REVIEW OF JOHN F. RICKENBACH CONSULTING INVOICE FROM THE DISTRICT'S APRIL 20, 2016 WARRANT FOR SERVICES PROVIDED TO DATE

Staff recommends approval of the John F. Rickenbach invoice in the amount of \$11,400 for services provided, and hear a presentation from JFR on efforts to obtain a Coastal Development Permit from the Coastal Commission on the District's behalf.

7. DISTRICT ADMINSTRATOR AND PLANT SUPERINTENDENT'S REPORT

Staff recommends the Board receive and file this report.

8. PUBLIC COMMENT ON CLOSED SESSION

9. CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

[Paragraph (1) of subdivision (d) of Government Code Section 54956.9]; (two cases).

(1) *South San Luis Obispo County Sanitation District v. Special District Risk Management Authority, Case No.: CV130473*

(2) *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 LABOR NEGOTIATORS

Agency designated representative: (District Administrator)

Employee organization: (Unrepresented employees)

10. RETURN TO OPEN SESSION; REPORT ON CLOSED SESSION

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 April 20, 2016
6 P.M.

1. CALL TO ORDER AND ROLL CALL

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

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

2. FLAG SALUTE

3. PUBLIC COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA

Chairman Shoals opened the public comment period.

Patty Welsh asked that the election of a vice chair and the benefits package be put on a future agenda.

Otis Page protested placing budgetary items on the property tax bill for the cities of Arroyo Grande and Grover Beach.

Julie Tacker commented on the OCSD water rate increase and the legal bill associated with a personnel matter.

Ron Arnoldson commented on former legal counsel and asked that the placing of sanitation fees being put on the tax roll be brought back to a future agenda.

Beatrice Spencer received a response from the District Attorney and gave a shout out to former Chairman Hill for pursuing the Knudson Report.

Patricia Price agrees with Otis Page.

Jeff Edwards commented on the Redundancy Project and wants staff to have a discussion about moving the plant.

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

Chairman Shoals clarified that he did not elect himself Chairman. He is open to bringing back the tax roll item back to a future agenda and that the City of Grover Beach did not initiate the personnel issue.

Director Hill stated that he voted to elect Shoals as Chairman. He would like to have the benefits package on a future agenda and that the city of Arroyo Grande did not direct legal counsel to pursue the personnel issue.

4. CONSENT AGENDA

4A. Review and Approval of Minutes of Meeting of April 06, 2016

4B. Review and Approval of Warrants

4C. Financial Review at March 30, 2016

Director Hill requested that Items 4B and 4C be considered separately.

Chairman Shoals opened the public comment period.

Julie Tacker would like more comprehensive minutes. Acting Administrator Clemons stated that action minutes are appropriate.

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

Motion: Director Hill made a motion to approve Item 4A, Minutes of April 6, 2016 with a correction to 4C. showing Director Hill as the maker of the motion.

Second: Director Lucey

Action: Approved unanimously

4B. Review and Approval of Warrants

Directors Hill and Lucey had questions about the John Rickenbach, LLC contract and invoice and would like to have them answered before paying warrant.

Michael Nunley and John Clemons both said that they had met with Rickenbach and that some of the costs could have been incurred when he started working on a new Mitigated Negative Declaration prior to the discovery of an old Negative Declaration.

Chairman Shoals opened the public comment.

Julie Tacker, Jeff Edwards and Patty Welsh all commented on the Rickenbach and Downey Brand warrants.

April McLaughlin complimented staff and commented on the warrant register.

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

Motion: Director Lucey made a motion to approve the Warrant Register withholding the Rickenbach payment for \$11,400 and the Downey Brand Retainer for \$5,000.

Second: Director Hill

Action: Approved unanimously

4C. Financial Review at March 30, 2016

Director Hill expressed a concern of District cash flow, and whether it is putting a financial strain on the District if all cities were to move to the county tax roll at once. He stated this item warrants a closer look. He would like to have the discussion of

placing sanitation charges on the tax roll put on a future agenda.

Chairman Shoals opened the item to public comment.

Beatrice Spencer, Patty Welsh and Ron Arnoldson all gave comment in regards to putting the sanitation charges on the tax roll.

Motion: Director Hill made a motion to receive and file the report
Second: Director Lucey
Action: Motion carries

Chairman Shoals amplified that the Board has had multiple discussions on the tax roll item. The Board previously made a decision to move to the County Tax Roll.

5. **PLANT SUPERINTENDENT'S REPORT**

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

Chairman Shoals opened the public comment period.

Julie Tacker and Jeff Edwards gave public comment.

There being no more 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. **Resolution No. 2016-343 Adopting District Administrator contract with Gerhardt Hubner**

Ms. Alicia Lara, District HR consultant, presented this report. Staff recommended the Board adopt Resolution No. 2016-343: the appointment of Gerhardt Hubner as District Administrator, and authorize the Board Chairman to execute the employment contract.

Chairman Shoals opened the item to public comment.

Julie Tacker is not in favor of giving the District Administrator a car allowance.

Chairman Shoals closed the public comment period.

Motion: Director Hill made a motion to approve Resolution No. 2016-343; a Resolution of the SSLOCSD Board ratifying the appointment of an employment contract for Gerhardt Hubner as District Administrator for the SSLOCSD and further move that Chairman Shoals execute the contract on behalf of the District.
Second: Director Lucey
Action: Approved unanimously

Gerhardt Hubner thanked the Board and audience members for the opportunity to work for the District.

6B. Resolution No. 2016-344; and an Agreement with Speiss Construction Company for construction of a Grit Removal System

Staff introduced this item and recommended the Board of Directors award the contract for installation of a Grit Removal System to Speiss Construction Company, and that the Board adopt Resolution No. 2016-344 directing the District Administrator to enter into an Agreement with Speiss Construction Company, Inc. for the construction of a Grit Removal System at the District's Treatment Plant.

Michael Nunley did a power point presentation showing the Board and audience a grit removal system and the importance of the system for the District.

Chairman Shoals opened the item to public comment.

Jeff Edwards and Beatrice Spencer gave commented on this item.

Motion: Director Hill made a motion to adopt Resolution No. 2016-344; and Agreement with Speiss Construction Company for construction of a Grit Removal System.

Second: Chairman Shoals

Action: Approved unanimously

6C. Resolution No. 2016-345 and an Agreement with Merk Associates, LLC for Environmental Review Services for the Cherry Avenue Sewer Bridge Maintenance Projects

Staff provided an overview of the Agreement and recommended the Board of Directors adopt Resolution No. 2016-345 authorizing the District Administrator to enter into an Agreement with Kevin Merk Associates, LLC for Environmental Review Services for the Cherry Ave. Bridge Project.

There was no public comment on this item.

Gerhardt Hubner indicated the District looks to initiate work by mid-September and complete work by mid-October.

Action: Director Lucey made a motion to adopt staff recommendation.

Second: Director Hill

Action: Approved unanimously

6D. Resolution No. 2016-346 and an Agreement with Aquatic Bioassay & Consulting Laboratories, Inc. for Professional Services for Ocean Outfall Inspection.

Staff provided and overview of the Agreement and recommended the Board of Directors adopt Resolution No. 2016-346 authorizing the District Administrator to enter an Agreement with Aquatic Bioassay Inc. to perform an Ocean Outfall Inspection on the District's Ocean Outfall.

There was no public comment on this item.

Motion: Director Lucey made a motion to accept Resolution No. 2016-346 and an Agreement with Aquatic Bioassay & Consulting Laboratories, Inc. for professional services for ocean outfall inspection.

Second: Director Hill

Action: Approved unanimously

6E. Resolution No. 2016-347 and an Agreement with Bartle Wells to assist in SRF Loan Application process.

Staff provided and over of the Agreement and recommended the Board of Directors adopt Resolution No. 2016-347 authorizing the District Administrator to execute the attached contract with Bartle Wells, and Associates for completion of the State Revolving Funding financing application package.

Jeff Edwards and Julie Tacker asked that the Board postpone this item.

Chairman Shoals asked if there were consequences to not taking action on this item tonight. Both Mr. Hubner and Mr. Clemons said yes, there will be a significant missing piece of the application. Showing financial backing is an important part of the application process for the Redundancy Project. The time frame to get the loan approval can be a lengthy process. Delaying this process now may have consequences down the road.

Chairman Shoals would like to have a conversation with the Coastal Commission to introduce the project before moving forward on this item.

Director Hill supported Chairman Shoals and also understands the need for financial backing. He does not feel waiting a couple weeks would hurt.

Director Lucey supports holding off on this item.

Motion: Director Lucey moved to table Resolution No. 2016-347 and an Agreement with Bartle Wells to assist in SRF loan application to the June 1st meeting.

Second: Director Hill

Action: Approved unanimously

7. MISCELLANEOUS ITEMS

A. Miscellaneous Oral Communications

Director Hill asked legal counsel to clear up the personnel issue and legal fees that originated with OCSD.

Director Lucey is not aware of any complaints brought on from OCSD.

Legal Counsel did look into the personnel matter and has discussed it with the Board members. This item has been closed since early February. He believes Director Lucey was alternate at the time and may not have been included in the Closed Session discussions.

B. Miscellaneous Written Communications

Received letter from Coastal Commission, dated April 15, 2016. Copies were made available to the Board and audience members.

8. VERBAL REPORT BY INTERIM DISTRICT ADMINISTRATOR

Mr. Clemons brought back an update on the Oceano CSD billing. He stated that 2,110 notices were mailed on March 23rd to both property owner as well as residents. To date 775 payments have been received for a total of \$93,235. About 300 envelopes were returned. The cost to do the mailing was \$2,216.

All accounts that remain uncollected will be reported to the county as delinquent.

He updated the Board on the FEMA award. Cal Office of Emergency Services did award the District money for damages during the flood.

Chairman Shoals asked the Board if they would like to have the discussion of moving to the Tax Roll again. Director Hill responded yes, because of the cash flow issue Mr. Clemons brought to the Boards attention at the meeting of April 6.

Mr. Hubner intends to put the retirement health benefits package discussion on a future agenda.

Chairman Shoals opened this item to the public.

Jeff Edwards asked that the Board have a discussion of a complete analysis as to whether or not the redundancy project, as presently configured, presents other problems to the extent that the District may want to consider other options.

Julie Tacker spoke to the WSC re scoping of Recycled Water Project and the Redundancy Project and whatever is going on at Pismo Beach be discussed for a regional approach at a future meeting.

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

9. CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION [Paragraph (1) of subdivision (d) of Government Code Section 54956.9]; (two cases).

- (1) *South San Luis Obispo County Sanitation District v. Special District Risk Management Authority, Case No.: CV130473*
- (2) *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)*

10. PUBLIC COMMENT ON CLOSED SESSION

Chairman Shoals opened the public comment period.

Jeff Edwards, Patty Welsh, Beatrice Spencer, and Julie Tacker all commented on the closed session items.

Chairman Shoals closed the public comment period.

11. REPORT OUT OF CLOSED SESSION

No reportable action for both existing litigation matters. Melissa Thorne, Esq. attended the closed session and did not charge the District for her travel, attendance and lodging.

12. ADJOURNMENT

There being no further business to come before the Board, Chairman Shoals adjourned the meeting at approximately 9:45p.m.

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

DRAFT

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
WARRANT REGISTER
05/04/2016 FY 2015/16

	BUDGET LINE ITEM		WARRANT NO	ACCT	ACCT BRKDN	TOTAL
ALICIA LARA HR SERVICES	PROF. SERVICES	PERSONNEL	050416-1244	7079	900.00	900.00
		RECRUITING		7005	780.00	780.00
ARAMARK	UNIFORMS	04/15/16; 04/22/16 04/26/16	45	7025	603.93	603.93
AUTOSYS, INC.	SCADA	901	46	20-8010	3,345.00	3,345.00
B&B STEEL & SUPPLY	FFR SPREADER	502373	47	8060	520.30	520.30
BARTLE WELLS ASSOCIATES	RATE STUDY	1008C	48	7089	7,653.52	7,653.52
CAL COAST MACHINERY	EQUIPMENT MAINTENANCE	317983	49	8030	255.76	255.76
CARRS BOOTS	EMPLOYEE UNIFORMS	090934	50	7025	120.10	120.10
CALPERS HEALTH	MEDICAL INSURANCE	MAY	51	8010	15,798.89	15,798.89
CANNON	CHLORINE CONTACT PROJECT	60967	52	26-8010	7,563.42	7,563.42
CHARTER	COMMUNICATIONS	MAY	53	7013	301.17	301.17
CPS HR CONSULTING	ADVERTISEMENTS/LEGAL/RECRUITMENT	352192	54	7005	9,473.80	9,473.80
DOWNEY BRAND	OUTSIDE LEGAL	MARCH	55	7070	7,750.00	7,750.00
		RETAINER		7070	5,000.00	5,000.00
FED EX	CHEMICAL ANALYSIS	5-385-52130	56	7078	126.46	126.46
GRAINGER	SAFETY SUPPLIES	9090481939	57	8056	38.19	38.19
INSIGHT ENVIRONMENTAL, INC.	SEWER PIPE BRIDGE	11966	58	26-8065	560.00	560.00
JB DEWAR	FUEL	813515	59	8020	107.28	107.28
JOHN F. RICKENBACH CONSULT.	REDUNDANCY PROJECT	157	60	20-7080	11,400.00	11,400.00
JIM HILL	BOARD SERVICE	MARCH	61	7075	200.00	200.00
JOHN SHOALS	BOARD SERVICE	MARCH	62	7075	200.00	200.00
JOHNSON'S BOILER & CONTROL, INC.	EQUIPMENT MAINTENANCE	50763	63	8030	85.00	85.00
MARY LUCEY	BOARD SERVICE	MARCH	64	7075	200.00	200.00
MULLAHEY FORD	AUTOMOTIVE	97910	65	8032	932.90	932.90
OILFIELD ENVIRON. & COMP., INC.	CHEMICAL ANALYSIS	1601433	66	7078	45.00	45.00
	BRINE EXPENSE	1601371		7086	183.00	183.00
PERRY'S ELECTRIC MOTORS	EQUIPMENT MAINTENANCE	19302	67	8030	2,489.47	2,489.47
POLYDYNE, INC.	PLANT CHEMICALS	1040825	68	8050	919.13	919.13
ROYAL WHOLESALE	CAPITAL EQUIPMENT	7842-431603	69	20-8010	1,215.44	1,215.44
VWR	LAB SUPPLIES	8044551177; 8044557287	70	8040	233.63	233.63
WATER SYSTEMS CONSULT., INC.	WATER RECYCLING STUDY	1877	71	20-7090	1,360.75	1,360.75
SUB TOTAL					\$ 78,682.14	\$ 78,682.14
	PAYROLL 04/15/16	24,382.82				
GRAND TOTAL					\$ 78,682.14	\$ 78,682.14

We hereby certify that the demands numbered serially from 050416-1244 to 050416-1271 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**

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Staff Report

To: Board of Directors
From: Amy Simpson, District Bookkeeper/Secretary
Via: Gerhardt Hubner, District Administrator

Date: May 4, 2016

Subject: FISCAL YEAR 2015/16 THIRD (3RD) QUARTER BUDGET PERFORMANCE REVIEW

Recommendation: Receive and File Report.

Executive Summary:

On March 31, 2016, the District Fiscal Year 2015/16 3rd Quarter closed. Today's staff report provides an overview of the District's Budget Performance as it pertains to its Revenues, Expenditures, and Cash Balance as of March 31st. Accounting information for this quarter is from July 1, 2015 to March 31, 2016 as contained below in the following tables. Table No. 1 contains the District's performance regarding Revenues, and Table No. 2 contains overall expenditure performance through the 3rd Quarter. Lastly, the cash and investment balance as of March 31, 2016 for the District's accounts are included.

Through the 3rd Quarter, the District expended 65% of its budgeted expenditures (at the 75% Benchmark).

No. 1 - Revenues

	FY 2015/16 Budget	Received as of 03-31-16 Amount Percent		Recommended 3rd-Quarter Adjustments
Fund 19	\$3,239,813	\$2,237,985	69%	0
Fund 20	\$125,200	\$160,566	128%	0
Fund 26	\$0	\$0	\$0	0
Fund Balance Available	\$1,638,959	\$1,638,959	100%	0
Total	\$5,003,972	\$4,037,510	81%	0

Table 2 - Expenditures

	FY 2015/16 Budget	Expended as of 03-31-16 Amount Percent		Recommended 3rd-Quarter Adjustments
Fund 19	\$3,020,152	\$1,889,040	63%	0
Fund 20	\$685,854	\$216,799	32%	0
Fund 26	\$1,080,000	\$538,646	50%	0
Total	\$4,786,006	\$2,644,485	55%	0

Cash and Investment Balance

The data below was reported to the Board at its April 20, 2016 Board meeting and included here again for reference.

Local Agency Investment Fund

The balance in the District's LAIF account was \$2,416,712 as of March 31, 2016.

County of San Luis Obispo Treasury Pool

As of March 31, 2016, the reconciled cash balance with the County of San Luis Obispo Treasury Pool was \$3,077,045.

Rabobank Funds

At March 31, 2016, the reconciled cash balance in the District's Rabobank account totaled \$77,297.

Analysis

District staff has reviewed each of the FY 2015/16 account line items under each Fund. The following accounts had expenditures less than the budgeted amounts. After each account is the percentage and amount difference between budgeted amount and the expenditure.

1. Account No. 19-6060 State Retirement: 34% (+\$75,793.58). This is due the resignation of two staff.
2. Account No. 19-6065 Unfunded Liability: 23% (+\$53,963.00).
3. Account No. 19-7005 Advertising/Legal and Recruitment: 23% (+70,598.39).
4. Account No. 19-7074 Professional Services – OCSD Bill: 27% (+16,032.90).
5. Account No. 19-7077 Professional Services – Engineering: 6% (+\$93,773.75).
6. Account No. 19-7082 Professional Services – Computer Support: 34% (+\$6,670).
7. Account No. 19-8015 Trunk Sewer Maintenance: 26% (+\$18,529.70).
8. Account No. 19-8055 Small Tools: 19% (+\$10,534.93).

9. Account No. 19-8060 Structure Maintenance - Regular: 24% (+\$38,006.30).
10. Account No. 20-8010 Capital Equipment: 7% (+\$495,975.67). Grit System is budgeted to be spent out of this account.
11. Account No. 26-8015 Trunk Sewer Maintenance: 11% (+\$71,322.21).
12. Account No. 26-8065 Structure/Grounds Replacement and Improvement: 19% (+\$486,832.18).

The following accounts listed below were greater than their budgeted amounts at the close of the 3rd quarter.

1. Account No. 19-6085 Temporary Labor Service: 147% (\$3,288.40).
2. Account No. 19-7015 Office Equipment/Computer Supplies: 95% (\$275.37 available).
3. Account No. 19-7032 Equipment Rental Other: 96% (\$1,037.17 available).
4. Account No. 19-7068 Permits/Fees/License: 144% (\$17,773.86). This overage is due to staff attaining higher certifications.
5. Account No. 19-8010 Capital Equipment: 156% (\$8,380.40).
6. Account No. 19-8061 Structure Maintenance: 91% (\$3,868.56 available).
7. Account No. 20-7080 Redundancy Project: 106% (\$2,192.82).
8. Account 20-8015 Trunk Sewer Improvement: 100% (\$40,730.61).
This includes the engineering of the Grit System and a portion of the pipeline repair project.
9. Account 20-8065 Emergency Equipment Repair: 100% (\$1,538). These costs should have been coded to account 26-8070.
10. Account 26-8070 Emergency Equipment Repair: 92% (\$33,653.42 available).

Conclusion:

Overall, the District expenditures remain well below the adopted Fiscal Year 2015/16 budgeted amounts. As total District revenues are currently on track through the 3rd Quarter in comparison with overall District budgeted amounts, no budgetary changes are being recommended at this time. Individual budgeted amounts that are either under or over expenditure are not anticipated to change the overall total budget picture. If changes are needed staff would of course bring back a budget change request to your Board at a future meeting. As per good fiscal and budget practices, staff continues to monitor costs vs. budgeted amounts, while providing the District and its ratepayers the best cost benefit and investment of District funds.



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To: Board of Directors
From: Gerhardt Hubner, District Administrator
Date: May 4, 2016
Subject: **UPDATE ON EFFORTS TO PLACE DISTRICT'S BILLING SERVICES ON COUNTY TAX ROLL AND POTENTIAL OPTIONS FOR PROCEEDING**

RECOMMENDATION

Staff requests the Board provide further direction on whether to proceed with one of the options.

BACKGROUND

At the April 20, 2016 Board meeting, the Board directed staff to return to this meeting with a discussion on the District's Billing services with its Member Agencies and current direction to proceed to place its Member Agencies on the County Tax Roll for Fiscal Year 2016/17. The Board further directed staff to provide a comprehensive review of the past chronology of events, background and previous Board decisions and direction, options for consideration and their advantages and disadvantages.

Past Chronology of Events

1. July 2012 - OCSD General Manager proposes \$60,000 as payment for billing services from the Sanitation District in its' preliminary FY 2012-13 budget. The Sanitation District rejects that idea. Negotiations begin. (Attachment A - Letters between J. Wallace and T. Geaslen dated July 6, 2012 – October 3, 2012)
2. February 2013 – Sanitation District Administrator retires prior to any agreement being reached.
3. March 2013 – OCSD General Manager sends invoice for \$26,000. Interim District Administrator rejects invoice. (Attachment B - Letter from P. Karp to T. Geaslen dated March 22, 2013)
4. May 2013 – OCSD General Manager leaves employment without issue being resolved.
5. June 2013 – Interim District Administrator submits draft budget with \$22,000 budgeted to pay for billing for each Member Agency.

6. May 2015 – Sanitation District staff discovers no contracts with Member Agency exist for billing services, and no line item accounting for services provided. Discussion and action in subsequent Board meetings in an attempt to correct the billing issue. (Attachment C - Staff Report, August 19, 2015 Board Pack)
7. July 1, 2015 – Board directs staff (and Legal Counsel) to begin investigating billing options.
8. October 21, 2015 – Board directs staff to begin process of moving wastewater treatment fees to the San Luis Obispo County Tax Roll and to seek an agreement with each Member Agency based on a formula of \$15,000 base fee + \$0.25 per customer per billing. (Attachment D)
9. November 4, 2015 – Board directs staff to enter into interim billing Agreements with cities of Arroyo Grande and Grover Beach. Director from OCSD asks Board to “leave Oceano out of it” regarding negotiations for billing agreements. (Reference at 2hr 08 min. on AGP audio). Board directs staff to process the billing for OCSD customers in-house. (Attachment E)
10. August 26, 2015 and October 28, 2015 Oceano Community Service District’s Agendas, Staff Reports and Minutes - This set of materials highlights the OCSD sequence of events regarding Billing services with the District, consideration of a Billing Agreement in the amount of \$22,000 with the District, and the potential for a Special Meeting on November 10th if OCSD is presented with a written counter proposal by midnight November 5th (Attachment F)
11. November 18, 2015 – Board adopts Resolution No. 2015-336, approving an Agreement with NBS for assistance with wastewater service charge billing administration. (Attachment G)
12. April 6, 2016 – The Board directs staff to continue the process of placing wastewater fees on County Tax Roll.

The following is a recent history of Member Agency Billing:

Year	Arroyo Grande	Grover Beach	OCSD
2009-2010	\$13,278	\$2,259	\$4,930
2010-2011	\$12,813	\$2,262	\$4,930
2011-2012	\$12,497	\$4,000	\$4,930
2012-2013	\$12,316	\$9,000	\$4,930
2013-2014	\$12,097	\$20,000	\$22,000
2014-2015	\$12,030	\$20,000	\$22,000

FISCAL CONSIDERATIONS

In the April 6, 2016 staff report, staff cited concerns regarding possible fiscal challenges should all three Member Agency wastewater treatment service fees be placed on the County tax roll at once. Staff noted that with the potential payment of an Administrative Civil Liability fine of \$1.1 million dollars to the State of CA/RWQCB and payments for our Redundancy Project design (\$1.5 million dollars), that having to wait an additional six months for all revenues may create a cash flow issue in the first year. Staff recommended then postponing for one year the Tax Roll placement for the cities of Arroyo Grande and Grover Beach. The thought then was that postponing one or two Member Agencies would allow for a phased approach and reduce the negative impact caused by having to pay the fine.

The Board did not approve this recommendation, and further directed staff to continue its previous October 2015 direction to place all three member agencies on the County Tax Roll for Fiscal Year 2016-2017.

Please note, the District currently has billing agreements (contracts) with the City of Arroyo Grande and the City of Grover Beach. Those contracts expire at the end of the current fiscal year on June 30, 2015.

The District currently bills Oceano CSD customers directly. To date the District has received \$182,000 for four billing cycles (8 months). That is about 57% of the expected revenue through four billing cycles. Of the \$182,000 OCSD collected \$81,000 for one billing cycle. The Sanitation District sent out 2100 bills to residents and property owners in an effort to collect \$254,000 (one billing for six-month period). To date, the Sanitation District has received 850 payments totaling \$101,000. That is about 40% of the expected revenues for Fiscal Year 2015-16.

If the District chooses to place wastewater treatment service fees on the rolls the initial cost will be ten to fifteen thousand dollars (\$10,000-\$15,000). After the initial year annual cost are expected to be similar. The cost to each parcel would be two dollars (\$2) annually. Also this method would distribute the cost of billing evenly among all District customers.

Under the current Board approved formula the total cost to the District (including OCSD) would be approximately \$65,000 annually (See November 4, 2016 Staff Report). In the fiscal year 2014-15 the District paid a total of \$55,000 for billing fees (AG - \$12,000, GB - \$21,000, OCSD – \$22,000).

Below we have included the timeline, action, responsible party, due date and completion status for the District to initiate our wastewater fee onto the County Tax Roll. We are currently on track. However, as shown, several critical milestones are fast approaching.

Timeline for District's Wastewater Fees to County Tax Roll

Action	Performed By	Due Date	Notes
Initial Kick-Off Meeting	NBS/District	12/09/2015	Completed
District reviews the proposed timeline and provides any comments or adjustments	District	3/2/2016	Completed
District Staff provides the District boundaries/database and confirms rates	District	4/11/2016	Completed
NBS prepares and delivers drafts of the Resolution and Report to the District	NBS	4/25/2016	
District Staff reviews the Resolution and Report and provides comments	District	4/29/2016	
District mails notice to property owners pursuant to Health & Safety Code 5473.1	District	4/29/2016	
NBS prepares and delivers the Resolution and Report	NBS	5/16/2016	
District Secretary publishes notice of Public Hearing once a week for two weeks prior to the Public Hearing pursuant to Section 6066 of the Government Code	Board Secretary	No Later Than 5/18/2016 and 5/25/2016	

Action	Performed By	Due Date	Notes
District Board adopts resolution: approving the engineer's report and ordering the levy of assessments	District Board	6/1/2016	
District Secretary delivers copies of all approved Resolutions to NBS	Board Secretary	6/6/2016	
NBS requests fund numbers from the County	NBS	6/15/2016	
NBS submits the levy of assessments to the County Auditor/Controller	NBS	July	

OPTIONS FOR CONSIDERATION:

Below, staff has provided five different options for your consideration. We have also attempted to identify and provide a balanced analysis under each option with advantages and disadvantages.

Option 1 - All Three Member Agencies Convert To County Tax Roll Beginning FY 2016-17

Advantages

- a. District costs for billing services likely to be in the range \$10,000 - \$15,000 annually
- b. Low billing cost for customers (\$2 per parcel, approximately 10,000 parcels)
- c. No more time for negotiating contracts
- d. Costs of billing consistent among all customers
- e. Fees paid in timely fashion
- f. Delinquent payments handled through County Tax Roll

Disadvantages

- a. Potential for delay in revenues as payments are only received twice a year.
- b. May result in cash flow
- c. Requires property owners and residents to adjust their billing and payment method
- d. Some may see this as a new tax vs. ongoing wastewater service fee

Option 2 – All Three Member Agencies Resume Billing Practices under an Agreement

Advantages

- a. No changes to current billing methods with two agencies
- b. Billing methods are well established and have history of success
- c. Easy to implement
- d. Revenues are predictable
- e. Delinquencies are responsibility of Member Agencies

Disadvantages

- a. Costs in the \$60,000 range
- b. Must negotiate existing contracts, and monitor performance
- c. Likely unequal billing capabilities and costs among the Member Agencies
- d. Contracts with only two of three Member Agencies

Option 3 – Hybrid: One or Two Agencies to County Tax Roll, Others Bill on District Behalf

Advantages

- a. Lessens the initial financial impact to the District. Some revenue will still be available
- b. Reduces cost of billing, incrementally.

Disadvantages

- a. Does not take full advantage of potential cost reductions for billing services
- b. Requires contract negotiations

Option 4 – District Staff Conducts All Billing

Advantages

- a. Complete control over billing internal
- b. Crossover training, over time staff becomes familiar with its ratepayers
- c. May result in cost saving over time
- d. Billing cost consistent among all customers

Disadvantages

- a. Initial cost to implement high
- b. No billing system or software. Must purchase
- c. Hire and train additional staff
- d. No timely method for collecting delinquent bills
- e. No ability to disconnect service

Option 5 – Retain Outside Agency for Billing

Advantages

- a. No additional staff required
- b. No billing contracts with Member Agencies
- c. Billing cost consistent among all customers

Disadvantages

- a. May be very costly
- b. Unknown if one local contractor/consultant can provide all the necessary services
- c. No mechanism for timely collection of unpaid bills

Analysis and Conclusion:

Unless otherwise directed by your Board District staff is proceeding under Option No. 1 per the Board's October 21, 2015 and April 6, 2016 direction to place all three Member Agencies on the County Tax Roll. As noted in the timeline and schedule for proceeding to the Tax Roll, time is of essence with several milestones fast approaching. Staff will need to proceed with mailing out the notices by next week, and a Resolution for this matter will need to be adopted by this Board at its June 1st meeting. 201 own billing resulted in 850 payments were received out of 2100 sent out, and deposits of \$100,790.54 out of \$253,974.05 billed, or a return rate of approximately 40% (shortfall of \$153,183.51). We also have roughly 300 returned payments that need corrected addresses, and will be sent back out for payment.

In addition, to date, NBS our consultant providing County Tax Roll placement assistance have been invoiced and we have paid \$2,493.29 for 2016 services.

We have also provided above several options for your consideration (and their advantageous and disadvantages) if the Board wishes to redirect staff and alternatively proceed with one of these options.

We seek today your Board's reconfirmation of the current approach (Option No. 1), or alternatively direct staff to pursue one of the other options.

Attachment A-G: Billing and Tax Roll Chronology of Events and Exhibits



SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

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<http://sslocsd.org/>

July 6, 2012

Mr. Tom Geaslen, General Manager
Oceano Community Services District
PO Box 599
Oceano, CA 93475

COPY

Dear Tom,

Recently, we received the Sanitation's "passthrough" services charges from OCSD for the months of April and May as were approved at your meeting on June 27, 2012. Please see your Vendor List of AP warrants paid, dated June 27, 2012, (attached). Thank you for forwarding these monies. However, we noted that there was a deduction of \$7,187.66, apparently 10% of the amounts to be submitted. Those amounts are due and payable and we would appreciate your forwarding those remaining service charges due the Sanitation District in the near future in order to close our books for FY 2011-12.

Also, as you know, we have discussed OCSD's FY 2012-13 proposed revenue budget for billing services to collect the Sanitation District's fees that are included on OCSD utility bills, as is done in our other Member Agencies utility/sewer fee collection process. As discussed, OCSD's proposed revenue (\$59,945) from SSLOCSD in your preliminary FY 2012-13 Budget was quite different compared to the Sanitation District's budget (\$5,000) for these services. There is an additional \$5,000 included in our budget item (for a total of \$10,000) as discussed below for a one time effort for billing software modifications, if necessary.

The intent of this budget item is to reimburse the Member Agencies their actual costs for our District's billing service; I discussed fees for this service with you as well as the other Member Agencies. I was advised that Arroyo Grande and Grover Beach will re-evaluate those costs in the future, but for the time being have not requested any adjustments in our budget.

However, I would be happy to continue to discuss the cost of OCSD's services on behalf of the Sanitation District to reach an agreement for an amount to clarify both of our budgets.

Also, as I mentioned, the Sanitation District's Board of Directors previously authorized additional amounts if needed, for our Member Agencies to "reprogram" their accounting software so that our District can receive a better accounting of the services charges being paid according to the number of customers and types of accounts. Of the current amount shown for OCSD's Professional Services, Account No. 19-7074 (\$10,000) in our Adopted FY 2012-13 Budget, \$5,000 was for this "reprogramming" effort if needed. This effort is part of our rate review process and will result in more accurate assignment of service charges to type of account. Therefore, the remaining amount of \$5,000 was to be consistent with the \$4,930 previously paid

for OCSD billing services for FY 2011-12 (and previous years). I checked our warrant information and believe that the \$4,930 was paid by electronic transfer in January 2012.

Finally, I would like to establish dates for the collection and transfer of our service charges with all of the Member Agencies. This will facilitate our cash flow analysis which is even more critical this year. I will meet with you to establish those dates and approximate amounts that will be forthcoming with each of your billing cycles.

Thanks for your help in this matter. Should you have any questions regarding the above, please don't hesitate to contact me.

Sincerely,

John L. Wallace, PE, District Administrator
South San Luis Obispo County Sanitation District



Oceano Community Services District

1655 Front Street, P. O. Box 599, Oceano, CA 93445 (805) 481-6780 FAX (805) 481-6886

Mr. John Wallace
District Administrator
South San Luis Obispo County Sanitation District
PO Box 339
Oceano, CA 93445-9735

July 17, 2012

Mr. Wallace,

This is in response to your letter dated July 6th, 2012.

First, I have been unable to locate any contract with The Oceano Community Services District and SSLOCSD. You made mention that the original agreement was put in by you and former OCSD GM Rich Hill. In search of minutes and resolutions I am also unable to see where this was documented.

Second, it must be recognized that the OCSD provides a valuable service to the SSLOCSD that in my opinion has been deeply discounted for no viable reason. To quantify this position I used the same time and material formula you and your company, The Wallace Group, use to invoice the SSLOCSD. In attachment you will find a spreadsheet that documents the actual time and material costs without any markup. It addresses staff cost coupled with printing and mailing. Another key feature to our service is that we have invested resources to improve efficiencies and reduce mailing costs. The total unmarked up costs that OCSD incurs on behalf of the SLOCSD is just shy of \$45,000 annually. This is a large inequity from the \$4950 you have chosen to pay over the past several years.

Your letter was correct in stating that OCSD withheld 10% of two pass through payments to SSLOCSD. This was done with the support of my board until the situation could be quantified. As I told you in our last meeting on the subject, these will be released on 7/25/2012.

In conclusion I am requesting that OCSD deduct \$45,000 from our normal pass through payments to SSLOCSD on an annual basis (quarterly or monthly divisions is also acceptable) to cover our services. This change will take place starting July 2012. I also recommend that we revisit the agreement on an annual basis to ensure economic ordering.

Respectfully,

Thomas Geaslen
OCSD General Manager



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September 25, 2012

Mr. Tom Geaslen, General Manager
Oceano Community Services District
PO Box 599
Oceano, CA 93475

Subject: OCSD Charges for collection of SSLOCSO's service charges;
Response to your invoice dated August 22, 2012

Dear Tom,

Recently, I received a copy of your invoice for OCSD's billing services for collecting the Sanitation District's (District) sewer service charges. We cannot accept this invoice for the following reasons:

- As you may recall, in my letter of July 6th, and in our discussions regarding your response of July 17th, we agreed to meet to hopefully establish a fair and equitable charge for OCSD's billing services. We have not yet had this meeting. Furthermore, the spreadsheet attached to your invoice doesn't have sufficient documentation/justification that would allow us to properly evaluate your proposed charges. For example, you propose to divide your entire field, office and software/billing system costs by four for the District's share of OCSD's costs. There was no explanation offered for the 25% assessment of these costs.
- The District's previous charges for this service had been set at \$4,930 per year. Your proposed charge of \$44,293 is approximately 900% of the previous billing.
- There is not yet an agreement to provide for the proposed charge and the District has not budgeted for such a large amount this fiscal year.
- Some of OCSD's expenses relate to actual water usage and related field activities (meter reading and verification activities). As you may recall from our schedule of service charges, the District does not rely upon water consumption meter readings but sets a flat rate for the type of service connection. Therefore, those activities should not be allocated to the District.

Discussion:

I understand that the previous amount of \$4,930 charged by OCSD was an old charge as you correctly state and I agree it should be updated. And as you have observed, I don't believe

there is a written agreement for that charge, rather it was established years ago by inquiring of OCSD and the other member agencies; "what is the extra cost for your agency to provide for the Sanitation District's billing". As a result, we included those charges in our annual budgets and they were updated as we were advised by the member agencies as part of our annual budget preparation. As part of that budget process, each member agency is provided with both a preliminary budget prior to its adoption and a final document afterwards each fiscal year.

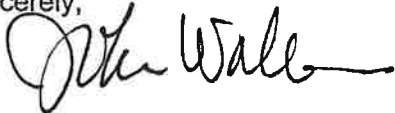
In briefly reviewing the spread sheet you provided with your invoice of August 22nd it appears that the costs presented involve field time as well as office time and expense in addition to allocating a significant portion of your billing software and updates to the District. Also, there was no explanation of the logic in spreading costs to the District. It would be important to know what the cost of these activities would be if the District was not involved with OCSD's services and then to analyze the impact to OCSD to include the District's billing. But perhaps just as importantly, if the charges for these services were to be dramatically increased as OCSD proposes, it is ultimately the rate payers who will be burdened by these additional costs. For the approximately 2,435 OCSD customers, the proposed OCSD increase to our rate payers will be over \$16 per year, a rate increase of approximately 9% to our residential rate.

As agreed we will meet on Wednesday the 26th to address this issue and to hopefully arrive at an equitable charge for OCSD's services. In the meantime, we are exploring the cost to establish our own billing process as well to compare shared billing arrangements in other districts. It is obviously mutually beneficial for both our districts to combine billings to minimize the costs to the rate payers.

Finally, as stated previously, I would also like to establish dates for the collection and transfer of our service charges with all of the Member Agencies. This will facilitate our cash flow analysis which is even more critical this year. I would appreciate your forwarding the dates and approximate amounts that will be forthcoming with each of your billing cycles.

Thanks for your help in this matter. I look forward to our meeting on the 26th and should you have any questions regarding the above, please don't hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "John Wallace", with a stylized flourish at the end.

John L. Wallace, PE, District Administrator
South San Luis Obispo County Sanitation District


Cc: Board of Directors



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Staff Report

To: Board of Directors
From: John Wallace, District Administrator 
Date: October 3, 2012
Subject: Member Agency costs for District service charge billings

Recommendation:

District Staff to continue to negotiate an equitable fee with our Member Agencies for including the District service charges on their utility bills and to report back to the Board at a future date. In parallel, continue to investigate other methods for billing District sewer service charges.

Funding:

Preliminary discussions indicate that the costs of these services would increase significantly and the adopted FY 2012-13 Budget does not provide for these increases at this time.

Discussion:

The District has had a long-standing arrangement with our Member Agencies to include our District's service charges on their utility bills. This obviously benefits the District by not having to separately bill customers of three different agencies and benefits the rate payers of the District by a more cost effective and accurate billing process.

Many years ago the City of Arroyo Grande and the OCSD established fees for the billing services to provide for the added cost to include the District on their utility billing and to collect and distribute those monies to the District. Currently the District has budgeted \$15,000 for the City of Arroyo Grande (6,366 services) and \$5,000 for OCSD (2,440 services) for this fiscal year for the basic billing services. The basic billing excludes District requested software modifications which were budgeted at an additional \$5,000 for each agency. Billing is sent out bi-monthly which amounts to six bills per year for each agency.

When the City of Grover Beach (4,750 services) annexed into the District in 1997 an agreement was reached to pay \$0.08 per bill per customer billing cycle, again bi-monthly or six times per year. This amounts to approximately \$2,300 per year for the current number of services. The current budget provides for \$4,000 per year for the City of Grover Beach.

Actual costs billed from the three agencies in FY 2011-12 were:

• OCSD	\$ 4,930	2,440 services	\$2.02 per service
• Arroyo Grande	12,800	6,366 services	\$2.01 per service
• Grover Beach	2,300	4,750 services	\$0.48 per service

Further, during the District's budget cycle for FY 2012-13, the budgets for each of the Member Agencies were increased by \$5,000 each, if needed, to provide for software modifications that would allow the District to see what revenue was derived from each customer and for what classification that customer

was being billed, e.g. residential, and up to approximately 20 different billing categories based on commercial usage.

In July, discussions regarding billing services ensued with OCSD because of a mistake in their preliminary budget that showed that OCSD would receive in excess of \$50,000. from the District. The OCSD budget for FY 2012-13 still shows revenue from the District to be \$30,000. However, after an exchange of letters, OCSD has submitted an invoice (attached) for the first phase of billing services for FY 2012-13 for \$7,382.23 anticipating a total billing of \$44,293.36.

Attached is a letter dated September 26, 2012 from me to the District Manager of OCSD rejecting that invoice for the reasons stated in the letter and anticipating a meeting on that date to discuss this matter.

In our meeting on September 26th, Mr. Geaslen and I discussed the basis of the OCSD proposal and the District's response. No conclusions were reached but another meeting has been scheduled in several weeks to continue discussions.

In the meantime, meetings are also being held with the Cities of Arroyo Grande and Grover Beach to discuss how best to compensate them for their cost of providing billing services to the District and at the same time how to minimize the cost to the rate payer. (OCSD's current proposal would result in a 9% SSLOCSD rate increase just to accommodate their proposed increase).

Other Methods

In the meantime, staff is calculating what the District's cost would be to take over our billing directly.

Also, in consultation with the County and District Counsel, we are also pursuing a much simpler and cheaper alternative which involves putting the District's charges on the property tax bill for properties within the District that are connected to the sewer.

This alternative has advantages and disadvantages. First, it allows the District to receive it's service charges without sending out individual bills and also provides for timely receipt of all revenue but only at two times per year, (December and April tax bills).

The cost for the County tax collecting services is \$2 per property. Therefore, the total bill for this service is approximately \$20,000 per year (assuming approximately 10,000 total properties with District sewer service).

This process would affect however our cash flow with only two payments a year.

Also, billing for services would be paid by the property owner as opposed to the tenant of a property. It is anticipated that property owners would want to collect these payments as part of their rent or otherwise absorb these costs. The District's current residential rate is \$14.86 per month or \$178.32 per year.

Conclusion

It is clear that we must resolve this issue with our Member Agencies, but these additional costs were not anticipated in the preparation of the FY 2012-13 budgets and would represent a substantial increase in the additional costs proposed for these services.

Therefore, staff will continue these discussions with representatives of our Member Agencies and report back periodically.


Attachments



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Staff Report

To: Board of Directors
From: John Wallace, District Administrator 
Date: October 3, 2012
Subject: Member Agency costs for District service charge billings

Recommendation:

District Staff to continue to negotiate an equitable fee with our Member Agencies for including the District service charges on their utility bills and to report back to the Board at a future date. In parallel, continue to investigate other methods for billing District sewer service charges.

Funding:

Preliminary discussions indicate that the costs of these services would increase significantly and the adopted FY 2012-13 Budget does not provide for these increases at this time.

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The District has had a long-standing arrangement with our Member Agencies to include our District's service charges on their utility bills. This obviously benefits the District by not having to separately bill customers of three different agencies and benefits the rate payers of the District by a more cost effective and accurate billing process.

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September 25, 2012

Mr. Tom Geaslen, General Manager
Oceano Community Services District
PO Box 599
Oceano, CA 93475

Subject: OCSD Charges for collection of SSLOCSD's service charges;
Response to your invoice dated August 22, 2012

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Discussion:

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there is a written agreement for that charge, rather it was established years ago by inquiring of OCSD and the other member agencies; "what is the extra cost for your agency to provide for the Sanitation District's billing". As a result, we included those charges in our annual budgets and they were updated as we were advised by the member agencies as part of our annual budget preparation. As part of that budget process, each member agency is provided with both a preliminary budget prior to its adoption and a final document afterwards each fiscal year.

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Thanks for your help in this matter. I look forward to our meeting on the 26th and should you have any questions regarding the above, please don't hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "John L. Wallace", with a long horizontal flourish extending to the right.

John L. Wallace, PE, District Administrator
South San Luis Obispo County Sanitation District

Cc: Board of Directors

It was moved by Director Ferrara, seconded by Vice Chairman Guerrero, to approve the staff recommendation that the Board award a contract to R. Baker, Inc. to construct a drainage swale to drain water from the area of the standby generator building in the amount of \$7,380. Motion carried unanimously.

C. MEMBER AGENCY COSTS FOR DISTRICT SERVICE CHARGE BILLING

Administrator Wallace said the District had received an invoice from OCSD pursuant to an estimated total cost for their billing services. He then explained how the billing services by the Member Agencies have been done historically.

Under the Board's direction, Administrator Wallace met with OCSD and the City of Arroyo Grande and had previously met with the City of Grover Beach in order to establish an equitable service charge. The District had asked the Agencies many years ago what the additional costs would be to include the District's billing on the Agencies' bills since it did not make sense for the District to send out its own separate billings. Administrator Wallace said that came from the Agencies. Also, the District provides the Member Agencies with the District's preliminary budget each year for review of any items which would potentially affect them.

Staff is presently investigating alternatives for the District's billings. First is that the District could do its own billings. Secondly, the District could continue to pay the agencies to do our billing or the District could have the County put the service charges on the property owner's (property) tax bill.

Administrator Wallace recommended that the Board direct Staff to continue to discuss the service billings with the Member Agencies with the objective to come up with an equitable methodology for the Agencies so that one Agency is not treated differently than the others.

Vice Chairman Guerrero said that he feels like there is a conflict if he were to negotiate for or against either of the agencies which he represents. He is reviewing the reports and the information presented, but he is leaving it up to the managers and Administrator Wallace to come up with a resolution. He suggested that the rest of the Board follow the same approach.

Chairman Nicolls asked Counsel Seitz for his advice regarding any conflict. Counsel Seitz replied that he does not think that the Directors are disqualified on this issue.

Director Ferrara agrees with the need for standardization.

Mr. Tom Geaslen, General Manager of OCSD, said he had sent the invoice to initiate discussions. Mr. Geaslen thinks that, in the end, the Member Agencies will all be very close in regards to the billing amounts.

Ms. Tacker said that Mr. Geaslen had played games with the District. She said she likes the idea to do the billings in-house or outsourcing those services such as putting it on the County tax roll.

Director Ferrara said that Ms. Tacker's approach is reasonable. He said that the diverse approaches amongst the Member Agencies are sufficient to move to a uniform billing approach. Director Ferrara would like to have an actual cost of doing the billing in-house

funds.

B. FY 2012-13 FIRST QUARTER BUDGET REVIEW AND RESOLUTION NO. 2012-301 AMENDING THE BUDGET

Administrator Wallace presented the Budget Amendment Request for the first quarter Fiscal Year 2012-13 Budget which recommended budget amendments and adoption of Resolution No. 2012-301.

Vice Chairman Guerrero stated his wish to categorize litigation costs for the ACL process and suggested those litigation costs be separated. Administrator Wallace recommended that this be completed in January when there will be a full reconciliation of the legal fees and when more is known about the District's insurance coverage for those fees.

Administrator Wallace suggested amending this Resolution to add another "Whereas" statement. "Whereas the legal expenses attributable to the ACL/NOV and the anticipated reconciliation of those legal expenses are to be presented at mid-year budget review".

It was moved by Vice Chairman Guerrero, seconded by Director Ferrara to approve the staff recommendation that the Board adopt Resolution No. 2012-301 A Resolution Amending the FY 2012-2013 Budget at First Quarter, as amended, and on the following roll call vote to wit:

AYES: Vice Chairman Guerrero, Director Ferrara, Chairman Nicolls

NOES: None

ABSENT: None

The foregoing resolution was passed and adopted the 20th day of November 2012.

C. ALTERNATIVE METHODS FOR DISTRICT SERVICE CHARGE BILLING

Administrator Wallace presented four alternative methods for District service charge billing to make District billing services easier and less expensive. Discussions with the Member Agencies have led to a more comprehensive review of alternative billing methods. A field review of the business and residences within the District has been completed to make sure that the billings were capturing all of the correct charges. This then led to discussions of how the Member Agencies were providing the monies collected for all categories of uses. This in turn led to Staff working with the Member Agencies to look at programming changes to the billing systems so that those systems could provide monthly reports to the District. Administrator Wallace said that this is virtually impossible and has to do with the limitations of the member agencies accounting/billing software. This led to further discussions of what are better alternatives for billing. After receiving feedback on the four alternative methods, the next step would be to meet with all of the managers of the Member Agencies

Director Ferrara asked for clarification regarding the need for a Proposition 218 vote to place the District billings on the County property tax roll. Counsel Seitz said that it would

not be a Prop 218 vote unless the District were to increase the rates. There would however be the need for an annual public hearing though with the District billings on the County tax roll. Vice Chairman Guerrero asked about the charge to place the District billing on the tax roll. Administrator Wallace said that the property owners would absorb the \$2 charge per property under the Teeter Plan.

Under public comment, Ms. Julie Tacker said that she would lean towards placing the billings on the tax roll. Ms. Tacker voiced her disapproval of the handling of the billing negotiations by Mr. Tom Geaslen, General Manager of OCSD.

Ms. Mary Lucey said that she was the director from OCSD who had pushed Mr. Geaslen to have the Sanitation District start paying more.

D. SPILL PALLET PURCHASE

Plant Superintendent Barlogio said that the spill pallets provide spill containment for the 275-gallon totes to keep any leaks from discharging onto the ground. Staff would like to purchase another spill pallet for use as secondary containment on the chlorine tote. The 11 MBI 01 account is short \$375 to make this purchase so it is recommended that the difference be financed from account 19-8030 Equipment Maintenance – Regular and Minor Replacement.

It was moved by Director Ferrara, seconded by Vice Chairman Guerrero, to approve the staff recommendation that the Board approve the purchase of an IBC Spill Pallet from Chemsearch in the amount of \$1,589.19. Motion carried unanimously.

E. PURCHASE OF A PORTABLE GENERATOR

Plant Superintendent Barlogio said that there is only one generator at the Plant which is trailer mounted. He said that it would be good to have a portable generator which Staff could move around when needed to power the chlorine and bisulfite pumps during a power outage.

It was moved by Vice Chairman Guerrero, seconded by Director Ferrara, to approve the staff recommendation that the Board approve the purchase of a portable generator from Jack's Repair and Sales in the amount of \$1,652.35. Motion carried unanimously.

6. MISCELLANEOUS ITEMS

A. Miscellaneous Oral Communications

Administrator Wallace informed the Board that the next CASA conference will be in January.

B. Miscellaneous Written Communications

Administrator Wallace said that Counsel Seitz had furnished a copy of the letter to the Board which was sent to SDRMA regarding the coverage of the District's litigation costs

Director Ferrara said that he would like to look at the Plan's flood mitigation. The Plan focuses on the flood mitigation which the District has done on-site. Director Ferrara would like to put in another objective which focuses on what the County needs to do off-site with regards to flood mitigation. Counsel Seitz suggested that it be put in as an agenda item for the next meeting.

Under public comment, Mr. Jeff Edwards requested a copy of the letter to the County. Counsel Seitz replied that this was not an agenda item so no action could be taken.

It was moved by Vice Chairman Guerrero, seconded by Director Ferrara, to table this Item 5B until the next meeting. Motion carried unanimously.

C. PREPARATIONS FOR THE 2012-13 STORM SEASON

Administrator Wallace spoke about the preparations for the next storm season and some of the things learned from past efforts. Administrator Wallace said that Staff has substantially improved both the Plant's performance as well Staff's preparation for these efforts. A list of these preparations is included in the Staff report.

Administrator Wallace mentioned that the District is now engaged in mutual aid agreements with CalWARN and the Public Works Mutual Aid Agreement which would allow the District to draw resources from other areas.

Staff is also asking that the District sponsor a public tour specifically for the property owners in the lagoon area to view the improvements which have been made and to answer any of their questions. Some of those residents have expressed their desire to help in coordinating this tour.

Vice Chairman Guerrero asked about the power glitch over the weekend. Administrator Wallace replied that there was a fault in the control system for the headworks. Shift Supervisor Trini Rodriguez responded quickly, called the on-call electrician and made the repair.

Under public comment, Mr. Jeff Edwards spoke about global warming and the culpability of the County in the flooding of the Plant.

Mr. Tom Geaslen, General Manager of the OCSO, spoke about how the Member Agencies have been proactive in their support of the Sanitation District. Director Ferrara asked Mr. Geaslen about the OCSO's emergency response plan. Mr. Geaslen replied that the OCSO is under the County's plan.

Ms. Mary Lucey spoke about how Homeland Security has emergency preparedness samples for different municipalities.

D. ALTERNATIVES FOR DISTRICT SERVICE CHARGE BILLINGS

Administrator Wallace said that the Board had directed Staff to work with the managers of the Member Agencies to see if they could arrive at a mutual methodology to best provide for the Member Agencies' handling of the Sanitation District's service charges. Administrator Wallace reported that there was a good meeting with the agencies' managers and their administrative/financial staff attending. The different methods were considered and the pros and cons of each were discussed. There was no immediate decision reached on what might be the best method, but there was agreement to move

ahead with additional discussion. The managers of the Member Agencies will continue to meet to discuss possible alternatives.

Under public comment, Mr. Jeff Edwards asked about the cost of this effort.

6. MISCELLANEOUS ITEMS

a. Miscellaneous Oral Communications

Administrator Wallace said there are training sessions coming up with the CSDA that are available to Board members and Staff. Administrator Wallace also said that a California Association of Sanitation Agencies (CASA) conference is coming up in January.

b. Miscellaneous Written Communications

7. PUBLIC COMMENT ON CLOSED SESSION

There were no public comments.

8. CLOSED SESSION

- (1) Conference with Legal Counsel regarding existing litigation pursuant to Government Code Section 54956.9; Mascolo v. SSLOCSD et al. CV110676 Central Coast RWQCB vs. SSLOCSD et al. ACLC No. R3-2012-0030
- (2) Conference with Legal Counsel regarding potential litigation pursuant to Government Code Section 54956.9 subdivision b; 1 case
- (3) Performance Evaluation of the District Administrator pursuant to Government Code Section 54597.

9. RETURN TO OPEN SESSION; REPORT ON CLOSED SESSION

District Counsel Seitz stated that the Board had discussed these items but there was no reportable action.

10. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at approximately 8:00 p.m.

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



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March 22, 2013

Mr. Tom Geaslen, General Manager
Oceano Community Services District
P.O. Box 599
Oceano, CA 93475

Re: OCSD Billing Service Fee

Dear Mr. Geaslen:

I appreciated having the informal discussion with you this past Wednesday afternoon about additional billing service fees owed to the Ocean Community Services District. I am aware that historically the District has only paid \$4,930 per year to OCSD for its billing service, and I understand your concerns that this has not been a fair arrangement to OCSD.

Upon receiving the billing statement dated March 18, 2013, however, I am led to believe that this is an in-depth issue which you and I were only able to touch upon during our informal discussion. I do appreciate your inclusion of the billing details to accompany the billing statement. Nevertheless, I think that the process of examining these details may take some additional time.

I believe that it would be in the best interests of both of our respective districts to reach a fair and equitable billing service fee. It is my understanding that there had been some previous headway made towards reaching this goal and that a consistent manner for applying billing service fees had been developed by the managers of the District's Member Agencies working with the District's former District Administrator.

I would like to assure you that resolving this issue is a priority. Towards that end, I would like to arrange a meeting to promote further discussion of the issue. Once you and

I have reached agreement on a fair and equitable way of billing the District for the billing service which OCSD provides, I will bring a recommendation before my Board for review. Please feel free to contact me at (805) 234-0731 or at pjkarp49@gmail.com.

Very truly yours,

Paul J. Karp
Interim General Manager
South San Luis Obispo County Sanitation District



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Staff Report

To: Board of Directors

From: Richard G. Sweet, PE, District Manager

Date: August 19, 2015

Subject: DISTRICT BILLING OPTIONS

RECOMMENDATION

That the Board review billing options for collecting sewer fees from District customers within the Oceano Community Services District.

BACKGROUND

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

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

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

On July 10, 2015 the District received correspondence from the OCSD indicating that lacking an agreement between the District and the OCSD for billing processing and collection, the OCSD would no longer be able to provide these services on behalf of the District. The OCSD offered to continue these services at the rate of \$3,666 per two-month billing period. In addition, the OCSD provided a line item justification for the amount charged. To facilitate implementation of billing services prior to the critical date of August 1st (the date of the start of the next billing cycle) and to avoid the loss of funds

to the District, the OCSD offered to hold a special meeting on July 17, 2015 to act on a proposed agreement with the District.

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

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

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

At the August 5, 2015 Board meeting The Board expressed its displeasure with the decision of the OCSD and directed that options for billing the District's customers that reside in OCSD be presented at the August 19, 2015 Board meeting. The Board also directed that post cards be mailed to District customers that reside within the OCSD. The following language was crafted for distribution in a post card mailing that will occur later this week or early next week.

The South San Luis Obispo County Sanitation District ("District") is the County Sanitation District authorized to provide wastewater services pursuant to the County Sanitation District Act (Health & Saf. Code section 4700 et seq.) and to bill its customers for those services. (Health & Saf. Code §§ 4741.7, 5471.) The District is in the process of modifying its billing procedures for the period commencing on August 1, 2015. Accordingly, the next bill you receive may include more than one month of services. If you have any questions please contact Amy Simpson at (805) 489-6666.

DISCUSSION

Three primary options have been evaluated. They are:

- The District assumes the duties of all billing functions
- The District places the cost of sewer services on the County property tax rolls
- The District utilizes the services of the member agencies for all billing functions

District Assumes Duties of All Billing Functions

The goal of defining a billing system is to attempt to develop a scenario where essential billings functions are maintained and there are as little as possible additional District personnel resources assigned to the billing effort. There are three primary functions that constitute a billing system. These are:

- **Operating the customer database.** This involves recording billing receipts keeping customer records, defining delinquent accounts, maintaining change of account information, maintaining account balances and responding to customer questions. The operator of the database will be responsible for owning, operating and maintaining the software required for this service. In addition, online billing is available with an additional service fee per transaction.
- **Distribution of customer billing and delinquency notices.** This entails receiving information from the customer database and creating billing and delinquency notices with detachable return receipts and bar codes. Return envelopes are included in this service. This service also includes cost of mailing.
- **Assembling payments, distributing receipts and coordinating information with customer database.** Payments will be sent to a post office box and collected daily. The payments will then be assigned to a customer account. Records of payment will be transmitted to the customer database operator. Total receipts collected will be electronically transmitted to a District account.

The District plant is defined as a secure facility within the Federal Homeland Security Act. Therefore the general public is not allowed to access the District facility. This prohibits such services as paying for bills by cash in person, working with a District employee face to face to resolve a billing issue and changing service information in person. It is assumed that District staff will be required to respond to a significantly greater volume of phone calls to resolve billing issues.

If the District Board immediately directs staff to proceed without further review, the billing system can be in place by October 1, 2015.

The estimated costs reflect a two-month billing cycle. The estimated costs have been derived from estimates provided from vendors that specialize in each of the three services. Because effective electronic data coordination is essential to creating an operating billing system, estimates from vendors who have a history of coordinating with each other have been utilized. These costs do not include the addition of any additional District personnel resources that may be required to offset additional issues.

Service/Cost	Annual Cost	Bi-Monthly Cost
Customer Database	\$11,000	\$1,833.33
Distribution of Billing	\$13,200	\$2,200.00
Assembling Payments	\$ 4,800	\$ 800.00
Total	\$29,000	\$4,833.00

The District Places the Cost of Sewer Services on the County Property Tax Rolls

The District may also opt to collect sanitation charges on the county tax roll.¹ In exchange for providing this service, the County places a \$2.00 charge on the tax bill for each identified parcel. Depending on the state of the District's records, the County estimates that this process could take between 3-4 months. The deadline to comply with all requirements and submit the required report to the County Auditor in order to put the District's sanitation charges on the 2015/2016 fiscal year tax roll was August 10, 2015. In order to meet this deadline, the District would have had to begin this process in early May of this year.²

The following section provides an overview of the various statutory and County-specific requirements and deadlines the District must comply with in order to add sanitation charges to the County tax roll:

- **Adoption of Ordinance.** The first step is for the District to adopt an ordinance electing to collect its sanitation charges on the county tax roll.
- **Submit Request for New Fund Numbers to County Auditor's Office by Mid-June.** All new direct charges require the creation of a new fund in the property tax system. Therefore, the District must submit a request to the County to create a new fund before it is authorized to submit any direct charges. The District's request must be accompanied by the approved ordinance electing to have the District's charges be collected on the county tax roll. Although June 15 is the deadline for submittal of requests for new funds, the County requests submissions by the end of April in order to ensure that the County has sufficient advance notice to perform all of the necessary steps prior to any charges being added to the tax bill.
- **Prepare Report Identifying Parcels and Charges.** The District must prepare a report that contains a description of each parcel of real property (i.e., the APN number) and the amount of the charge for each parcel. This Report must be filed with the District's clerk.
- **Notice of Filing of Report and of Time and Place of Public Hearing.** Before the District may have sanitation charges collected on the County tax roll for the first time, the District must mail a notice to each owner of a parcel identified in the

¹ The District can also elect to add delinquent charges to the county tax roll. Therefore, the District may want to consider adding any delinquent charges to the county tax roll when and if it decides to pursue this option next year.

² Staff was not directed to research billing options until the District's Board Meeting on July 1, 2015.

Report. The notice must state that the Report has been filed and also provide information on the time and place of the public hearing to consider adoption of the Report. The District must also provide notice of the filing of the Report and of the time and place of the public hearing pursuant to Section 6066 of the Government Code.

- **Public Hearing on Report.** The District must hold a public hearing to consider whether to adopt the Report and to hear all objections and protests. The District cannot adopt the Report if it finds that a majority of the owners of the individual parcels of property described in the Report have submitted protests. If the majority threshold is not reached, the District may vote to adopt the Report.
- **Submission of Approved Report to County by mid-July.** The District must submit the adopted Report to the County Auditor by mid-July together with a resolution adopted at the public hearing. Submission by this date allows both the County and the District to ensure that everything is correct and in place by the August 10 statutory deadline.
- **Finalize all Charges to be Collected on County Tax Roll by August 10.** By August 10 of each year, the District must finalize all charges to be placed on the County tax roll. Any changes after this date may not be possible, and if they are, result in a \$36.00 per change charge.

District staff has been communicating with the County Auditor's office regarding these various steps and requirements. During these communications, the County Auditor's office provided us with names of consultants that specialize in placing local agency's service charges on county tax rolls across California. Pursuant to this, we have begun speaking with NBS Consulting, who has provided us with an estimated budget. NBS has stated that it would cost approximately \$10,000.00 for a one-time set up fee to assist with getting everything in place. There would then be a \$3,500.00 annual maintenance fee to place the charges on the county tax roll. These tasks would be completed in time to put the District's sanitation charges on the County's tax roll for the 2016/2017 fiscal year.

The District Utilizes the Services of the Member Agencies for All Billing Functions

The OCSD has offered to perform complete billing services for the District for \$22,000 annually or \$3,666 per two-month billing cycle. Recent discussions with OCSD indicate that the OCSD would consider offering the District the added service of collecting connection fees for new connections. Collecting new connection fees for new services in the OCSD is a service that would be very beneficial to the District. The OCSD would also consider including the missed charges due on the August 1st billing in the October billing for the same two-month billing charge of \$3,666.

Implementation Discussion

The total annual cost to the District for collecting the sewer fees through the property tax is the annual set up charge of \$3,500. This compares to the present total annual



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Staff Report

To: Board of Directors

From: Richard G. Sweet, PE, District Manager

Date: July 15, 2015

Subject: **SHORT TERM AGREEMENT WITH OCEANO COMMUNITY SERVICES DISTRICT (OCSD) FOR BILLING AND COLLECTION SERVICES**

RECOMMENDATION

That the Board approves a short-term agreement with the Oceano Community Services District (OCSD) for billing and collection services.

BACKGROUND

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

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

At the July 1, 2015 Board Meeting, the Board considered options for billing services during the period in which negotiations with member agencies are underway in order to ensure that the District would continue to receive revenue from customer's historically billed by OCSD. The Board authorized District Legal Counsel to begin investigation and analysis of all legally feasible options for customer billing but to make no commitments in the interim period (copy of staff report attached).

On July 10, 2015 the District received correspondence from the OCSD indicating that, lacking an agreement between the District and the OCSD for billing processing and

collection, the OCSD would no longer be able to provide these services on behalf of the District (copy of letter attached). The OCSD offered to continue these services at the rate of \$3,666.00 per two-month billing period. In addition, as requested by the Board, the OCSD provided a line item justification for the amount charged. To facilitate implementation of billing services prior to the critical date of August 1 (the date of the start of the next billing cycle) and to avoid the loss of funds to the District, the OCSD is willing to hold a special meeting on July 17, 2015 to act on a proposed agreement with the District.

DISCUSSION

In response to the letter from the OCSD, District Counsel has drafted an agreement (copy attached) that:

- Requires the OCSD to participate in negotiations with the District and the other member agencies to negotiate terms of an agreement to define standards, practices and costs to provide billing services.
- Limits the term of the agreement to two months.
- Provides a 30-day termination notice.
- Compensates the OCSD at the justified amount proposed.

The District receives approximately \$3 million in annual revenue from the member agencies for regional collection and treatment of wastewater. Of that \$3 million in annual revenue, approximately \$500,000 is derived from customers residing within the OCSD. Revenues collected are utilized for operations, capital replacement and future capital projects. There are no reserve funds and all funds are programmed for eventual expenditure. It is therefore important that all anticipated funds be collected to offset the costs of the District and to fund the District's adopted budget. For instance, if the District chooses to not collect from the OCSD for a two-month period the resulting loss in revenue would be approximately \$84,000. This \$84,000 would need to be replaced by billing the entirety of the District's customers. This would result in an additional eventual charge to each customer of \$6.00.

Options

1. Decline to approve the short-term agreement for billing services with the OCSD.

Richard G. Sweet, PE
District Manager

Attachment: Staff Report from June 17, 2015 Board Meeting
Staff Report from July 1, 2015 Board Meeting
Letter from OCSD dated July 10, 2015
Proposed Short-Term Agreement for Billing Services Between OCSD and District



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Staff Report

To: Board of Directors

From: Richard Sweet, PE, District Manager

Date: June 17, 2015

Subject: **MEMBER AGENCY PAYMENTS FOR BILLING SERVICES;
AGREEMENT WITH OCEANO COMMUNITY SERVICES DISTRICT
(OCSD); REQUEST TO AUTHORIZE PAYMENTS TO MEMBER
AGENCIES; REQUEST TO ENGAGE IN DISCUSSIONS WITH
MEMBER AGENCIES**

RECOMMENDATION:

1. That the Board review the history and status of Member Agency payments for Billing Services;
2. Approve executing the proposed agreement with the OCSD revising the term of the agreement to ninety days;
3. Approve payments to the member agencies in amounts billed to the District for the 2014-15 fiscal year;
4. And direct the District Manager to engage in discussions with the Member Agencies to define standards, practices and costs to provide billing services and to develop agreements with each member agency for provision of billing services.

BACKGROUND:

The agencies that presently form the District are the Oceano Community Services District (OCSD) and the Cities of Arroyo Grande and Grover Beach. These agencies will be referred to as the member agencies (MA's). For many years the MA's have billed their customers for the wastewater treatment and conveyance services that the District provides. The District has compensated the MA's for this service. In 2012, there were discussions between the OCSD and the District regarding the amount that the District compensated the OCSD for these services. Attached, please find an October, 2012 staff report that discusses the situation at that time.

Apparently there were subsequent discussions with MA's that resulted in a change in requested payments by MA's for billing services. The District cannot locate any agreements with MA's that document the terms of these payments. Below is a table that provides a history of the payments to MA's.

Year/Agency	Arroyo Grande	Grover Beach	OCSD
2009-10	\$13,278	\$2,259	\$4,930
2010-11	\$12,813	\$2,262	\$4,930
2011-12	\$12,497	\$4,000	\$4,930
2012-13	\$12,316	\$9,000	\$4,930
2013-14	\$12,097	\$20,000	\$22,000
2014-15	\$12,030	\$20,000	\$22,000

Payments identified in the 2014-15 fiscal year (FY) for City of Grover Beach and OCSD represent total requested payments. Payment to OCSD for the second half of the 2014-15 FY (\$11,000) has been requested by OCSD but has not been authorized by the Board. The bill from Grover Beach for the 2014-15 FY has not yet been received but is anticipated in the amount noted (\$20,000).

Payments to the MA's are accomplished in two different ways. The City of Grover Beach and OCSD submit bills to the District. The District subsequently processes the bills through the normal process of placing the bills on the warrant register for Board approval. The City of Arroyo Grande withholds their payments from revenues received.

The projected annual revenue received from each of the MA's and the approximate number of services is listed below.

Agency	Arroyo Grande	Grover Beach	OCSD
Services	6,500	4,800	2,500
Projected Revenue	\$1,440,500	\$1,050,000	\$500,000

At the District Board meeting of June 3, 2015, the Board considered a request for payment from the OCSD for the second half of the 2014-15 FY for \$11,000 and declined to authorize payment of this amount prior to substantiation of the request.

At the OCSD Board meeting of June 10, 2015, the OCSD acted on a proposed agreement, copy attached with cover letter, with the SSLOCSD that requires that the SSLOCSD pay the OCSD the pending \$11,000 and continue to pay the OCSD an annual fee of \$22,000 for billing of the OCSD's customers. Failure to execute the agreement will result in the OCSD failing to continue to bill the SSLOCSD customers after July 1, 2015.

DISCUSSION:

The recent history of how the payments are established to each MA is unclear. The City of Grover Beach has shared the method that they utilized to determine the cost to the District. This method is attached. The method is identified as, "Used by Arroyo Grande." There are no agreements between the District and the MA's identifying payments, methods or terms by which each party performs. Development of

agreements would require a negotiation process. It is anticipated that this process would take, at least, ninety days.

Given that the OCSD has presented the District with an agreement whereby the terms require the District to pay the present OCSD balance of \$11,000 and enter into a year long contract to continue to bill and collect revenue for the District, there is an immediate need to reach a conclusion on this issue to continue to collect revenue. The approximate monthly revenue that can be anticipated from the OCSD is \$42,000 (1.25% of projected annual District revenue). To maintain the revenue stream and provide ample time to develop a mutually acceptable agreement it may be possible to execute the proposed agreement for a period of ninety days. The OCSD has stressed that for consideration of any such counter offer, the District must pay the present due amount of \$11,000.

Options

1. The District decline to pay pending and anticipated bills from the OCSD, and Grover Beach for billing service for the 2014-15 fiscal year and negotiate terms of an agreement for billing services. This may reduce the District's revenue stream.
2. That the District decline to pay pending bills from the OCSD, decline to enter into the proposed agreement from the OCSD and negotiate terms of an agreement for billing services. This may reduce the District's revenue stream.
3. The District negotiates short-term agreements with MA's and evaluates and subsequently pursues an alternate billing method such as collection through property tax.

Richard G. Sweet, PE
District Manager

Attachments: October 2012 Staff Report
Cover Letter an Proposed Agreement from OCSD
Analysis of Sanitation District Costs from Grover Beach



SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

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Staff Report

To: Board of Directors

From: Richard Sweet, PE, District Manager

Date: July 1, 2015

Subject: **CONSIDERATION OF INTERIM OPTIONS REGARDING OCSD'S
REQUESTED PAYMENT OF DISTRICT CUSTOMER BILLING
SERVICES RENDERED FOR THE PERIOD COMMENCING JULY
1, 2015**

RECOMMENDATION:

Staff recommends that the Board consider the options set forth in this staff report and direct staff how to proceed.

BACKGROUND:

At the Board meeting of June 17, 2015, staff presented the Board with background on the District's payments to member agencies for billing services. As stated in the staff report for that meeting, for many years the District's member agencies (Oceano Community Services District (OCSD) and the Cities of Arroyo Grande and Grover Beach) have billed their customers for the wastewater treatment and conveyance services that the District provides. In return, the District has compensated the member agencies for this service. Since 2013, the District has paid approximately \$12,000/year to the City of Arroyo Grande, \$20,000/year to the City of Grover Beach, and \$22,000/year to OCSD for these services. The per customer rate for each member is different.

At the Board meeting of June 17, 2015, the Board directed staff to negotiate with member agencies in order to develop a written agreement outlining the billing fees and costs going forward.

This item—consideration of interim options—has been placed on the July 1, 2015 agenda based on the Board's direction at the June 17, 2015 Board Meeting and staff's subsequent discussions with OCSD's general counsel regarding billing services beginning July 1, 2015. The urgency of this item is that OCSD has requested that the

District agree to reimburse OCSD for its billing services commencing July 1, 2015. The July 1 Board Meeting provides the only opportunity to timely address this issue.

DISCUSSION:

Acknowledging the importance of this issue to the District, staff has split discussion and consideration of member agency billing into two separate phases.

Phase 1

The first phase, which will be presented at the July 1, 2015 Board meeting, will consider interim options for reimbursement for billing services undertaken during the period between July 1, 2015 and execution of a written agreement with each of the member agencies providing service. These options include:

Option 1: Authorize the District Manager to enter into a letter agreement with all three (3) members that the District will continue to pay each member at the member's current annual rate, pro-rated monthly for the period July 1 – August 31, 2015. For OCSD, the pro-rated amount for the two-month period would be approximately \$3,666.00. If an agreement is reached among the parties by August 31, 2015, the agreement may provide that the agreed-upon rate would apply retroactively to July 1, 2015. OCSD's legal counsel has expressed that OCSD would be willing to continue billing the District's customers under this arrangement.

Option 2: Authorize the District Manager to set aside a reasonable amount of funds in a District reserve account to pay for the costs of all customer billing services provided by the members to the District for the period beginning July 1, 2015 and until such time as a long-term agreement is negotiated with the member agencies or an alternative method of billing is established. This option would require a future agreement between the District and the billing parties regarding the rate to be applied for the period beginning July 1, 2015. It is unknown whether OCSD would support this option.

Option 3: Investigate all legally feasible options for billing services beginning July 1, 2015, but make no commitments for the interim period. Under this option, the District would proceed without considering how to pay for billing services rendered by member agencies in the case that a negotiated agreement is not reached. This option risks OCSD refusing to provide continued billing services for the period beginning July 1, 2015 without the District's commitment to pay OCSD for services rendered.

Phase 2

The second phase would involve a broader investigation and analysis of the District's customer billing issue. In order to prepare for this discussion, district counsel has begun researching the District's various options for collecting fees for the District's services, including the possibility of having the County collect the District's fees on the property tax rolls, and negotiating an agreement with all member agencies. These options, among others, will be presented to the Board at a later Board meeting.

Options

1. Authorize the District Manager to enter into a letter agreement with all three (3) member agencies to continue paying each agency at the current rate for the interim period of July 1, 2015 -- September 1, 2015. In the event a long-term agreement with the three agencies is achieved prior to September 1, 2015, the agreement may provide for an alternative payment for the interim period.
2. Authorize the District Manager to set aside a reasonable amount of funds in a reserve account to pay for the costs of billing services rendered on behalf of the District until such time as a long-term agreement is reached.
3. Begin investigation and analysis of legally feasible options for customer billing, but make no commitments for the interim period.

Richard G. Sweet, PE
District Manager



Oceano Community Services District

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

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

July 10, 2015

South San Luis Obispo Sanitation District ("Sanitation District")
1600 Aloha Pl. / P.O. BOX 339
Oceano, CA 93475
Atten: Richard Sweet

Re: Follow up on Correspondence dated June 10, 2015
Lapse in Offer by Oceano CSD (OCSD) Board of Directors
Consideration of an Offer if tendered by the Sanitation District

Dear Mr. Sweet:

On June 11, 2015, I delivered to you a letter approved by the OCSD Board of Directors (Board) at their meeting of June 10, 2015, which included an offer to continue billing services to the Sanitation District for fiscal year 2015-16. The proposed offer was extended to July 1, 2015 and is now expired. This correspondence is being provided to you with the understanding that your Board provided direction to Sanitation District staff to develop recommendations on how the Sanitation District might perform or otherwise secure billing services.

With the lapse of the OCSD Board's offer and no action by the Sanitation District Board for the OCSD Board to consider, our Board has been informed by legal counsel that OCSD staff lacks authority to continue billing services for the Sanitation District without a written agreement approved by our governing boards.

In order to assist you with development of potential recommendations to your Board, OCSD legal counsel and I met with you and Sanitation District legal counsel on Friday, June 10, 2015. At this meeting, I reviewed the enclosed document with you and your legal counsel. As we all discussed and understood at our meeting, this draft document was prepared less than 24 hours before our meeting because time is of the essence. The next OCSD billing will be sent to customers before the end of this month. Pending action by your Board, the OCSD Board is prepared to hold a special meeting on Friday, June 17, 2015 to consider any offer that your Board might provide.



Oceano Community Services District

Board of Directors Meeting

Without knowledge of what you may recommend to your Board, I affirm that I will continue to recommend that the billing services should be provided in the amount (\$3,666 per billing period) previously negotiated by the general managers who preceded us until such time that a different amount might be agreed upon. The attachment should be considered as a basis to initiate further negotiations. To the extent that your Board provides an agreement and offer, and if approved by the OCSD Board, customers will continue to be billed based on amounts as provided by the Sanitation District pursuant to the Sanitation District's current authorized rate structure.

Please contact me should you have any questions in this regard.

OCEANO COMMUNITY SERVICES DISTRICT

A handwritten signature in dark ink, appearing to read "Paavo Ogren", with a long horizontal stroke extending to the right.

PAAVO OGREN
General Manager

**OCEANO COMMUNITY SERVICES DISTRICT - ADOPTED PRELIMINARY ADMINISTRATIVE BUDGET
EXPENDITURE WORKSHEET & UTILITY BILLING COST ALLOCATIONS
FISCAL YEAR 2015-16**

Operations & Maintenance:		2015-16	Direct Labor - Utility Billing					
Expenditure Accounts 4100		Budget	Account Clerk #1	Account Clerk #2	Sub-Total	Account Clerks	Indirect Labor	Total
Personnel								
010	Wages and Salaries	348,908						
020	Overtime	4,618						
061	PERS	48,321						
	PERS UAL Payment	15,000						
070	SUI (Unemp Ins)	3,038						
071	Medicare Employer Portion	5,127						
072	FICA	0						
075	State Compensation Ins	10,421						
080	Sick Allowance	750						
090	Employee Insurances	38,400						
097	Cell Phone Allowance	900						
098	Moving Expense	0						
099	Auto Allowance	0						
Total Personnel Cost		\$ 475,483	\$ 66,936	\$ 50,289	\$ 117,225		\$ 358,258	\$ 475,483
Time Allocable to Utility Billing			80%	10%				
Allocable Direct Labor			\$ 53,549	\$ 5,029	\$ 58,578		\$ 416,905	\$ 475,483
Percentages of Total Labor					12.3%		87.7%	100.0%
12% Allocable Indirect Labor							\$ 51,361	
Services and Supplies			Direct Expenses	Undistributed	Excluded	Net Allocable		
			Utility Billing	Expenses	Expenses	Overhead	Expenses	Total
110	Communications & Dispatch	\$ 5,000		\$ 5,000		\$ 5,000		\$ 5,000
150	Insurance (100% in Admin, then allocated, in 2015-16)	22,500		22,500		22,500		22,500
163	Maint: Wtr/Sewer Struc			0		0		-
170	Maint: Equipment	3,500		3,500		3,500		3,500
173	Maint: Structures	10,000		10,000		10,000		10,000
183	Memberships	5,500		5,500		5,500		5,500
190+191	Over and Short - misc	200		200		200		200
193	Bank Fees	2,000		2,000		2,000		2,000
200	Office Expense	6,000		6,000		6,000		6,000
205	Outside US Mailing Expense	7,500	7,500	0		0		7,500
210	Postage	1,500		1,500		1,500		1,500
217	Contract Accounting	0		0		0		-
218	Audit - Estimate (not in contract)	19,500		19,500		19,500		19,500
220	Professional Services	17,500		17,500		17,500		17,500
221	Information Technology	5,000		5,000		5,000		5,000
222	Contract Engineering	0		0		0		-
223	Legal Services	72,000	500	71,500	71,500	0		72,000
224	Annual Software Maint.	12,500	3,500	9,000		9,000		12,500
225	Board Member Stipends	18,000		18,000		18,000		18,000
230	Legal Notices	2,000		2,000		2,000		2,000
235	Books/Journals/Subsc	1,500		1,500		1,500		1,500
241	Rentals/Leases: Equip	3,000		3,000		3,000		3,000
247	LAPCO 15-16 charged to Admin then allocated	15,000		15,000	15,000	0		15,000
248	Air Pollution Control District Permits Licenses and Fees	1,000		1,000	1,000	0		1,000
260	Special Dist Exp Elections Expense	5,000		5,000	5,000	0		5,000
280	Private Vehicle Mileage	500		500		500		500
285	Courses/Seminars	5,000		5,000		5,000		5,000
286	Board Member Travel/Expense	1,500		1,500	1,500	0		1,500
290	Utilities	8,500		8,500		8,500		8,500
	Contingency							-
Total Services and Supplies		\$ 251,200	\$ 11,500	\$ 239,700	\$ 94,000	\$ 145,700		\$ 251,200
Direct Expenditures			\$ 11,500					4.58%
12.3% Allocation of Indirect Expenditures						\$ 17,950		7.15%
							Total	11.7%
			Excluding	Including Indirect				
			Indirect Labor	Labor				
Total Allocable Utility Billing Expenditures			\$ 88,027.39	\$ 139,368.54				
Divide by Two Agencies			\$ 44,013.69	\$ 69,684.27				
Divide by Three Services (OCSD Water, OCSD Sewer, San Dist Sewer)			\$ 29,342.46	\$ 46,462.85				
Divide by Four (50% OCSD Water, 25% OCSD Sewer, 25% San Dist Sewer)			\$ 22,009.85	\$ 34,847.13				
Divide by Four Functions, except a/c 205 (Two Agencies)			\$ 23,881.85	\$ 36,722.13				

All Options "Exclude" any amortization of Utility Billing Software or Hardware
All Options "Exclude" any salary increases that may result from current Union MOU negotiations

SHORT-TERM AGREEMENT FOR BILLING SERVICES

THIS SHORT-TERM AGREEMENT FOR BILLING SERVICES (“Agreement”) is made and effective as of the ____ of July, 2015 (“**Effective Date**”) by and between the SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT, a county sanitation district (“**SSLOCSD**”), and OCEANO COMMUNITY SERVICES DISTRICT, a community services district (“**OCSD**”) (collectively, the “**Parties**”) at Arroyo Grande, California.

WHEREAS, OCSD has provided bi-monthly customer billing services (“**Billing Services**”) to SSLOCSD rate payers within its jurisdiction for many years; and

WHEREAS, SSLOCSD desires that OCSD continue to provide these Billing Services on a short-term basis; and

WHEREAS, OCSD agrees to provide continued Billing Services to SSLOCSD as provided in this Agreement; and

WHEREAS, in good faith, the Parties agree to participate in negotiations with SSLOCSD and the other member agencies to negotiate terms of a long-term agreement to define standards, practices and costs to provide Billing Services; and

WHEREAS, the Parties understand and agree that Billing Services do not include any ancillary services such as billing for the collection of connection fees or other fees or costs that will be billed and collected directly by SSLOCSD.

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. **INCORPORATION OF RECITALS.**

- 1.1 **Incorporation of Recitals.** SSLOCSD and OCSD agree the foregoing Recitals are true and correct and are hereby incorporated by reference.

2. **SERVICES.**

- 2.1 **Services.** OCSD agrees to continue to bill SSLOCSD customers who are also OCSD customers for the services provided by SSLOCSD to such customers and to remit payment received from the charges billed to SSLOCSD on a bi-monthly basis. It is the intention of the Parties that OCSD services pursuant to this paragraph shall be undertaken in the same manner and method as has been done in the past.
- 2.2 **Limitation on Services.** The Parties agree that Billing Services do not include any ancillary services such as billing for the collection of connection fees or other fees or costs that will be billed and collected directly by SSLOCSD.

3. **TERM.** The initial term of this Agreement shall begin on the Effective Date and shall continue until and including August 31, 2015 (“**Initial Term**”) and shall renew automatically for successive two (2) month terms (“**Subsequent Term(s)**”), unless terminated by either Party pursuant to Section 5.
4. **COMPENSATION.**
 - 4.1 **Compensation.** SSLOCSD agrees to pay OCSD \$3,666.00 (“**Service Fee**”) on the following payment schedule. For the Initial Term, SSLOCSD shall pay OCSD \$3,666.00 on the Effective Date of this Agreement. For each Subsequent Term, SSLOCSD shall pay OCSD \$3,666.00 on the first day of each Subsequent Term. OCSD shall provide SSLOCSD with an invoice for the Service Fee at least fifteen (15) days before each payment is due.
5. **TERMINATION.**
 - 5.1 **Termination Without Cause.** Either party may terminate this Agreement, for any or no reason, upon thirty (30) days written notice to the other party as provided in Section 7.2. In the event of a termination, the date of termination shall be deemed to be the first business day occurring after the expiration of the notice period.
 - 5.2 **Termination With Cause.** Either party may terminate this Agreement by written notice (as provided in Section 7.2) if the other party commits a material breach of this Agreement and fails to cure such breach within thirty (30) days of receipt of said written notice. In the event of a termination, the date of termination shall be deemed to be the first business day occurring after the expiration of the notice period.
 - 5.3 **Termination Upon Mutual Consent.** This Agreement may also be terminated by mutual consent of the Parties and in accordance with the terms and conditions of any plan of termination established by the Parties. In the event of a termination by mutual consent, the date of termination shall be such date as is agreed upon by the Parties. The Parties may agree to suspend or terminate a portion of this Agreement and such suspension or termination shall not make void or invalidate the remainder of this Agreement.
 - 5.4 **Payment Upon Termination.** In the event this Agreement is terminated pursuant to this Section, OCSD shall reimburse SSLOCSD for the remaining balance already paid for Services through the end of the current term..
6. **FUTURE NEGOTIATIONS.**
 - 7.1 **Agreement to Negotiate in Good Faith.** SSLOCSD and OCSD each agree, in good faith, to participate in negotiations with SSLOCSD and the other member agencies to negotiate terms of a long-term agreement to define standards, practices and costs to provide Billing Services.
7. **GENERAL PROVISIONS.**

- 7.1 **Further Assurances.** SSLOCSD and OCSD each agree to cooperate with one another, to use their best efforts, to act in good faith, and to promptly perform such acts and execute such documents or instruments as are reasonably necessary and proper to consummate the transactions contemplated by this Agreement.
- 7.2 **Notices.** All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given on the date of service if personally served or on the second day after mailing if mailed by first-class mail, registered or certified, return receipt requested, postage prepaid and properly addressed as follows:

SSLOCSD:

Rick Sweet, District Manager
South San Luis Obispo County Sanitation District
P.O. Box 339
Oceano, CA 93475
P: (805) 489-6670
F: (805) 489-2765

OCSD:

Paavo Ogren, General Manager
Oceano Community Services District
1655 Front St.
Oceano, CA 93445
P: (805) 481-6730
F: (805) 481-6836

Any party may change their address for the purpose of this paragraph by giving the other party written notice of the new address in the above manner.

- 7.3 **Waiver.** No waiver of a provision of this Agreement shall constitute a waiver of any other provision, whether or not similar. No waiver shall constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.
- 12.11 **Force Majeure.** Neither SSLOCSD nor OCSD shall be liable for any delays resulting from circumstances or causes beyond its reasonable control, including, without limitation, fire or other casualty, act of God, strike or labor dispute, war or other violence, or any law, order or requirement of any governmental agency or authority.
- 7.12 **Construction of Terms.** All parts of this Agreement shall in all cases be construed according to their plain meaning and shall not be construed in favor or against either of the parties. If any term, provision, covenant or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, in whole or in part, the remainder of this Agreement shall remain in full force and effect and shall not be affected, impaired or invalidated thereby. In the event of any provision shall be adjudged invalid, void or unenforceable, the parties hereto agree to enter into a supplemental agreement to effectuate the intent of the parties and the purposes of this Agreement.

- 7.13 **Controlling Law.** The Parties understand and agree that the laws of the State of California shall govern the rights, obligations, duties and liabilities of the parties to this Agreement and also govern the interpretation of this Agreement, with venue proper only in the County of San Luis Obispo, State of California.
- 7.14 **Authorization.** All officers and individuals executing this and other documents on behalf of the respective Parties hereby certify and warrant that they have the capacity and have been duly authorized to execute said documents on behalf of the entities indicated.
- 7.15 **Entire Agreement.** This Agreement constitutes the entire Agreement between the Parties and supersedes all prior and contemporaneous agreements, representations and understandings of the Parties. This Agreement may be altered, amended or modified only by a supplemental writing executed by the Parties to this Agreement and by no other means. Each party waives any future right to claim, contest, or assert that this Agreement was modified, canceled, superseded, or changed by any oral agreement, course of conduct, waiver or estoppel.
- 7.16 **Counterparts.** This Agreement may be executed in counterparts, each of which shall remain in full force and effect as to each party.
- 7.17 **Severability.** In the event that any term or provision of this Agreement shall be held to be invalid, void or unenforceable, then the remainder of this Agreement shall not be affected, impaired or invalidated, and each such term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

IN WITNESS WHEREOF, the parties have executed this Agreement at the place and as of the date first written above.

"SSLOCSO"
South San Luis Obispo County Sanitation District

"OCSO"
Oceano Community Services District

By: _____
Rick Sweet, District Manager

By: _____
Paavo Ogren, General Manager

APPROVED AS TO FORM:
South San Luis Obispo County Sanitation District

APPROVED AS TO FORM:
Oceano Community Services District

By: _____
Jena Shoaf, on behalf of
Brownstein Hyatt Farber Schreck, LLP
Acting as Legal Counsel for SSLOCSO

By: _____
Jeff Minnery, legal counsel



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

Date: October 21, 2015

Subject: Agency Billing Options

Recommendation

Staff recommends that the Board direct Staff (1) to begin the process of joining the SLO County tax roll for long term billing services and (2) to seek temporary billing agreements with each Member Agency for the remainder of this fiscal year.

BACKGROUND

During May of 2015 District Staff noted that there were no contracts for billing services with either of the Members Agencies. Another issue that was brought up at the time was the apparent inequity in the amount being charged by the different Agencies. The Agency with the largest number of connections was charging the Sanitation District much less than the other two Agencies. By contrast, the Member Agency with the least connections was charging the Sanitation District more for billing services than the other two agencies were charging. As a result, the Sanitation District Board of Directors directed Staff to work with the Member Agencies to develop a fair and equitable billing formula that all agencies could agree upon. The Board also directed staff to investigate other billing options. These other billing options were to include private commercial billing services, internal billing options, and the possibility of joining the SLO County tax roll.

Staff did investigate the requirements to join the County tax roll (Attachment A). Staff has also considered the benefits and challenges of being on the tax roll. Staff has learned that joining the tax roll would cost the District around \$10,000 initially and about \$10,000 per year after the initial year. The County will not charge the Sanitation District for billing services. The County will charge the property owners \$2 per parcel per year for billing services. The cost to the Sanitation District is for the gathering and administration of parcel information to be given to the County for billing purposes. This option also guarantees that the Sanitation District is paid on schedule for all parcels. There will be no need for delinquent billing collections services. This option also saves Staff time when compared to the current system of processing payments from

three different agencies six times per year each. The Sanitation District would need to develop a separate arrangement for collecting fees for new connections.

Staff has also worked with the three Member Agencies on developing a mutually agreed upon, fair and equitable formula for billing services. A formula was developed with the interactive efforts of representatives from each agency. As currently written, the Sanitation District would pay an annual amount of \$15,000 to each MA, 57 cents per connection per billing period for each connection. The cost to the Sanitation District if this formula agreement is implemented is around \$90,000 (\$23,550 to OCSD, \$31,400 to the city of Grover Beach, and \$37,200 to the city of Arroyo Grande). This arrangement would include collection of delinquent payments and new connection fees. This agreement would need to be renewed annually. This arrangement is much more costly to the District than the tax roll option and there is a potential for this cost to rise at any future negotiation. The \$15,000 service charge has not been defined. The City of Grover Beach has rejected the most recent formula.

Staff has also investigated the possibility of engaging outside billing agencies. This seems to be the most costly option. Also there are no local companies who provide all of the necessary elements of service. This is by far the least common method used by other sanitation/sanitary Districts for billing based on our research. We have received a proposal from one billing service which exceeds \$100,000 for services for all three agencies. We are awaiting another proposal from a different private billing agency. None of the private billing agencies we have contacted provide collection services for delinquent, unpaid bills.

DISCUSSION

There are four long term billing options for the District. They are the County Tax Roll Option, the Member Agency mutually agreed upon formula option, the private billing agency option, and the internal billing option.

If District financial efficiency is the major consideration, then joining the County Tax Roll would be in the best interest of the Sanitation District. The predicted annual cost to the District of \$10,000 per year would be, by far, the least costly of all options. Currently the Sanitation District budgets \$66,000 per year to pay for billing services. All other billing options appear to be in excess of \$90,000 in costs. Another advantage of the County Tax Roll option is that this would also eliminate any perceptions of inequity with regard to Member Agency billing. This option would also alleviate any possibility of future billing services rate increases since the District is not charged for billing services.

With regard to connection fees, the Sanitation District could continue to pay per new connection as is currently done with the cities of Arroyo Grande and Grover Beach. The Sanitation District could attempt to make a similar arrangement with OCSD.

Another billing services option to consider is a mutually agreed upon formula for billing services developed by the MAs. The advantage to the Sanitation District is that the billing system would remain the same. Delinquent payments would continue to be handled by the Member Agencies. The obvious disadvantage when compared to the County Tax roll option is the expense to the Sanitation District. Also the future rising cost is an issue to consider. Negotiation of billing fees with Member Agencies in the past have required at least five months to resolve. The current negotiation began over five months ago. When

looking forward to possible future contract renegotiations, this challenging history should be considered.

The private billing option and the internal billing options share the same major disadvantages. They are both very expensive when compared to the tax roll option, and both options do not include a way to collect unpaid delinquent fees without using a tax lien.

Staff polled twenty other sanitation/sanitary districts in California. Of the twenty districts polled, 13 use their respective county tax rolls for billing services, six districts billed using internal resources, and only one district used a private billing option. The districts who billed using internal resources used the county tax roll to collect delinquent unpaid fees.

OPTIONS

1. Direct staff to proceed with process of joining the County Tax Roll and to seek short term agreements with the Member Agencies in the interim.
2. Direct Staff to draft a contract agreement based on the mutually agreed upon formula.
3. Direct Staff to seek an agreement with a private billing agency.
4. Direct Staff to continue investigate other options.

- Given the fact that the Oceano Community Services District (OCSO) was unwilling to agree to the fair and equitable fee agreement as voted on and approved by the SSLOCSO Board of Directors; and given the fact that the OCSO does not currently collect fees on behalf of the SSLOCSO; and given the fact that SSLOCSO has no other means to insure timely collection of wastewater treatment service fees from the Oceano Community Services District residents, SSLOCSO's only option is to place the collection of wastewater treatment service fees for Oceano customers on the county tax roll.
- The cities of Arroyo Grande and Grover Beach did agree to the fair and equitable fee agreement as approved by the SSLOCSO Board of Directors. These cities have continued to provide billing services to the SSLOCSO.
- Moving all three agencies to the tax roll at once will present a serious fiscal challenge to the District staff. That challenge being an interruption of cash flow since the County only pays the collected fees two or three times a year.
- The movement to the tax roll will require some property owners to adjust their billing and payment methods.
- The Sanitation District is facing the possibility of paying a 1.1 million dollar fine within the next several months.
- The District may be paying 1.5 million dollars in project design cost within the next 18 months.

Postponing placement of Arroyo Grande and Grover Beach onto the tax roll will give staff the time to implement a phased (and more orderly) approach to placing service fees on the tax roll. If the Board approves, Staff would work with staff from the two cities to extend the current District approved agreement for one additional year. In the interim, Staff could observe SLO County payment methods and procedures. This would also give the property owners and renters in those cooperating communities time to make whatever adjustments necessary.

FISCAL CONSIDERATIONS

The cost to place Oceano CSD customer fees on the tax roll would be approximately \$3,000.

The cost to place all three agencies on the tax roll would be approximately \$15,000.

Under the current agreement the cost to have the City of Arroyo Grande bill customers on behalf of the Sanitation District would be approximately \$25,000.

Under the current agreement the annual cost to have the City of Grover Beach bill customers on behalf of the Sanitation District would be approximately \$22,000

OPTIONS

1. Continue with migration of fees to the tax rolls as previously approved.
2. Modify the existing plan and postpone the placement of the city of Arroyo Grande and the city Grover Beach onto the tax roll.

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 October 21, 2015
6:00 P.M.

1. CALL TO ORDER AND ROLL CALL

Present: Chairman Jim Hill, City of Arroyo Grande; Director John Shoals, City of Grover Beach; Alternate Mary Lucey, Oceano Community Services District;

District Staff in Attendance: John Clemons, Interim District Manager & Plant Superintendent; Jena Shoaf, Interim District Counsel; Amy Simpson, District Bookkeeper/Secretary.

2. PUBLIC COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA

Chairman Hill opened the public comment period.

Julie Tacker gave comment on the Phillips 66 project.

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

3. CONSENT AGENDA

3A. Review and Approval of the Minutes of the October 07, 2015 Meeting

3C. Review and Approval of Warrants

The Consent Agenda was approved unanimously by roll call vote.

4. PLANT SUPERINTENDENT'S REPORT

Plant Superintendent Clemons presented the Plant Superintendent's Report which shows that the average TSS is currently high due to a clogged sludge removal line at the secondary clarifier. The line has been cleared and subsequent TSS test results are in the normal range for this Plant. Mr. Clemons spoke about the maintenance, safety and training, and projects being done by Staff at the Plant.

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

5. BOARD ACTION ON INDIVIDUAL ITEMS:

5A. Rate Study Report from Bartle Wells

Staff recommended that the Board of Directors review the Wastewater Financial Plan and Rate Study and consider directing Staff to proceed with (1)scheduling a Public Hearing on proposed increases to service charges and (2)issuing the appropriate public notice for the hearing.

Alex Handlers from BartleWells Associates gave a Power Point presentation of the Financial Plan & Rate Study. The Board had a discussion and asked questions.

Chairman Hill opened the public comment period.

Beatrice Spencer believes the presentation “gives food for thought when considering the County Tax Role.

John Mack is not in favor of rate hike. He suggests that rate should be based on occupants.

Julie Tacker asked if there is a “Drought Rate” that could be considered. She commented on the Coastal Commission permitting costs. She believes that not all costs have been presented to the Board and that it is premature to enter into 218 Process.

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

Chairman Hill “looks at the mission of the District and it is to provide wastewater treatment to level required of environmental permits. Currently, the Plant is not capable to meet discharge requirements we are looking at in the future. To meet discharge requirements we need to implement the Redundancy Project so that it will be meet discharge requirements. Failing to meet this, means we will have to look at raising rates to pay fines. The potential environmental consequences of not meeting the discharge requirements are unacceptable. The one answer to these unacceptable things, is a rate increase. The discharge permit is not going to require recycling and that cost should not be asked of the rate payers.”

Director Shoals feels people will be distracted in December to participate in the 218 process, but agrees with everything else presented.

Alternate Lucey supports delaying the timeline and wants more facts.

Motion: Director Shoals made a motion to move forward with staff recommendation to schedule a Public Hearing on proposed increases to service charges and issue the appropriate public notice for the hearing for January.

Chairman Hill seconded the motion.

Alex Handlers asked which rates the Board would adopt before publishing the 218.

Motion: Chairman Hill added to the motion giving direction to pursue rates presented in report with SRF financing.

Action: The motion passed by unanimously by roll call vote.

5B. Agency Billing Formula

Staff recommended that the Board direct Staff (1) to begin the process of joining the SLO County tax roll for long term billing services and (2) to seek temporary billing agreements with each Member Agency for the remainder of this fiscal year.

The Board had a discussion.

Chairman Hill opened the public comment period.

Beatrice Spencer, Ron Holt, Debbie Peterson, and John Mack are all in favor of the County Tax Role.

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

Motion: Chairman Hill moved to join the SLO County tax role for long term billing services as recommended in the 1st part of the Staff Recommendation and authorize staff to proceed with setting up the process. Director Shoals seconded the motion.

Action: Approve the process to begin joining the SLO County tax role for long term billing services approved unanimously by roll call vote.

The Board had a discussion on the 2nd part of the staff recommendation to seek temporary billing agreements with each Member Agency for the remainder of the fiscal year.

Motion: Chairman Shoals made a motion to direct staff to seek temporary billing agreements with each Member Agency for the remainder of this fiscal year. Chairman Hill seconded for purpose of discussion.

The motion was modified to include a formula of a base fee of \$15,000+\$0.25 per connection prorated to the end of the year.

Chairman Hill reopened the public comment period.

Director Shoals suggested that the other two agencies use the formula of \$15,000 and \$0.25 per connection. Chairman Hill stated that Arroyo Grande would agree to the same formula.

Alternate Lucey did not feel her Board would agree to this formula. She says that OCSD has justification for charging \$0.57 cents per connection. She will take this formula of \$15,000 +\$0.25 per connection to her Board.

Julie Tacker asked if formula will be prorated.

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

Action: The Board directed staff to seek temporary billing agreements with each Member Agency for the remainder of the fiscal year using a formula of \$15,000 base fee +\$0.25 per connection and this fee will be prorated to the end of the year. Approved 2-1 by roll call vote.

Yes- Shoals

Yes- Hill

No – Lucey

Director Shoals asked about the payment that had been made of \$3,666 to OCSD for billing services. He wants to know if that money needs to be taken back because the District still does not have a contract. Legal Counsel stated that as long as OCSD sends out the billing that was paid for, it is considered a done deal and both the District and OCSD has met their responsibilities.

5C. Recommendation of Agendizing Discussion of settlement in the case of SSLOCSD vs. SWRCB

Motion: Director Shoals made a motion to remove this item from the agenda. Alternate Lucey seconded the motion.

Chairman Hill opened this item to the public.

Julie Tacker, Debbie Peterson, Beatrice Spencer are all in support of putting a discussion of the settlement on a future agenda.

Legal Counsel had advised the Board that deciding whether or not to agendize this item is not in violation of the Brown Act, it opens up a discussion that includes information that may be privileged under Brown Act Closed Session Confidentiality requirement. No member of the Board can disclose any information to the public without prior Board authorization to release confidential information. The fact that she does not have a mute button when the Board has a discussion that may be violation of the Brown Act and that leads to potential liability.

Action: This item was removed from the agenda. Motion passes 2-1 by roll call vote.

Hill – no

Shoals – yes

Lucey - yes

6. MISCELLANEOUS ITEMS

A. Miscellaneous Oral Communications

Alternate Lucey announced a Town Hall meeting at Oceano Train Depot meeting October 27. Sheriff Parkinson will be present.

B. Miscellaneous Written Communications

7. PUBLIC COMMENT ON CLOSED SESSION

Legal Counsel introduced Closed Session.

Chairman Hill asked for public comment.

Julie Tacker gave comment on the State Water Board case.

Chairman Hill closed the public comment period.

8. RETURN TO OPEN SESSION; REPORT ON CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION

Conference with legal counsel regarding existing litigation pursuant to paragraph (1) of subdivision (d) of section 54956.9 of the Government Code (two cases).

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)

South San Luis Obispo County Sanitation District v. Special District Risk Management Authority (County of San Luis Obispo Superior Court) Case Number CV130473

Action: The Board received a report from legal counsel but took no reportable action.

PUBLIC EMPLOYEE APPOINTMENT (pursuant to Gov. Code section 54957(b)(1))

Title: District Legal Counsel

Action: The Board directed staff to negotiate a contract to appoint Wendy Stockton and Gilbert Trujillo had Legal Counsel.

Conference with Legal Counsel regarding Potential Litigation Government Code section 54956.9
(2) Allen DFEH Number 444099-1398508;

Action: This case has been closed by the DFEH.

9. ADJOURNMENT

There being no further business to come before the Board, Chairman Hill adjourned the meeting at approximately 10:15p.m.

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

APPROVED AT THE MEETING OF NOVEMBER 4, 2015



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: November 4, 2015

Subject: Member Agency Billing Contract

RECOMMENDATION

Staff recommends that the Board consider its options for billing services and authorize the acting District Administrator to execute a billing services contract with the Member Agencies according to the formula adopted by the SSLOCSD Board at the meeting of October 21, 2015.

BACKGROUND

During the October 21, 2015 SSLOCSD Board meeting the Board of Directors directed staff to seek a billing agreement with each Member Agency with the cost of billing not to exceed \$15,000 annually plus \$0.25 per account, per bi-monthly billing cycle.

Please note that staff is planning to make available a copy of a generic billing services contract prior to the Board Meeting on November 4.

DISCUSSION

Staff has contacted each member agency with regard to entering into separate but identical billing contracts with the Sanitation District. Sanitation District staff spoke with the City Manager of Grover Beach and the City Manager of Arroyo Grande, who have both agreed to the terms stated above. Under the proposed formula, the District would pay Grover Beach \$22,200 per year (i.e., \$3,700 per two-month billing period) based on 4800 connections. The District would pay Arroyo Grande \$24,750 per year (i.e., \$4,125 per two-month billing period) based on 6,500 connections. The District would pay Oceano Community Services District (OCSD) \$18,000 per year (i.e., \$3,000 per two month billing period) based on 2000 connections. The number of connections for each agency were derived from the recent rate study conducted by Bartle Wells Associates.

In the fiscal year 2014-15 the Sanitation District paid the following amounts to Member Agencies for billing services: Arroyo Grande – \$12,033; Grover Beach - \$20,000; and OCSD - \$22,000. Arroyo Grande and Grover Beach both collected new connection fees on behalf of the Sanitation District.

The Oceano Community Services District (OCSD) has not yet agreed to these terms. During recent discussion of this issue at the October 21 Sanitation District Board meeting the Director representing OCSD stated that she would take the terms of the motion back to the OCSD Board of Directors. Subsequently, the Sanitation District's Interim District Administrator notified the OCSD General Manager of the offered terms via phone call. The OCSD General Manager stated that he would need to present the offer to the OCSD Board of Directors at their first meeting in November. He also noted that the OCSD Board had already passed a motion authorizing a billing charge of \$15,000 annually and \$0.57 per account per 2-month billing period. The total annual cost to the Sanitation District as proposed by the OCSD motion is \$21,840 (i.e., \$3,640 per two-month billing period) based on 2000 connections. Under current practices, billing services by OCSD cost the Sanitation District \$3,666 per billing cycle.

If OCSD cannot come to an agreement with the Sanitation District, the Sanitation District Board can direct staff to directly mail out bills (bi-monthly, quarterly, semi-annually, or annually). Payments would be accepted by check or money order only. The Sanitation District has no mechanism for accepting cash payments. Any unpaid bills or returned checks would be considered delinquent at the end of the fiscal year and submitted to the County Tax Collector for processing (charged to the appropriate parcel). The cost of this scenario would be approximately \$2,000 for each billing (postage and materials). There would be no additional cost for parcel identification since the Sanitation District is already in the process of gathering parcel information for the purpose of joining the tax roll. Collecting and recording payments will require additional staff time and effort and costs. Staff would also need to open a separate bank account in which to deposit checks. Once the checks clear, the funds can be deposited into the District's County account. Staff is still investigating any direct costs associated with actually placing delinquent bills on the tax roll. Staff could have the necessary information to begin this process by the first week in December. Although this not being offered as the only solution, it is the simplest and least expensive solution available to the District in the event that an agreement cannot be executed with OCSD.

At past Board Meeting, staff has presented other options to the Board, including private billing services and long-term internal billing. These options were not pursued as they were deemed too costly for further consideration.

FISCAL CONSIDERATIONS

The District began this fiscal year with \$581,000 budgeted and available for contingencies. These contingency funds are still available and can be applied to the Operations budget in case of an interruption of revenues due to uncollected fees.

OPTIONS

1. Authorize acting District Administrator to enter into billing services contract with Member Agencies.

2. Do not authorize acting District Administrator to enter into billing services contract with Member Agencies and provide further direction to Staff.
3. Direct Staff as to how to proceed regarding uncollected fees from past billing periods.

Best Regards,

John Clemons III
Superintendent/Interim District Administrator

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 November 04, 2015
6:00 P.M.

1. CALL TO ORDER AND ROLL CALL

Present: Chairman Jim Hill, City of Arroyo Grande; Director John Shoals, City of Grover Beach; Alternate Mary Lucey, Oceano Community Services District;

District Staff in Attendance: John Clemons, Interim District Manager & Plant Superintendent; Jena Shoaf, Interim District Counsel; Amy Simpson, District Bookkeeper/Secretary.

2. PUBLIC COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA

Chairman Hill opened the public comment period.

Debbie Peterson asked when the Knudson Report would be presented. Interim District Administrator Clemons responded that he believes it will be ready to be presented in December.

Julie Tacker and Patty Welsh both commented on litigation the District is involved in with the State Water Board and would like it to end. Patty Welsh asked if the District is capable to take the expected flows of El Nino?

Director Shoals clarified that no rate structure has been adopted by the Board for Sanitation Fees as mentioned by Julie Tacker in her comment.

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

3. CONSENT AGENDA

3A. Review and Approval of the Minutes of the October 21, 2015 Meeting

3C. Review and Approval of Warrants

Alternate Lucey asked to correct the spelling of Beatrice Spencer's name, to use consistency in titles for Directors and to change the roll call vote for item 5C to read 2-1.

Julie Tacker, Debbie Peterson, Patricia Price, Patty Welsh all commented on the legal warrants.

Legal Counsel Shoaf announced that the Downey Brand bill is due to filing an amended complaint.

April McLaughlin asked that the cost of Paychex be shown on the Warrant Register.

The Board directed staff to show the cost of Paychex separate from payroll cost on the Warrant Register.

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

Action: The Consent Agenda was approved with amendments to the minutes of October 21, unanimously by roll call vote.

4. PLANT SUPERINTENDENT'S REPORT

Plant Superintendent Clemons presented the Plant Superintendent's Report which shows that the plant numbers remain in regulatory compliance. Mr. Clemons spoke about the maintenance, safety and training, and projects being done by Staff at the Plant.

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

5. BOARD ACTION ON INDIVIDUAL ITEMS:

5A. CONSIDERATION OF CONTRACT WITH PERMANENT DISTRICT LEGAL COUNSEL

Staff recommended the Board authorize the Interim District Administrator to execute a contract with Stockton and Trujillo for District Legal Counsel.

Chairman Hill opened the discussion to the public.

Ron Holt, Julie Tacker, Debbie Peterson and Patty Welsh all commented on this item. They would like to emphasize how important transparency and sharing information with the constituents is to the District.

Mr. Trujillo responded to the comments. He could not identify any current Conflicts of Interest in groundwater litigation. If one should arise, he will identify and rectify. He has an ethical obligation and would notify the Board immediately if he felt there was an issue. In regards to responding to the public, he recommended that all requests should go through the District Administrator to control legal costs. There was a discussion about District Counsel contract. Mr. Trujillo stated for both himself and Mrs. Stockton that he was perfectly willing for the contract to be disclosed in as much as Counsel Shoaf and the Board would be comfortable with. Interim Counsel Shoaf read the highlights of the contract including costs and that there would be no charge for travel inside San Luis Obispo County.

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

Motion: Director Shoals made a motion to accept the staff recommendation as presented. Alternate Lucey seconded the motion.

Action: The Board approved unanimously by roll call vote to authorize the Interim District Administrator to execute a contract with Stockton and Trujillo for District Legal Counsel.

5B. CONSIDERATION OF CONSULTANT SERVICES CONTRACT FOR DISTRICT ADMINISTRATOR RECRUITMENT

Staff recommended the Board authorize the Interim District Administrator to execute a contract with CPS HR Consulting to provide professional recruitment services for the position of District Administrator.

Alicia Lara presented the background of the selection process. The cost will be \$23,000. The Board had previously authorized \$30,000 for this process. Interviews should take place in January.

Chairman Hill opened the discussion to the public.

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

Motion: Director Shoals made a motion to accept the staff recommendation as presented. Chairman Hill seconded the motion.

Action: The Board approved unanimously by roll call vote to authorize the Interim District Administrator to execute a contract with CPS HR Consulting to provide professional recruitment services for the position of District Administrator.

5C. TECHNICAL MEMORANDUM; INVESTMENT ANALYSIS

Staff recommended the Board receive, review, evaluate and file the Technical Memorandum, Investment Analysis for the Satellite Water Resource Recovery Facilities Planning Study presented by Dan Heimel, P.E. from WSC and direct staff as to next steps.

The Board had a discussion and asked Dan Heimel if the study had compared costs to other facilities? And if these costs were higher than upgrading the current plant. The Board also felt that this would be an opportunity to kick off a larger Regional Project and an opportunity to combine with Pismo in regards to their Reclaimed Water Facility Study.

The Board gave direction to pursue a regional solution and specifically hold discussions with Pismo Beach.

Chairman Hill opened the discussion to the public.

Julie Tacker feels this is a Water Supply project and asks the Board to bow out now. Feels the project would not benefit Oceano or Grover Beach.

Debbie Peterson asked about recycling at the current plant.

Dan Heimel responded that the benefit to all agencies is that reducing pumping of ground water basin benefits everyone and helps reduce sea water intrusion.

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

Motion: Director Shoals made a motion to table the study for now and give direction to staff to contact water purveyors, and local municipalities, Phillips 66 and other users and bring back in February/March.

Action: The Board approved unanimously by roll call vote to accept the motion as presented by Director Shoals.

5D. MEMBER AGENCY BILLING CONTRACT

Staff recommended the Board consider its options for billing services and authorize the Interim District Administrator to execute the Billing Contract with the Member Agencies according to the formula adopted by the SSLOCSD Board at the meeting of October 21, 2015.

Chairman Hill opened the discussion to the public.

Julie Tacker, Patty Welsh and Beatrice Spencer all commented in favor of having the District do the billing for Sanitation services to OCSD. Also, they would like an accounting of the \$15,000 base fee.

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

Motion: Director Shoals made a motion to direct staff to submit the draft contract to Grover Beach and Arroyo Grande and have the Sanitation District do the billing for OCSD and to bring this item back to the Board if the cost exceeds \$18,000.

Action: The Board approved unanimously by roll call vote to accept the motion as presented by Director Shoals.

6. MISCELLANEOUS ITEMS

A. Miscellaneous Oral Communications

B. Miscellaneous Written Communications

7. PUBLIC COMMENT ON CLOSED SESSION

Legal Counsel introduced Closed Session.

Chairman Hill asked for public comment.

Julie Tacker gave comment on the State Water Board case.

Chairman Hill closed the public comment period.

8. RETURN TO OPEN SESSION; REPORT ON CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION

Conference with legal counsel regarding existing litigation pursuant to paragraph (1) of subdivision (d) of section 54956.9 of the Government Code (two cases).

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)

South San Luis Obispo County Sanitation District v. Special District Risk Management Authority (County of San Luis Obispo Superior Court) Case Number CV130473

Action: The Board received a report from legal counsel but took no reportable action.

9. ADJOURNMENT

There being no further business to come before the Board, Chairman Hill adjourned the meeting at approximately 9:15p.m.

THESE MINUTES WERE APPROVED BY THE BOARD OF DIRECTORS AT THE MEETING OF NOVEMBER 18, 2015.



Oceano Community Services District
Board of Directors Regular Meeting Agenda
WEDNESDAY, August 26, 2015 – 6:30 P.M.
Oceano Community Services District Board Room
1655 Front Street, Oceano, CA

All items on the agenda including information items, may be deliberated. Any member of the public with an interest in one of these items should review the background material and request information on the possible action that could be taken.

All persons desiring to speak during any Public Comment period are asked to fill out a "Board Appearance Form" to submit to the General Manager prior to the start of the meeting. Each individual speaker is limited to a presentation time of THREE (3) minutes per item. Persons wishing to speak on more than one item shall limit his/her remarks to a total of six minutes. This time may be allocated between items in one minute increments up to three minutes. Time limits may not be yielded to or shared with other speakers.

1. **CALL TO ORDER:**
2. **ROLL CALL:**
3. **FLAG SALUTE:**
4. **AGENDA REVIEW:**
5. **SPECIAL PRESENTATIONS:**

- A. League of Women Voter Presentation on Civility and Civil Discourse with a Resolution for Board Approval
- B. Presentation on the State of California "Save our Water" Rebate Program

6. **REPORTS:**

STAFF REPORTS:

- A. Sheriff's South Station - Commander Jay Donovan
- B. OCSD Operations - Field Supervisor Tony Marraccino
- C. FCFA Operations - Chief Steve Lieberman
- D. OCSD General Manager / Zone 3 Advisory Committee – Paavo Ogren

BOARD OF DIRECTORS AND OUTSIDE COMMITTEE REPORTS:

- E. Director Angello
- F. Director Blackburn
- G. President Lucey
- H. Vice President White
- I. Director Guerrero

7. **PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA AND REPORTS:**

This public comment period provides an opportunity for members of the public to address the Board on matters of interest within the jurisdiction of the District that are not listed on the agenda and subject matter addressed during Reports (Item which are matters which the Board may not take action. If a member of the public wishes to speak at this time, Public comment is limited to three (3) minutes.

8. CONSENT AGENDA:

The agenda contains items listed on a consent calendar which is for matters considered routine or otherwise not requiring further deliberation. If a member of the public wishes to speak about a consent calendar item, please notify the General Manager before the Consent Calendar is called. Public comment is limited to three (3) minutes.

- A. Review and Approval of Cash Disbursements

9. BUSINESS ITEM:

Public comment on Special Presentations, Reports, and Board of Directors and Outside Committees, should be made at this time, so that members of the public have an opportunity to hear the reports prior to commenting. Members of the public wishing to speak on business items may do so when recognized by the Presiding Officer. To facilitate public comment we request persons wishing to speak to fill out a speak request form and give it to the General Manager. Public comment is limited to three (3) minutes.

- A. Consideration of a Request by the Regional Transit Authority to Approve the Sale of Bus Passes for the Regional Transit Authority and South County Transit
- B. June 30, 2015 Budget Review and Adoption of the Final 2015-16 Budget
- C. Consideration of a "Request for Agreement for Billing Services" from the South San Luis Obispo County Sanitation District, an offer to provide billing services, and authorization for the President to execute an agreement provided it is approved and executed by the Sanitation no later than September 18, 2015

10. HEARING ITEMS: None

11. UTILITY ITEMS:

12. CLOSED SESSION:

- A. **Pursuant to Government Code Section 54956.9(a)** Conference with legal counsel regarding Santa Maria Valley Water Conservation District v. City of Santa Maria, et al.,
- B. **Pursuant to Government Code §54957.6:** Conference with Labor Negotiators. Agency designated representative: General Manager, Paavo Ogren; Employee Organization: Service Employees International Union 620

13. RECEIVED WRITTEN COMMUNICATIONS: (Solid Waste Rate Review Proposal)

14. LATE RECEIVED WRITTEN COMMUNICATIONS:

15. FUTURE AGENDA ITEMS:

16. FUTURE HEARING ITEMS:

17. ADJOURNMENT:

This agenda was prepared and posted pursuant to Government Code Section 54954.2. Agenda is posted at the Oceano Community Services District, 1655 Front Street, Oceano, CA. Agenda and reports can be accessed and downloaded from the Oceano Community Services District website at www.oceanocsd.org.

ASSISTANCE FOR THE DISABLED If you are disabled in any way and need accommodation to participate in the Board meeting, please call the Clerk of the Board at (805) 481-6730 for assistance at least three (3) working days prior to the meeting so necessary arrangements can be made.

ASISTENCIA A DISCAPACITADO Si usted está incapacitado de ninguna manera y necesita alojamiento para participar en la reunión de la Junta, por favor llame a la Secretaría de la Junta al (805) 481-6730 para recibir asistencia por lo menos tres (3) días antes de la reunión para que los arreglos necesarios puedan ser hechos



Oceano Community Services District

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

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

Date: ~~June 10, 2015~~ *August 26, 2015 (June 10th was a typo)*

To: Board of Directors

From: Paavo Ogren, General Manager

Subject: Agenda Item #10(C); Consideration of recommendations to authorize the President to execute an agreement with South San Luis Obispo County Sanitation District for fiscal year 2015-16 billing services in the amount of \$22,000, to approve the related notice and offer, and to direct the General Manager to execute and deliver the notice and offer.

Recommendation

It is recommended that your Board:

1. Authorize the President to execute the attached agreement with South San Luis Obispo County Sanitation District for fiscal year 2015-16 billing services in the amount of \$22,000.
2. Approve the attached notice and offer and direct the General Manager to execute and deliver the notice and offer.

Discussion

On May 27, 2015 your Board considered an agenda item regarding billing services provided to the South San Luis Obispo County Sanitation District and directed staff and legal counsel to prepare an agreement for 2015-16 billing services. That agreement is attached for your Board's consideration. In addition, the attached Notice and Offer has been prepared to provide to the Sanitation District.

The following is the history of recent payments by the Sanitation District:

Description	Date Paid by Sanitation District
Fiscal Year 2012-13 Annual Services	\$4,930 paid approx. 5/20/2013
Fiscal Year 2013-14 Services; first semi-annual payment	\$11,000 paid approx. 1/21/2014
Fiscal Year 2013-14 Services; second semi-annual payment	\$11,000 paid approx. 7/21/2014
Fiscal Year 2014-15 Services; first semi-annual payment	\$11,000 paid on 4/7/2015
Fiscal Year 2014-15 Services; second semi-annual payment	Unpaid at this time



Oceano Community Services District

Board of Directors Meeting

No written agreement or contract is known to exist. The attached agreement will be the first that is known for the services provided. Staff reviewed agendas for the past several years and did not find action of the Board of Directors on this matter. It is our understanding that the current custom and practice of billing for the OCSD services was previously acknowledged by the Sanitation District, as evidenced by the payment history, and as recently as April 2015. It is notable that an increase from \$4,930 per year to \$11,000 semi-annually was established with fiscal year 2013-14 and that the Oceano Community Services District is not seeking an increase in payments by the Sanitation District but to simply maintain the amount previously established and previously paid and to confirm with a written agreement.

Some of the discussion issues that were included in the staff report on May 27, 2015 follow.

- The \$11,000 invoice for the second half of fiscal year 2014-15 is based on past custom and practice.
- The Sanitation District removed the invoice from the list of recommended invoices for the meeting of May 20, 2015 although it had originally been included for approval.
- At the Sanitation District meeting of June 3, 2015 the invoice was again removed from the list of invoices submitted for approval.
- A change in the custom and practice is seemingly occurring after services have been rendered.

Other Agency Involvement

n/a

Other Financial Considerations

n/a

Results

Addressing the details of inter-agency efforts helps to promote well governed communities.

Attachments:

- Notice and Offer
- 2015 – 16 Agreement of Billing Services



Oceano Community Services District

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

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

June 10, 2015

South San Luis Obispo Sanitation District ("Sanitation District")
1600 Aloha Pl. / P.O. BOX 339
Oceano, CA 93475
Atten: Richard Sweet

Re: Notice of Delinquency and Offer of Billing Services Agreement

Dear Mr. Sweet:

As you are aware, the Oceano Community Services District ("OCSD") has provided billing services for the Sanitation District for many years. Although we are not aware of any contract for services that has ever been formally executed by the agencies in this regard, it has been the custom and practice of the District to provide such services and the Sanitation District has made semi-annual payments for this service at an agreed to sum. Most recently, the Sanitation District has paid the OCSD \$22,000 annually in two installments of \$11,000 each.

This correspondence serves two purposes: (1) it is a notice that the current past due amount of \$11,000 needs to be paid for continuation of billing services by OCSD; and (2) it is an offer of a Billing Services Agreement ("Agreement") for the fiscal year of 2015/2016. As provided in the Agreement, the term will automatically renew year after year unless terminated or suspended and the fee remains the same.

To reiterate, please recognize that the payment of \$11,000 for services past due needs to be paid, and that the offer by the OCSD Board of Directors to provide billing services in 2015-16 is contingent on receiving this past due amount. If this outstanding balance is settled prior to July 1, 2015, the Board of Directors is agreeable to executing the enclosed Billing Services Agreement to formalize the process that has informally guided the parties prior to the present date. If we do not have an executed agreement by July 1, 2015, we will presume that the Sanitation District will handle all future billing on its own and without the assistance of the OCSD.

Please contact me should you have any questions in this regard.

OCEANO COMMUNITY SERVICES DISTRICT

PAAVO OGREN
General Manager



Oceano Community Services District

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

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

BILLING SERVICES AGREEMENT

This Billing Services Agreement ("Agreement") is entered into day of June __, 2015, between the SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT ("Sanitation District") and OCEANO COMMUNITY SERVICES DISTRICT ("OCSD") (collectively "Parties").

WHEREAS, the Sanitation District desires to retain OCSD to provide routine bi-monthly billing services to the Sanitation District rate payers on its behalf; and

WHEREAS, OCSD agrees to provide routine bi-monthly billing services to the Sanitation District; and

WHEREAS, the Parties understand and agree that OCSD will not provide any ancillary billing services such as the collection of connection fees or other fees or costs that will be billed and collected directly by the Sanitation District.

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

1. **Services.** In return for payment of the Service Fee, and provided that the Sanitation District is not in breach of the Agreement, OCSD agrees, during the Term, to include in its billing statements the routine charges for services provided by the Sanitation District to OCSD/Sanitation District ratepayers and as submitted to OCSD.
2. **Term.** The initial Term of this Agreement shall commence on July 1, 2015, and unless earlier terminated as provided herein, shall continue thereafter for a period of one (1) year. Upon the expiration of the initial Term or renewal Term, as applicable, the Agreement shall renew for additional, consecutive renewal Terms for one year each, unless either party notifies the other party in writing at least sixty (60) days prior to the end of the then current Term.
3. **Fees.** The Sanitation District agrees to pay OCSD Twenty Two Thousand Dollars (\$22,000) ("Service Fee") on the following payment schedule. On or before July 1 of each Term, the first payment of \$11,000 shall be due to OCSD without notice or request. On or before January 1 of each Term, the second payment of \$11,000 shall be due to OCSD without notice or request.
4. **Termination.** The Sanitation District may terminate this Agreement, for any or

no reason, upon sixty (60) days written notice to the OCSD. In addition, either party may terminate this Agreement by written notice if the other party commits a material breach of this Agreement and fails to cure such breach within thirty (30) days of receipt of a written said notice. Upon an event of Termination that occurs at any time other than the end of a Term, any services provided prior to the date of termination shall remain payable until paid in full.

5. **Suspension of Service.** In addition to any other rights under the Agreement, the Sanitation District agrees that OCSD may suspend services during any period that the Sanitation District fails to pay amounts due under this Agreement. Upon suspension, any services provided prior to the date of suspension remain payable until paid in full.

IN WITNESS WHEREOF, DISTRICT and OCEANO COMMUNITY SERVICES DISTRICT have executed this Agreement the date first written above.

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

By: _____
Jim Hill, Chairman of the Board

Approved as to Form:

By: _____
_____, District Legal Counsel

OCEANO COMMUNITY SERVICES DISTRICT

By: _____
Mary Lucy, President of the Board

Attest:

By: _____

Approved as to Form:

By: _____
Jeff Minnery, District Legal Counsel



Oceano Community Services District

Draft Summary Minutes

WEDNESDAY, August 26, 2015 – 6:30 P.M.

Oceano Community Services District Board Room
1655 Front Street, Oceano, CA

1. **CALL TO ORDER:** at 6:30 by President Lucey
2. **ROLL CALL:** All Board members present. Also present General Manager Paavo Ogren and District Legal Counsel Jeff Minnery and Board Secretary Celia Ruiz
3. **FLAG SALUTE:** led By Vice President White
4. **AGENDA REVIEW:** Approved as presented with a modification to move Item 9B to Item 10A with a motion from Vice President White, a second by Director Guerrero and a 5-0 vote.

5. A SPECIAL PRESENTATIONS:	ACTION:
League of Women Voter Presentation on Civility and Civil Discourse with a Resolution for Board Approval	After a verbal presentation by League of Women Voters, an opportunity for public comment, and Board discussion, the Resolution was approved with a motion from Vice President White, a second by Director Blackburn and a 5-0 roll call vote. Public comment was received by Jeff Edwards, Tim Brown, and Patty Welsh.

5. B SPECIAL PRESENTATIONS:	ACTION:
Presentation on the State of California "Save our Water" Rebate Program	After a verbal presentation by General Manager Ogren, and Board discussion, no action was taken. Public comment was received by Patty Welsh.

6. **REPORTS:**

- A. Sheriff's South Station - Commander Jay Donovan -None
- B. OCSD Operations - Field Supervisor Tony Marraccino reported on 10 USA's, 0 after hours call outs, 16 service orders, 10 customer service calls, weed abatement, installed chlorine tank, sewer cleaning, re located trash can at the post office, disinfected well
- C. FCFA Operations - Chief Steve Lieberman - None
- D. OCSD General Manager / Zone 3 Advisory Committee - General Manager Ogren reported on Zone 3, gave an update on well 5, and attended the Regional Water Management Group
- E. Director Angello - None
- F. Director Blackburn - None
- G. President Lucey - None
- H. Vice President White - reported on Zone 1 1A, and FCFA
- I. Director Guerrero - None

7. **PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA AND REPORTS:** Public Comment was received from Tim Brown, Jeff Edwards, Patty Welsh, and Beatrice Spencer.

8 A CONSENT AGENDA:	ACTION:
Review and Approval of Cash Disbursements	After an opportunity for public comment and brief Board discussion, the Consent Agenda was approved (with one item added to the list of cash disbursements) with a motion from Director Guerrero, a second by Vice President White and a 5-0 vote. No public comment .

Board recessed from 8:00 pm to 8:09 pm

9 A BUSINESS ITEM:	ACTION:
Consideration of a Request by the Regional Transit Authority to Approve the Sale of Bus Passes for the Regional Transit Authority and South County Transit	After a verbal presentation by Regional Transit Authority, an opportunity for public comment, and Board discussion, staff was directed to move forward with the Regional Transit Authority to sell bus passes; motion from Vice President White, a second by Director Guerrero and a 5-0 roll call vote. No public comment.

Item 9B was moved to Item 10A

9 C BUSINESS ITEM:	ACTION:
Consideration of a "Request for Agreement for Billing Services" from the South San Luis Obispo County Sanitation District, an offer to provide billing services, and authorization for the President to execute an agreement provided it is approved and executed by the Sanitation no later than September 18, 2015	After an opportunity for discussion with General Manager Sweet of the South San Luis Obispo County Sanitation District, public comment, and Board discussion, a motion was made by Director Blackburn to amend and approve the proposed agreement for billing services, which failed due to a lack of a second. With a motion from Director Guerrero, a second by Director Angello and a 3-2 roll call vote, the proposed billing services agreement was approved and staff was directed to deliver to South San Luis Obispo County Sanitation District . AYES: Director Guerrero, Director Angello, Vice President White. NOES: Director Blackburn, President Lucey. Public comment was received by Jim Hill, Tim Brown, Patty Welsh, and Beatrice Spencer. Note - District Legal Counsel expressed concerns regarding the Brown Act compliance by the South San Luis Obispo County Sanitation District.

Board meeting was extended to 10:30 pm with a motion from President Lucey, a second by Vice President White

10 A HEARING ITEM:	ACTION:
June 30, 2015 Budget Review and Adoption of the Final 2015-16 Budget	After a verbal presentation by General Manager Ogren, an opportunity for public comment and Board discussion, the Final 2015-2016 Budget was approved based on staff recommendations with a motion by Director Guerrero, a second by Vice President White, and a 5-0 roll call vote. No public comment.

11. **UTILITY ITEMS:** None.

12. **CLOSED SESSION:** was entered at 10:05 pm. Open session was resumed at 10:27 pm

No public comment.

- A. **Pursuant to Government Code Section 54956.9(a)** Conference with legal counsel regarding Santa Maria Valley Water Conservation District v. City of Santa Maria, et al., No reportable action.

- B. **Pursuant to Government Code §54957.6:** Conference with Labor Negotiators. Agency designated representative: General Manager, Paavo Ogren; Employee Organization: Service Employees International Union 620
No reportable action.
13. **RECEIVED WRITTEN COMMUNICATIONS:** (Solid Waste Rate Review Proposal)
14. **LATE RECEIVED WRITTEN COMMUNICATIONS:** None.
15. **FUTURE AGENDA ITEMS:** None.
16. **FUTURE HEARING ITEMS:** None.
17. **ADJOURNMENT:** at 10:28 pm



Oceano Community Services District
Summary Minutes & Correspondence
Regular Meeting Wednesday, October 28, 2015 – 6:30 P.M.
Oceano Community Services District Board Room
1655 Front Street, Oceano, CA

1. **CALL TO ORDER:** at 6:30 p.m. by President Lucey
2. **FLAG SALUTE:** led by Vice President White
3. **ROLL CALL:** All Board members present. Also present General Manager Paavo Ogren, District Legal Counsel Jeff Minnery and Board Secretary Celia Ruiz.
4. **AGENDA REVIEW:** Agenda approved with a modification Item 7(c) was moved to be considered after 9(a) with a motion from Vice President White, a second by Director Guerrero and a 5-0 vote.
5. **PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA:** Public comment on matters not on the Agenda was received from Julie Tacker.
6. **SPECIAL PRESENTATIONS & REPORTS:**
 - a. **STAFF REPORTS:**
 - i. Sheriff's South Station - Commander Jay Donovan OCSD - NONE
 - ii. Operations - Field Supervisor Tony Marraccino reported USA 4, work orders 11, customer service calls 13, call outs 2, weekly samples, 19th & Beach repaired broken meter, posted 19 properties for debris, sewer cleaning, 17th & Beach hydrant hit, valve turning.
 - iii. FCFA Operations - Chief Steve Lieberman - NONE
 - iv. OCSD General Manager / Zone 3 Advisory Committee – Paavo Ogren mentioned San Luis Obispo Council of Governments will be having a meeting November 4 and will be considering an item to create an advisory committee of elected officials on coastal sedimentation including a member of the Oceano CSD Board of Directors.
 - b. **BOARD OF DIRECTORS AND OUTSIDE COMMITTEE REPORTS:**
 - i. Director Angello - reported on Oceano Airport plains have been flying smooth
 - ii. Director Blackburn - reported on Oceano Advisory
 - iii. President Lucey - reported on SSLOCSD, attended CSDA
 - iv. Vice President White - reported on FCFA, and Oceano Advisory
 - v. Director Guerrero - NONE
 - c. **PUBLIC COMMENT ON SPECIAL PRESENTATIONS AND REPORTS:**

Public comment was received by Julie Tacker.

After Item 6(a), Director Guerrero asked to consider item 9(a), and at the President's discretion, item 9(a) followed 6(a).

9 (a) HEARING ITEM:	ACTION:
Hearing to consider protests to a proposed increase in Solid Waste Rates and, if no majority protest exists, recommendations to approve a resolution adopting solid waste rates effective on January 1, 2016, January 1, 2017 and January 1, 2018 and waiving Franchise Section 8.3 rights to terminate the franchise	After a presentation from William Statler, Board discussion and opportunity for public comment the Protest Hearing was closed and with a motion by Director Guerrero, a second by Vice President White it was determined there was not a majority protest opposing the rate increase. (on a 5-0 roll call vote.) After determining there was not a majority protest staff recommendations were approved to adopt the resolution integrated solid waste rates effective on January 1, 2016, January 1, 2017 and January 1, 2018 and waiving Franchise Section 8.3 rights to terminate the franchise. With a motion from Director Guerrero, a second by Vice President White and a 5-0 roll call vote. No public comment.

7 CONSENT AGENDA:	ACTION:
<p>a. Review and Approval of Minutes for the Regular Meeting on October 14, 2015</p> <p>b. Review and Approval of Cash Disbursements</p> <p>d. Submit for approval of an Intent to Serve Letter to Michael Dacey; 2710 Grell Lane; Assessor's Parcel No. 062-303-084</p>	<p>After an opportunity for public comment and brief Board discussion, Item 7c, 7b, and 7d were approved with a motion from Director Blackburn, a second by Vice President White and a 5-0 vote, with Director Guerrero abstaining from Item 7d.</p> <p>No public comment.</p>

8 (a) BUSINESS ITEM:	ACTION:
Submittal for approval a resolution to supersede resolution 2014-13 authorizing the General Manager to Execute Reimbursement Agreements for Costs Associated with Utility Service Requests	After comments from General Manager Ogren, an opportunity for public comment, and brief Board discussion, staff recommendation was approved with a motion from Director Blackburn, a second by Vice President White and a 5-0 roll call vote. No public comment.

7 (c) BUSINESS ITEM:	ACTION:
Submit for approval of an Intent to Serve Letter to Elena Gallegos; 2168 Paso Robles; Assessor's Parcel No. 062-092-020	After comments from General Manager Ogren, an opportunity for public comment and brief Board discussion, staff recommendations were approved with a motion from Vice President White, a second by Director Guerrero and a 4-0-1 vote. Director Blackburn abstaining. No public comment.

10. CLOSED SESSION: was entered at 8:29 pm. Open session was resumed at 8:48 pm
No public comment

- a. Pursuant to Government Code 54956.9(a): Conference with legal counsel regarding Santa Maria Valley Water Conservation District v. City of Santa Maria, et al.,
No reportable action.

11. FUTURE AGENDA ITEMS: District's position of Office Manager

Special Meeting will be held on November 10th at 6:30 p.m. and Regular Board Meeting of November 11th (Labor Day) will be cancelled with a motion from Director Guerrero, a second by Vice President White and a 5-0 vote.

"IF"

SSLOCSD billing services will be placed in the Special Meeting November 10th if OCSD is presented with a written counter proposal by midnight November 5, 2015 with a motion from Vice President White, a second by Director Blackburn and a 4-1 vote.
AYES: Vice President White, Director Blackburn, Director Angello, Director Guerrero.
NOES: President Lucey

12. FUTURE HEARING ITEMS: NONE

13. ADJOURNMENT: at 8:50 p.m.



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: November 18, 2015

Subject: Billing Administration

RECOMMENDATION

Staff recommends that the Board of Directors adopt a Resolution authorizing Interim District Administrator to enter into a Service Charge Billing Administration Agreement with NBS.

BACKGROUND

At the South San Luis Obispo County Sanitation District Board meeting on October 21, 2015 the Board directed Staff to begin the process of joining the SLO County Tax Roll for District billing services.

DISCUSSION

The Sanitation District is not staffed to administer billing services. Staff will need assistance with the transition from the current billing arrangement to placing District billing on the county tax rolls. NBS provides these services at competitive rates.

FISCAL CONSIDERATIONS

The fees quoted by NBS are within the District's current billing budget.

OPTIONS

1. Adopt resolution.
2. Amend and adopt resolution.
3. Reject recommendation and direct Staff as to how to proceed.

Best regards,

John Clemons III
Superintendent/Interim District Administrator

RESOLUTION NO. 2015-336**A RESOLUTION OF THE BOARD OF SOUTH SAN LUIS
OBISPO COUNTY SANITATION DISTRICT APPROVING USE OF
A CONSULTANT FOR WASTEWATER SERVICE CHARGE
BILLING ADMINISTRATION AND AUTHORIZING AND
DIRECTING THE INTERIM DISTRICT ADMINISTRATOR TO
ENTER INTO AN AGREEMENT WITH NBS FOR THE PROJECT**

WHEREAS, South San Luis Obispo County Sanitation District needs administration services to assist with conducting billing for sewer charges to be collected on the tax rolls, and does not have employee staff available to provide these services; and

WHEREAS, South San Luis Obispo County Sanitation District obtained quotes from qualified firms to provide the needed services; and

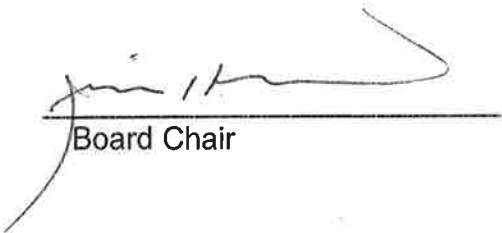
WHEREAS, after a review of the quotes, interviews and reference checks, the District has determined that NBS has submitted the most favorable proposal based on the criteria stated by staff of the San Luis Obispo County Auditor-Controller; and

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

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

1. An Agreement for Professional Services for Wastewater Service Charge Administration in a form acceptable to District Counsel is hereby approved, and shall be attached to this Resolution when fully executed;
2. The Interim District Administrator, or his/her designee, is hereby authorized and directed to execute the Agreement 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 November 18, 2015.


Board Chair

ATTEST:


DISTRICT SECRETARY

APPROVED AS TO FORM:

BY: 
DISTRICT COUNSEL

CONTENTS:

BY: 
DISTRICT ADMINISTRATOR



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: Gerhardt Hubner, District Administrator
Date: May 4, 2016

Subject: REVIEW OF JOHN F. RICKENBACH CONSULTING INVOICE FROM THE
DISTRICT'S APRIL 20, 2016 WARRANT FOR SERVICES PROVIDED TO DATE

RECOMMENDATION:

Staff recommends approval of the John F. Rickenbach invoice in the amount of \$11,400 for services provided, and hear a presentation from JFR on efforts to obtain a Coastal Development Permit from the Coastal Commission on the District's behalf.

BACKGROUND

As the Board is aware, the District has begun the preliminary phases of the Redundancy Project. In that regard, on January 6, 2016, the Board approved a contract with John F. Rickenbach Consulting (JFR) in the amount of \$32,000. The contract, to provide permitting services for the District's Redundancy Project, was subsequently executed. Since then JFR Consulting has been providing services under this approved contract. In order to identify and address concerns of potential concerns early in the permitting process the Project's permitting process was initiated. JFR has already made contact with Coastal Commission staff on behalf of the District, and submitted a Coastal Development Permit (CDP) Application to the Commission. A response to this CDP Application was received on April 15th from Commission staff.

At the April 20, 2016 Board meeting, questions were raised as to hours and services provided by JFR, and the payment of \$11,400 as listed on the Warrant. Since then, District staff has reviewed and reevaluated the January 10 to February 29, 2016 JFR Invoice (Invoice No. 157). We believe the hours billed for services rendered are reasonable and appropriate, and therefore should be paid.

In addition, at the same meeting, several questions were raised as to the adequacy, and timing of the work performed to date on obtaining a Coastal Development Permit.

Therefore, in order to more fully answer these questions directly Mr. Rickenbach has been requested to attend the Board's May 4th meeting to answer questions about his services to date, and progress on obtaining a Coastal Development Permit.

Attachment A – JFR Invoice (Invoice No. 157, revised 4-8-16)

John F. Rickenbach Consulting

Environmental Planning and Consulting

7675 Bella Vista Road
Atascadero, CA 93422
Phone: (805) 610-1109

INVOICE

DATE: 2/29/16

INVOICE # 157

Job Number 16-01

Reference: Redundancy Project CEQA and Permitting
Billing Period: 1/10/16 through 2/29/16
INVOICE 157 REVISED ON 4-8-16

BILL TO:

John Clemons, District Superintendent
SSLOCSD
P.O. Box 339
Oceano, CA 93445

TASK #	DESCRIPTION	HOURS	Hourly Rate	TOTAL
1	Coastal Development Permit Preparation			
1a	Project Research and Analysis	8	150.00	1,200.00
1b	Permtting Discussions with County and CCC Staff	6	150.00	900.00
1c	Permit Application Preparation	22	150.00	3,300.00
1d	Revisions to Permit Application	4	150.00	600.00
2	CEQA Documentation			
2a	CEQA History Research	8	150.00	1,200.00
2b	Compile Existing CEQA documentation	16	150.00	2,400.00
3	Meetings/Coordination			
3a	Meetings/Coorindination with Staff	6	150.00	900.00
3b	Coorindation with SSLOCSD Consultants	6	150.00	900.00

TOTAL \$ 11,400.00

Other Comments or Special Instructions

1. Total payment due in 30 days
2. Please include the invoice number on your check
3. Previous Balance - \$0
4. Invoiced to Date - \$11,400
5. Remaining Budget - \$21,560.00

Previous Due \$ -

TOTAL Due \$ 11,400.00

Make all checks payable to
John F. Rickenbach

If you have any questions about this invoice, please contact
John Rickenbach - 805/610-1109 - JFRickenbach@aol.com

Thank You For Your Business!



SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

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

To: Board of Directors
From: Gerhardt Hubner, District Administrator &
Clemons, District Superintendent
Date: May 4, 2016

Subject: DISTRICT ADMINSTRATOR AND PLANT SUPERINTENDENT'S REPORT

Today's report presents information on Direct 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.

Project Updates:

- **Cherry Ave. Arroyo Grande Sewer Bridge Project** – On April 28, 2016, the Board approved a contract with Kevin Merk Associates, LLC for environmental review services. This Project is to perform maintenance on the existing structure, removing paint and debris and replaced its anti-corrosion coating. Merk Associates will complete for the District an initial biological assessment, and a Mitigated Negative Declaration under CEQA in preparation for submittal of an application to the California Fish and Wildlife for a Streambed Alteration Agreement. This SAA is necessary for construction to commence, with anticipated construction in mid-September.
- **Grit Removal System** – On April 28, 2016, the Board approved a contract with Speiss Construction Company for \$492,100. A notice of award was signed and sent to Speiss this week. The next step is for Speiss Construction to provide the District with their bond and insurance information, leading to a notice to proceed being issued. The project is anticipated to begin construction late summer, and completed this fall.
- **Mechanical Bar Screen** – This project is finishing design. The next step will be the issuance of a Request for Proposal (RFP) by the District.
- **Secondary Process Redundancy Project** – On March 16, 2016, the Board approved a design contract to Kennedy Jenks for Phase I of this project. As work has now begun on Phase I a meeting was held April 27th at the District facility with the Project Team, including Kennedy Jenks, Cannon Associates and Yeh and Associates. The topics included the location and completing a survey of the current and proposed new facilities, upcoming geotechnical work, and evaluation(s) of any potential flood, and/or biological issues.

- **Satellite Water Resource Recovery Facilities Grant** – The Board approved a re-scoping of this grant funded project at its March 30, 2016. A meeting with Water Systems Consulting (WSC) is scheduled for May 4th to provide District staff with a study update.
- **Energy Cost Reduction/Conservation Project, Co-Generation Unit** – On April 21st a meeting was held with representatives of PG&E, MKN and Enviser. The purpose of the meeting was to hear an update on a feasibility assessment for a co-generation system at the District's facility. The assessment indicates significant benefits of a co-generation system can be realized including future saving on the District's facility electricity costs, and a reduced carbon footprint (eliminated flare)/greenhouse gases. Low cost financing may also be available. The next step includes more refinement of the Project, and future Board consideration of whether to move forward design and installation.
- **FFR Short-Term Emergency Back-up Plan** – District staff have made substantial progress installing one component of this Plan, through the installation of vertical piping (one of Plan's first components).
- **GIS manhole mapping system** – In progress, with estimated completion in early summer.
- **Chlorination System Controls Replacement** – Staff is currently awaiting equipment. Upon receipt of this equipment the project will proceed, with completion anticipated within a 30-60-day timeframe.

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. On April 20th, District staff recently participated in the most recent quarterly meeting of the group at the Arroyo Grande City Conference Room, and heard several presentations including one by the City of Pismo Beach on their regional recycled water project.
- **Zone 1-1A Flood Control Advisory Committee** District 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. As a result, a long term maintenance plan for the channel called the Arroyo Grande Creek Channel Waterway Management Program (AGWMP) was developed. District staff will be coming to your Board at an upcoming meeting to designate a staff representative and alternate to this Committee in order to participate.
- **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

One key additional benefit of IRWM participation includes potential grant opportunities to the District available through the State of California and Proposition 1. The next meeting is scheduled for May 4th at the San Luis Obispo City Library. District staff has been asked to attend. At a future meeting, staff intends to bring for Board consideration, formal membership in the San Luis Obispo IRWM group.

- 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 past District staff have participated on a periodic basis.
- 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. As such, 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. District staff are currently exploring ways on how it can participate in future meetings of this group.

Superintendent's Report

During this reporting period (through April 28th) the District's facility continues to meet its Permit Limitations as required under the State of California's National Pollution Elimination Discharge (NPDES) Permit issued to the District.

Chart 1 – Plant Data

April 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	2.09	3.33	424	28	416	29	9	206	93
High	2.30	4.0	457	37	444	34	79	250	
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

- Removed #1 auger/grinder from service at headworks
- Fabricated and installed vertical 12" PVC pipe at FFR
- Repaired grinder scraper blade assembly
- Cleaned surface of FFR. Collected oil sample

- Inspected cracks in FFR sidewall with engineers
- Installed wireless antenna mount on main building for SCADA communications
- Cleared and prepped sludge beds

Miscellaneous

- On April 28, 2016, staff attended a safety training class on Chlorine/Disinfection safety.