



**SOUTH SAN LUIS OBISPO COUNTY  
SANITATION DISTRICT**

Post Office Box 339, Oceano, California 93475-0339  
1600 Aloha Oceano, California 93445-9735  
Telephone (805) 489-6666 FAX (805) 489-2765  
[www.sslocsd.us](http://www.sslocsd.us)

**AGENDA  
BOARD OF DIRECTORS MEETING**

OCSD Board Room  
1655 Front Street  
Oceano, California 93445

**Wednesday, July 20, 2016 at 6:00 p.m.**

**Board Members**

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

**Agencies**

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

**Alternate Board Members**

Matthew Guerrero, Director  
Tim Brown, Director  
Barbara Nicolls, Director

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

- 
- 1. CALL TO ORDER AND ROLL CALL**
  - 2. PLEDGE OF ALLEGIANCE**
  - 3. AGENDA REVIEW**
  - 4. PUBLIC COMMENTS ON ITEMS NOT APPEARING ON AGENDA**

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

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

Please adhere to the following procedures when addressing the Board:

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

Any writing or document pertaining to an open-session item on this agenda which is distributed to a majority of the Board after the posting of this agenda will be available for

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

**5. CONSENT AGENDA:**

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

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

**5B. Approval of Warrants**

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

Staff recommends the Board receive and file this report.

**7. ACTION ITEMS:**

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

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

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

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

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

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

**7D. APPROVAL TO SELECT FIRM AND EXECUTE A CONTRACT TO PERFORM PROFESSIONAL AUDITING SERVICES FOR THE DISTRICT'S 2015-16 FINANCIAL AUDIT**

Staff recommend the Board:

1. Approve the selection of Glenn Burdette Attest Corporation to perform the District's 2015-2016 Financial Audit,
2. Authorize the District Administrator to sign and execute a professional contract with this firm in the amount of \$11,500 to perform these services, and
3. Transfer funds in the amount of \$1,500 from the District's contingency account to cover the remaining contractual amount.

**8. ADJOURN MEETING**

**The next regularly scheduled Board meeting on August 3, 2016, 6 pm at the Oceano Community Service District Board Room, 1655 Front Street, Oceano, California**

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

OCSD Board Room  
1655 Front Street  
Oceano, California 93445

Minutes of the Meeting of Wednesday July 06, 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 Tim Brown, City of Arroyo Grande

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

### **2. FLAG SALUTE**

### **3. AGENDA REVIEW**

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

Chairman Shoals opened the public comment period.

Julie Tacker would like to see the District do the FOG inspections for the cities of Arroyo Grande and Grover Beach. She was disappointed to not see a Closed Session Item on the agenda.

Linda Austin commented on the last meeting. Specifically, the attempts to belittle and embarrass the Oceano representative made by a member of the public. She asks that the Board cut off people humiliating Board members. She also said she is very happy with Gerhardt Hubner as the new Administrator. She is impressed with his performance of staff reports. She asks that the attempts to slap new Administrator stop. She trusts the Board judgement in the hiring of the Administrator.

Chairman Shoals closed the public comment period.

### **5. CONSENT AGENDA**

**5A. Approval of Minutes of Meeting of June 01, 2016**

**5B. Approval of Minutes of Meeting of June 15, 2016**

**5C. Approval of Warrants**

District Administrator Hubner announced two changes to the Consent Agenda. The changes are:

5A. Minutes of June 01, 2016. Under Comments Not Appearing on the Agenda; Linda Austin's comment referred to the citizens of Grover City, not Arroyo Grande.

5C. Warrant Register for July 6, 2016. Warrant No. 070616-1411 has a zero balance. This warrant will show on the July 20<sup>th</sup> W/R under the Bank of the West charges.

Chairman Shoals opened the public comment period.

Julie Tacker commented on the Downey Brand warrant.

Chairman Shoals closed public comment.

**Motion:** Director Brown made a motion to approve the Consent Agenda with the corrections to the Minutes of June 1 and the Warrant Register.

**Second:** Director Lucey

**Action:** Motion carries

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

District Administrator Hubner presented the first part of this report.

Superintendent Clemons did the second part of the report. He did report a minor TSS violation and explained staff efforts to correct the issue.

Director Lucey suggested that the violation may be a chemical from the RV's considering that it is a reoccurring pattern every year at this time.

Chairman Shoals opened the item to public comment.

Julie Tacker commented on the District Administrator and Superintendent Report.

Chairman Shoals closed the public comment period.

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

## **7. ACTION ITEMS:**

### **7A. HEATING, VACUUM AND AIR CONDITIONING (HVAC) DUCTWORK REPAIRS AT THE DISTRICT'S ADMINISTRATION/CONTROL BUILDING**

7A and 7C were presented together.

District Administrator Hubner and Plant Superintendent Clemons presented these items together. The Board had a brief discussion.

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

**Motion:** Director Brown made a motion to authorize the District Administrator to enter into an agreement with Knecht's Heating and Plumbing Inc. in the amount of \$18,591 for the repair of HVAC ducting in the Administration/Control Building.

**Second:** Director Lucey

**Action:** Approved unanimously

### **7C. BATHROOM REPAIRS IN DISTRICT'S ADMINISTRATION/CONTROL BUILDING**

**Motion:** Director Lucey made a motion to authorize the District Administrator to enter into an agreement in the amount of \$10,200 with Central Coast Plumbing for the replacement of the urinal and repair of ruptured pipes in the men's restroom at the District's Administration/Control Building.

**Second:** Director Brown

**Action:** Motion carries

The Board also directed staff to investigate the women's bathroom repairs and receive a quote if needed.

**7B. ACQUISITION OF AUTOMATED (EIGHT INCH) VALVE TO SUPPORT THE DISTRICT'S GRIT REMOVAL PROJECT**

District Administrator Hubner presented this report.

**Motion:** Director Brown made a motion to authorize the District Administrator to purchase an electric actuator valve in the amount of \$12,450 for the process water return line from the secondary clarifier to the headworks.

**Second:** Director Lucey

**Action:** Motion carries

**7D. RESOLUTION NO. 2016-354 – ADOPTION OF THE SAN LUIS OBISPO COUNTY INTEGRATED REGIONAL WATER MANAGEMENT PLAN (IRWMP) AND APPROVAL OF THE DISTRICT'S PARTICIPATION AS A IRWMP PROGRAM PARTICIPANT.**

District Administrator Hubner introduced this report. Mr. Mladen Bandov, a representative from the County of San Luis Obispo Public Works was there to give a power point presentation detailing the IRWM's program.

Director Brown asked how the distribution of grants works.

Mr. Bandov replied that the grants are competitive within the county. The IRWM reviews the projects and distributes the grant money.

Director Lucey asked if the District would be considered an underserved community. Grover Beach and Oceano are considered underserved, but Arroyo Grande is not. Would this Sanitation District qualify to use the money for the underserved communities?

Mr. Bandov replied that the District would have to prove how much of the funding would go to the disadvantaged community.

Director Shoals asked the fiscal considerations for participating in the meetings.

Administrator Hubner replied that it would be staff time going to the meetings once a month.

Chairman Shoals opened the item to public comment.

Julie Tacker gave public comment.

Chairman Shoals closed the item to public comment.

**Motion:** Director Brown made a motion to adopt Resolution No. 2016-354, which adopts the San Luis Obispo County (SLO County) Integrated Regional Water Management Plan; directed the District's Administrator to sign the Memorandum of Understanding; and directed the District's Administrator to file a Notice of Exemption.

**Second:** Lucey

**Action:** Motion carries.

There being no further business to come before the Board, Chairman Shoals adjourned the meeting at approximately 7:24 p.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  
07/20/2016 FY 2016/17

	BUDGET LINE ITEM		WARRANT NO.	ACCT	ACCT BRKDN	TOTAL
AGP VIDEO	PROF. SERVICES	JUNE	072016-1440	7080	1,547.50	1,547.50
ALLIED ADMINISTRATORS	EMPLOYEE DENTAL	AUGUST	41	6025	716.33	716.33
AMERICAN BUSINESS MACHINE	OFFICE SUPPLIES	283277	42	8045	436.74	436.74
ARAMARK	UNIFORMS	07/01; 07/08	43	7025	368.74	368.74
BANK OF THE WEST	OFFICE SUPPLIES	OFFICE DEPOT	44	8045	126.64	1,639.58
	HOUSEHOLD SUPPLIES	WALMART		8035	17.25	
	OFFICE EQUIPMENT	OFFICE DEPOT		7015	1,425.00	
	TOOL RENTAL	GROVER TOOL RENTAL		7032	70.69	
CAL ELECTRIC SUPPLY	EQUIPMENT MAINTENANCE	7826-653660	45	8030	58.05	58.05
<b>CALPERS</b>	<b>UNFUNDED ACCRUED LIABILITY</b>	<b>ANNUAL PAYMENT OPTION</b>	<b>46</b>	<b>6065</b>	<b>41,854.00</b>	<b>41,854.00</b>
CITY OF AG	EQUIPMENT MAINTENANCE	16-016	47	8060	882.56	3,030.31
	PROF SERV-AG BILLING	JUNE		7072	2,147.75	
<b>CITY NATIONAL BANK</b>	<b>COGEN LOAN PAYMENT</b>	<b>PREPAYMENT OPTION</b>	<b>48</b>	<b>20-7096</b>	<b>73,750.05</b>	<b>73,750.05</b>
CCWT GB	EQUIPMENT RENTAL	36095	49	7032	60.00	60.00
CCWT SM	EQUIPMENT RENTAL	61489	50	7032	17.50	17.50
ENGEL & GRAY	BIO SOLIDS COLLECTION	77312	51	7085	5,318.42	5,318.42
EVANTEC	LAB SUPPLIES	160639	52	8040	45.10	45.10
FED EX	OFFICE SUPPLIES	5-46720969	53	8045	17.91	17.91
FRUIT GROWERS LAB.	CHEMICAL ANALYSIS	ANNUAL MONITORING	54	7078	6,877.00	6,877.00
GARING TAYLOR ASSOC.	AG SEWER BRIDGE	13731	55	26-8065	2,912.50	2,912.50
GILBERT A. TRUJILLO, ESQ.	LITIGATION	JUNE	56	7070	192.50	2,345.00
	GENERAL LEGAL SERVICES	JUNE		7071	2,152.50	
GRAINGER	SAFETY SUPPLIES	9158797390	57	8056	22.86	22.86
HJ CONSTRUCTION	TRUNK SEWER MAINTENANCE	1388	58	26-8015	31,205.71	31,205.71
I.I. SUPPLY	STRUCTURE MAINTENANCE	38725	59	8060	2,114.37	2,114.37
JB DEWAR	FUEL	819815	60	8020	114.56	242.27
	EQUIPMENT MAINTENANCE	143279		8030	127.71	
KENNEDY JENKS	REDUNDANCY PROJECT	102730	61	20-7080	40,344.11	40,344.11
LEXIS NEXIS	SUBSCRIPTION	JUNE	62	7071	250.00	250.00
MINERS	EQUIPMENT MAINTENANCE	JUNE	63	8030	367.79	367.79
NOBLE SAW INC.	TOOLS	298629	64	8055	49.20	49.20
READY REFRESH	HOUSEHOLD SUPPLIES	16F0012917373	65	8035	122.80	122.80
REBUILD IT SERVICES	EQUIPMENT MAINTENANCE	121048	66	8030	1,190.00	1,190.00
SLOATTC	MEMBERSHIPS	LAFCO 2016-17	67	7050	11,731.72	11,731.72
SLOCO DATA	PROF SERV-OCSD BILLING	37373	68	7074	137.00	137.00
SO CAL GAS	GAS	JUNE	69	7092	540.64	540.64
SPEISS CONSTRUCTION CO. INC.	GRIT REMOVAL	216152	70	20-8015	10,355.00	10,355.00
SPRINT	CELL PHONES	06/04-07/03	71	7011	221.37	221.37
STATE FUND	WORK COMP INSURANCE	DEPOSIT PREMIUM	72	6080	2,069.84	2,069.84
TRIBUNE	ADVERTISING	BUDGET NOTICING	73	7005	113.74	113.74
VWR	LAB SUPPLIES	8045370772; 8045378390	74	8040	222.01	382.06
	BRINE DISPOSAL SAMPLING	8045441185		7086	27.62	
	SAFETY SUPPLIES	8045441184		8056	132.43	
WENDY STOCKTON, ESQ.	LEGAL COUNSEL	JUNE	75	7071	3,955.00	3,955.00
<b>SUB TOTAL</b>					<b>\$ 246,410.21</b>	<b>\$ 246,410.21</b>
SO. SLO CO. SANITATION DISTRICT	RABOBANK REIMB. FOR MAY	WEBHOSTING	76	7011	162.35	81,103.13
		PETTY CASH REIMB			47.00	
		PAYROLL REIMB			72,916.78	
		ALLTECH		7082	540.00	
		CALPERS		6060	7,437.00	
SO SLO CO SAN DIST REIMB	PAYROLL REIMBURSE	07/08/16	77		30,849.50	30,849.50
<b>SUB TOTAL</b>					<b>\$ 111,952.63</b>	<b>\$ 111,952.63</b>
<b>GRAND TOTAL</b>					<b>\$ 358,362.84</b>	<b>\$ 358,362.84</b>

We hereby certify that the demands numbered serially from 072016-1440 to 072016-1477 together with the supporting evidence have been examined, and that they comply with the requirements of the SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT. The demands are hereby approved by motion of the SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT, together with warrants authorizing and ordering the issuance of checks numbered identically with the particular demands and warrants.

BOARD OF DIRECTORS:

DATE: \_\_\_\_\_

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Board Member

\_\_\_\_\_  
Board Member

\_\_\_\_\_  
Secretary





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

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

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Date: July 20, 2016  
To: Board of Directors  
From: Gerhardt Hubner, District Administrator & John Clemons, District Superintendent  
Subject: **DISTRICT ADMINISTRATOR AND PLANT SUPERINTENDENT'S REPORT**

Today's report presents ongoing information on 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. *Updates are provided in italics below:*

### Project Updates:

- **Cherry Ave. Arroyo Grande Sewer Bridge Project** – The purpose of this project is to perform maintenance on the existing structure, remove paint and debris and replace its anti-corrosion coating. *Staff reviewed and approved for release a draft Mitigated Negative Declaration for this project starting a 30-day comment period. The MND is available for review at the District's office and website.*
- **Grit Removal System** – On April 28, 2016, the Board approved a contract with Speiss Construction Company for \$492,100. *Construction continues on this project with initial site preparation. The Board, at its July 6<sup>th</sup> meeting approved the purchase of a valve to support this project, which will now be incorporated into the overall project.*
- **Mechanical Bar Screen** – *This week District staff approved the issuance of a Notice Inviting Bids for this project. Parties interested in providing the District with a bid for construction should do so by 2 pm on August 10<sup>th</sup>. At a future meeting, staff will bring a recommendation to the Board for award of contract based upon the bids received.*
- **Secondary Process Redundancy Project** – On March 16, 2016, the Board approved a design contract with Kennedy Jenks for Phase I of this project. *Work to complete biological surveys at our facility property, and additional flooding/sea rise analyses are nearing completion. These analyses, when complete, will be used to provide a response to the Coastal Commission's April 15<sup>th</sup> letter.*
- **Satellite Water Resource Recovery Facilities Grant** – The Board approved a re-scoping of this grant funded project at its March 30, 2016. Regular monthly meeting is held at the

District's office with the consultant and City of Arroyo Grande staff, where project schedule, milestone and progress on report components are discussed. *The most recent meeting was held on July 6<sup>th</sup>.*

- **Energy Cost Reduction/Conservation Project, Co-Generation Unit** – Staff continue to work with representatives of PG&E, MKN and Envisia on the feasibility of a co-generation system at the District's facility. Significant benefits of a co-generation system may include future saving on facility electricity costs, and a reduced carbon footprint (eliminated flare)/greenhouse gases. Legal comments on PG&E's Master Agreement were provided to PG&E, and we are awaiting their response. *The latest meeting with PG&E was held on July 7<sup>th</sup> to discuss contractual and performance issues we would like to see with any new Unit.*
- **GIS manhole mapping system** – GIS software was recently purchased, facilitating completion of this effort
- **District Control Building and Office** – As noted in previous reports to the Board significant issues and problems are evident in the District's Operational and Administrative Building. Identified issues include: Strong and persistent odors, noise and disruption from brine disposal trucks, multiple leaks in the ceiling/roof, mold, old desks and chairs (some decades old), old and stained carpets and flooring, infestation of pests, bubbling and peeling paint, break room/kitchen deterioration, identified leaks in the indoor plumbing, insufficient and overlapping utilization of space for administration vs. operations, IT integration, file storage, and others.

*At the July 6<sup>th</sup> Board meeting, the Board approved work to repair the Building's HVAC Ductwork and Bathroom. Subsequently, staff contacted the vendors and work is expected to be initiated within the next week or two.*

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

### **Regional Efforts**

- **Arroyo Grande Watershed MOU Group** – In 2006, various parties, including the District entered into a Memorandum of Understanding. The purpose of this watershed group is to develop programs and policies for the maintenance, protection, and enhancement of Arroyo Grande Watershed and creeks within the Watershed. *Staff attended the latest meeting on July 14, 2016, and presented an item to the group on a successful off-stream diversion and groundwater recharge project completed in the Ventura River watershed.*
- **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. At the June 15<sup>th</sup> Board meeting, the Board approved District staff participation. Subsequently, staff attended its first meeting on June 21<sup>st</sup>, and submitted a completed application. Currently one of the largest issues the Committee faces is County's Arroyo Grande Creek Maintenance Program and obtainment of 5-year permit from the Army Corp of Engineers (ACOE). Obtaining a Biological Opinion from the National Marine Fisheries Service remains a major constraint in obtaining this final ACOE permit.

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

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

- 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.
- 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. At the meetings, group members share hydrologic and water resources data and information, and water conservation efforts. The latest meeting of this group was June 13<sup>th</sup> meeting.
- Regional South SLO County Recycling Efforts: Recently staff have been invited to participate in meeting with the City of Pismo Beach, and discuss their efforts with a Regional recycling projects and how the District might participate. Staff attended the stakeholder meeting on June 23<sup>rd</sup>, and gave an update on the District's latest activities as they relate to future recycling opportunities. The next meeting is scheduled for July 19<sup>th</sup>. In addition, a Countywide Water Action Team has formed, with its first meeting June 24<sup>th</sup> with water managers throughout San Luis Obispo County convening to discuss water supply management solutions.
- *Outreach Efforts – The District Administrator provided a status update on the District and its initiatives to the Grover Beach City Council on June 20<sup>th</sup>. A similar presentation is planned for the Arroyo Grande City Council on July 26<sup>th</sup>. Staff have made a similar offer to the Oceano CSD.*

### **Superintendent's Report**

During this reporting period (July 1<sup>st</sup> through July 14<sup>th</sup>) the District's facility continues to regularly meet its Permit Limitations as required under the State of California's National Pollution Elimination Discharge (NPDES) Permit issued to the District. *Influent and effluent values are currently higher than what is typical for this Plant. TSS average values have dropped, but remain close to the limit for this reporting period. One reason for the elevated values may be tourism during the July 4<sup>th</sup> holiday. The Plant processes continue to achieve a removal efficiency of above*

90%. Staff is in process of making various plant adjustments to re-stabilize process results. All other process values (lab test results) were within permit limits.

#### Plant Data (Data as Available July 14), 2016

July 2016	INF Flow MGD	Peak Flow MGD	INF BOD mg/L	EFF BOD mg/L	INF TSS mg/L	EFF TSS mg/L	Fecal Coli	Cl2 lbs/day	BOD REM Eff.%
Average	2.41	3.68	475	42	469	39	10	208	91
High	2.66	4.5	535	53	538	47	49	357	
Limit	5.0			40/60/90		40/60/90	2000		80
CY 2015 Monthly									
Average	2.17	3.42	415	29	438	36	67	194	93
High	2.42	4.8	495	43	494	47	255	402	

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

#### Operation and Maintenance Projects

- *Repair of men's restroom*
- *Adjusted weirs on secondary clarifier.*
- *Removed grit from interior of the splitter box.*
- *Replaced tubing on composite samplers.*
- *Installed pump and floats in storm water sump No.3.*
- *Painted Plant signage at entry wall.*
- *Posted more "private property" signs on District property outside of gate.*
- *Performed annual service on emergency generator.*
- *Delivered billing list to NBS.*
- *Submitted samples for annual biosolids testing.*



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**Date:** July 20, 2016

**To:** Board of Directors

**From:** Gerhardt Hubner, District Administrator

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

### **RECOMMENDATION**

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

### **DISCUSSION**

As part of our employee benefit obligations to CalPERS under their annual unfunded accrued pension liability program, the District currently makes regular monthly payments of \$3,614.73 and \$1.53. These expenses are regularly reported and approved as part of each Board Meeting's Warrant Register.

Recently it has come to staff's attention that significant cost saving can be realized this fiscal year by making an annual lump sum payment vs. continuing the current method of twelve monthly payments. As described in the CalPERS Circular Letter dated July 1, 2016 (Attachment No. 1) *"An annual lump-sum prepayment option is available. This lump-sum is a discounted amount compared to the sum of the twelve monthly installment...."* Utilizing this lump-sum option would save the District a combined (\$43,395.12-\$41,854.00) or a discount savings of \$1,541.12 for both accounts.

Funds to submit a lump sum payment are available in the Fiscal Year 2016-17 Adopted Budget, Fund 19-6065, Unfunded Liability. This line item was budgeted in the amount of \$44,000, sufficient to make this lump-sum payment. Any remaining funds in this line item, after a lump-sum payment is made, could then be made available for other District programs, projects or expenses.

To take advantage of this discount, the annual lump sum payment must be submitted by August 1<sup>st</sup> of this year. Today, to save the District's ratepayers \$1,541.12, we recommend submitting the annual payment to CalPERS in the amount of \$41,854.

Attachment:

1. CalPERS Circular Letter, dated July 1, 2016
2. CalPERS Invoice Rate Plan Identifier 725, dated July 1, 2016
3. CalPERS Invoice Rate Plan Identifier 27295, dated July 1, 2016



California Public Employees' Retirement System  
P.O. Box 942715  
Sacramento, CA 94229-2715  
(888) CalPERS (or 888-225-7377)  
TTY: (877) 249-7442  
[www.calpers.ca.gov](http://www.calpers.ca.gov)

Circular Letter No.: 200-035-16  
Distribution: VI

## Circular Letter

July 1, 2016

TO: **ALL CONTRACTING PUBLIC AGENCIES**

SUBJECT: **INTEREST ON DELINQUENT UNFUNDED LIABILITY CONTRIBUTIONS  
FOR ALL POOLED PLANS**

The purpose of this Circular Letter is to explain how delinquent unfunded liability contributions will be assessed interest for pooled and inactive plans. The procedures for Unfunded Liability contributions are described in Circular Letters 200-016-15 (Pooled Plan) and 200-017-15 (Inactive Plan).

### **Annual Lump-Sum Payment Option**

An annual lump-sum prepayment option is available. This lump-sum is a discounted amount compared to the sum of the twelve monthly installments and can be found in Section 1, page 4, of the June 30, 2014, valuation report. If this option is selected for Fiscal Year 2016-17, payment of the amount must be paid and processed by CalPERS prior to August 1, 2016. Please note that employers will not be invoiced for the annual lump-sum prepayment amount. Rather, employers will receive instructions for paying the annual lump sum amount on their July 1, 2016, invoice.

### **Monthly Payment Option**

If the lump-sum prepayment amount is not received by CalPERS prior to August 1, 2016, the default payment option will be twelve monthly installments.

The following procedures will apply to monthly payments:

- On the 1<sup>st</sup> of each month, the monthly invoice will be uploaded and available in my|CalPERS and a copy of the invoice will be automatically distributed through your preferred delivery method.
- As monthly invoices are now available online, employers are responsible for accessing the invoice and submitting payment in full by the payment due date.
- All invoices must be paid as billed.
- Any full or partial payment received after the payment due date will be considered delinquent and subject to interest charges.

Note: Employers may make additional payments at any time but must continue making every monthly payment until the balance due is zero. If more than the monthly invoiced amount is paid, the employer is not relieved of the next month's payment. Payments can only be stopped when the entire annual amount has been paid.

**Interest on Delinquent Monthly Payments**

If the employer does not pay the entire amount invoiced on or before the due date, interest will be assessed on 100 percent of the outstanding invoice amount past due until the full amount is paid. Interest will be charged at an annual rate of 10 percent per Government Code Section 20572(b) of the Public Employees' Retirement Law. The interest assessment will terminate on the date CalPERS receives payment in full for the balance due (initial invoice amount and any assessed interest).

In addition to the interest assessed, a delinquent penalty of 10 percent may be imposed on all delinquent balances. The 10 percent delinquency penalty may be assessed until all outstanding balances are paid in full (initial invoice amounts and any assessed interest).

CalPERS reserves all rights and remedies to collect contributions if not paid timely. This includes, without limitation, the right to recover costs and attorneys' fees associated with the collection of past due payments. In addition, any failure to provide a delinquency notice or my|CalPERS notation, or any discrepancy between a delinquency notice or my|CalPERS notation and applicable law, does not affect the rights of CalPERS to collect payment to which it is entitled.

Employer's use of electronic funds transfer (EFT) will significantly reduce the risk of delinquency. The [Electronic Funds Transfer Authorization](#) process guide is available on our website. You may set up your EFT account by logging into the my|CalPERS system.

If you have any questions, please contact the CalPERS Customer Contact Center at **888 CalPERS** (or **888-225-7377**).

Cheryl Eason  
Chief Financial Officer





P.O. Box 942715 Sacramento, CA 94229-2715  
**888 CalPERS** (or 888-225-7377) | Fax: (800) 959-6545  
[www.calpers.ca.gov](http://www.calpers.ca.gov)

**California Public Employees' Retirement System**

July 01, 2016

South San Luis Obispo County Sanitation District  
Amy K. Simpson  
P.O. BOX 339  
OCEANO, CA 93475

Business Unit: 1900  
CalPERS ID: 7037682826  
Invoice Number 100000014789412  
Invoice Date: July 01, 2016  
Payment Due Date: July 31, 2016

Description	Amount				
<p>Annual Unfunded Accrued Liability as of the June 30, 2014 Actuarial Valuation for Rate Plan Identifier 725.</p> <p>The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll) plus the Employer Unfunded Accrued Liability Contribution Amount.</p> <p>Your agency's monthly amount due toward the Unfunded Accrued Liability is:</p> <table><tr><td>Amount</td><td>Due Date</td></tr><tr><td>\$3,614.73</td><td>July 31, 2016</td></tr></table> <p>If you would like to prepay the entire Annual Payment toward your Plan's Unfunded Accrued Liability, you can submit the Annual Lump Sum Prepayment amount of \$41,836.00 to the invoice number above by July 31, 2016 instead of the monthly amount listed.</p> <p>Please refer to the June 30, 2014 Actuarial Valuation report for the details of this calculation. Reports are available at CalPERS On-Line or by visiting <a href="http://MyCalPERS.CA.GOV">MyCalPERS.CA.GOV</a>.</p> <p>Unfunded Accrued Liability contributions are to be paid in full by the payment due date each month. Payments that are not received in full on or before this date will be assessed interest on the total outstanding balance due (Public Employees' Retirement Law § 20572 (b)). Please note that this monthly statement is a demand for payment in accordance with Public Employees' Retirement Law § 20572 (a).</p> <p><b>For questions concerning your invoice, please call our CalPERS Customer Contact Center at 888 CalPERS (or 888-225-7377) and ask to be referred to the Financial Office.</b></p>	Amount	Due Date	\$3,614.73	July 31, 2016	
Amount	Due Date				
\$3,614.73	July 31, 2016				
<b>Total Due</b>	<b>\$3,614.73</b>				

California Public Employees' Retirement System  
[www.calpers.ca.gov](http://www.calpers.ca.gov)

my|CalPERS 2263

If you wish to pay this statement using Electronic Funds Transfer (EFT) payment method, please visit [MyCalPERS.CA.GOV](http://MyCalPERS.CA.GOV). When using EFT, allow two banking days prior to the due date for payment to be received at CalPERS on time.

Return this portion with your check payable to: California Public Employees' Retirement System

**Please include Customer ID and Receivable ID on your check.**

**Send check/money order to:**

CalPERS  
Fiscal Services Division -- Cashier/Payroll  
P.O. Box 942703  
Sacramento, CA 94229-2703

CalPERS ID:	7037682826
Receivable ID:	100000014789412
Invoice Date:	July 01, 2016
Payment Due Date:	July 31, 2016
Amount Due:	\$3,614.73

California Public Employees' Retirement System  
[www.calpers.ca.gov](http://www.calpers.ca.gov)

my|CalPERS 2263





P.O. Box 942715 Sacramento, CA 94229-2715  
**888 CalPERS** (or 888-225-7377) | Fax: (800) 959-6545  
[www.calpers.ca.gov](http://www.calpers.ca.gov)

**California Public Employees' Retirement System**

July 01, 2016

South San Luis Obispo County Sanitation District  
Amy K. Simpson  
P.O. BOX 339  
OCEANO, CA 93475

Business Unit: 1900  
CalPERS ID: 7037682826  
Invoice Number 100000014789422  
Invoice Date: July 01, 2016  
Payment Due Date: July 31, 2016

Description	Amount				
<p>Annual Unfunded Accrued Liability as of the June 30, 2014 Actuarial Valuation for Rate Plan Identifier 27295.</p> <p>The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll) plus the Employer Unfunded Accrued Liability Contribution Amount.</p> <p>Your agency's monthly amount due toward the Unfunded Accrued Liability is:</p> <table><tr><td>Amount</td><td>Due Date</td></tr><tr><td>\$1.53</td><td>July 31, 2016</td></tr></table> <p>If you would like to prepay the entire Annual Payment toward your Plan's Unfunded Accrued Liability, you can submit the Annual Lump Sum Prepayment amount of \$18.00 to the invoice number above by July 31, 2016 instead of the monthly amount listed.</p> <p>Please refer to the June 30, 2014 Actuarial Valuation report for the details of this calculation. Reports are available at CalPERS On-Line or by visiting <a href="http://MyCalPERS.CA.GOV">MyCalPERS.CA.GOV</a>.</p> <p>Unfunded Accrued Liability contributions are to be paid in full by the payment due date each month. Payments that are not received in full on or before this date will be assessed interest on the total outstanding balance due (Public Employees' Retirement Law § 20572 (b)). Please note that this monthly statement is a demand for payment in accordance with Public Employees' Retirement Law § 20572 (a).</p> <p><b>For questions concerning your invoice, please call our CalPERS Customer Contact Center at 888 CalPERS (or 888-225-7377) and ask to be referred to the Financial Office.</b></p>	Amount	Due Date	\$1.53	July 31, 2016	
Amount	Due Date				
\$1.53	July 31, 2016				
<b>Total Due</b>	<b>\$1.53</b>				

California Public Employees' Retirement System  
[www.calpers.ca.gov](http://www.calpers.ca.gov)

my|CalPERS 2263

**If you wish to pay this statement using Electronic Funds Transfer (EFT) payment method, please visit [MyCalPERS.CA.GOV](http://MyCalPERS.CA.GOV). When using EFT, allow two banking days prior to the due date for payment to be received at CalPERS on time.**

Return this portion with your check payable to: California Public Employees' Retirement System

**Please include Customer ID and Receivable ID on your check.**

<b>Send check/money order to:</b>	CalPERS ID:	7037682826
CalPERS	Receivable ID:	100000014789422
Fiscal Services Division -- Cashier/Payroll	Invoice Date:	July 01, 2016
P.O. Box 942703	Payment Due Date:	July 31, 2016
Sacramento, CA 94229-2703	Amount Due:	\$1.53

California Public Employees' Retirement System  
[www.calpers.ca.gov](http://www.calpers.ca.gov)

my|CalPERS 2263





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](http://www.sslocsd.org)

---

**Date:** July 20, 2016

**To:** Board of Directors

**From:** Gerhardt Hubner, District Administrator

**Subject: AUTHORIZATION TO UTIIZE THE PREPAYMENT OPTION ON THE LOAN FOR DISTRICT'S COGENERATION UNIT**

### **RECOMMENDATION**

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

### **DISCUSSION**

The District's Cogeneration Unit, purchased and installed in 2010, is non-functional for a variety of reasons (design flaws, operational issues, etc.). The total cost of the loan for the Cogeneration Unit with principal and interest is \$598,372.80. Each year since then the District has submitted semi-annual payments of \$37,398.30 for principal and interest to pay its obligations under the loan agreement.

Recently it has come to staff's attention that significant cost saving can be realized this fiscal year by making a final payment now on the remaining balance. This would save the District \$1046.55 this year.

Funds for this final payment are available in Fiscal Year 2016-17 Adopted Budget, Fund 20-7096 Cogeneration EISA –Debt Principal and Interest. This line item was budgeted in the amount of \$76,000, sufficient to make this final payment. Any remaining funds in this line item, after final payment is made, could then be made available for other District programs, projects or expenses.

The annual payment is due on August 16, 2016. Today, to save the District's ratepayers \$1046.55 staff recommends making the final payment in the amount of \$73,750.05.

Attachment No. 1 – Payment Schedule to Municipal Finance Corporation

G. Payment Schedule: Payable semi-annually in arrears #09-028

PMT #	Due Date	Installment Payment	To Principal	To Interest	Prepayment Option
1	8/16/10	\$37,398.30	\$24,705.93	12,692.37	470,283.40
2	2/16/11	37,398.30	25,354.46	12,043.84	444,295.08
3	8/16/11	37,398.30	26,020.01	11,378.29	417,624.57
4	2/16/12	37,398.30	26,703.04	10,695.26	390,253.95
5	8/16/12	37,398.30	27,403.99	9,994.31	362,164.86
6	2/16/13	37,398.30	28,123.35	9,274.95	333,338.43
7	8/16/13	37,398.30	28,861.58	8,536.72	303,755.31
8	2/16/14	37,398.30	29,619.20	7,779.10	273,395.63
9	8/16/14	37,398.30	30,396.70	7,001.60	242,239.01
10	2/16/15	37,398.30	31,194.62	6,203.68	210,264.52
11	8/16/15	37,398.30	32,013.48	5,384.82	177,450.71
12	2/16/16	37,398.30	32,853.83	4,544.47	143,775.53
13	8/16/16	37,398.30	33,716.24	3,682.06	109,216.38
14	2/16/17	37,398.30	34,601.30	2,797.00	73,750.05
15	8/16/17	37,398.30	35,509.58	1,888.72	37,352.73
16	2/16/18	37,398.30	36,441.69	956.61	0.00
TOTALS:		<u>\$598,372.80</u>	<u>\$483,519.00</u>	<u>\$114,853.80</u>	

Approved and agreed to:

MUNICIPAL FINANCE CORPORATION

By:

*William A. Muter*

Title:

*President*

Date:

*1/29/10*

SOUTH SAN LUIS OBISPO  
COUNTY SANITATION  
DISTRICT

By:

*AB Nicolls*

Title:

Board  
Chairman

Date:

*12/02/09*



SOUTH SAN LUIS OBISPO COUNTY  
SANITATION DISTRICT  
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**Date:** July 20, 2016  
**To:** Board of Directors  
**From:** Gerhardt Hubner, District Administrator  
**Subject:** **NOMINATION FOR MAIL IN BALLOT FOR CALIFORNIA SPECIAL DISTRICTS ASSOCIATION 2016 BOARD ELECTIONS**

### **RECOMMENDATION**

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

### **DISCUSSION**

On June 7, 2016, the District received mail ballot information for the California Special District Association 2016 Board Elections. The letter seeks the District's vote in electing a representative to the CSDA Board of Directors in our Network for Seat B.

By way of background, each of the CSDA's six networks has three seats on the Board. As the District is in good standing, it is entitled to vote for one director to represent its network.

The candidates who submitted candidate information (attached) are:

- Anthony Kalvans, Director at the San Miguel Community Service District
- Sharon Rose, Director at the Goleta Sanitary District
- Jeff Hodge, General Manager, Santa Ynez Community Services District

Ballots must be received at the CSDA office in Sacramento by 5 pm Friday August 4, 2016.

Options for Consideration:

1. No action. No mail in ballot submitted
2. Nominate one candidate from the four candidates
3. Create a subcommittee of the Board to consider candidate's qualifications, and return back to the Board with a candidate recommendation at the August 3<sup>rd</sup> Board meeting.

Attachment

1. CSDA 2016 Board Elections Mail Ballot Information
2. Candidate Information Sheets for Anthony Kalvans, Sharon Rose and Jeff Hodges





**California Special  
Districts Association**  
*Districts Stronger Together*



## **CALIFORNIA SPECIAL DISTRICTS ASSOCIATION**

### **2016 BOARD ELECTIONS**

#### **MAIL BALLOT INFORMATION**

Dear Member:

A mail ballot has been enclosed for your district's use in voting to elect a representative to the CSDA Board of Directors in your Network for Seat B.

Each of CSDA's six (6) networks has three seats on the Board. Each of the candidates is either a board member or management-level employee of a member district located in your network. Each Regular Member (district) in good standing shall be entitled to vote for one (1) director to represent its network.

We have enclosed the candidate information for each candidate who submitted one. Please vote for **only one** candidate to represent your network in Seat B and be sure to sign, date and fill in your member district information. If any part of the ballot is not complete, the ballot will not be valid and will not be counted.

Please utilize the enclosed return envelope to return the completed ballot. Ballots must be received at the CSDA office at 1112 I Street, Suite 200, Sacramento, CA 95814 by **5:00pm on Friday, August 5, 2016.**

If you do not use the enclosed envelope, please mail in your ballot to:

**California Special Districts Association  
Attn: 2016 Board Elections  
1112 I Street, Suite 200  
Sacramento, CA 95814**

Please contact Charlotte Lowe toll-free at 877.924.CSDA or [charlottel@csla.net](mailto:charlottel@csla.net) with any questions.



California Special  
Districts Association  
*Districts Stronger Together*

## 2016 CSDA BOARD CANDIDATE INFORMATION SHEET

The following information **MUST** accompany your nomination form and Resolution/minute order:

Name: Anthony Kalvans  
District/Company: San Miguel community Services District  
Title: Director  
Elected/Appointed/Staff: Elected  
Length of Service with District: 3 years

1. Do you have current involvement with CSDA (such as committees, events, workshops, conferences, Governance Academy, etc.):

only in county chapter

2. Have you ever been associated with any other state-wide associations (CSAC, ACWA, League, etc.):

NO

3. List local government involvement (such as LAFCo, Association of Governments, etc.):

VP San Miguel Advisory Council, VP  
SLO county chapter CSDA, citizens transportation advise  
and water resources advisory committee

4. List civic organization involvement:

vice President San Miguel lions club,

**\*\*Candidate Statement** – Although it is not required, each candidate is requested to submit a candidate statement of no more than 300 words in length. Any statements received in the CSDA office after June 2, 2016 will not be included with the ballot.



California Special  
Districts Association  
Districts Stronger Together

## 2016 CSDA BOARD CANDIDATE INFORMATION SHEET

The following information **MUST** accompany your nomination form and Resolution/minute order:

Name: Sharon Rose  
 District/Company: Goleta Sanitary  
 Title: Board President  
 Elected/Appointed/Staff: Elected  
 Length of Service with District: 4 years

1. Do you have current involvement with CSDA (such as committees, events, workshops, conferences, Governance Academy, etc.):

Attend local chapter meetings

Attended First Governance Academy

2. Have you ever been associated with any other state-wide associations (CSAC, ACWA, League, etc.):

GSMDL - Golden State Manufactured Homeowners League

CA Dept. of Health -

4. <sup>CIVIC</sup> List local government involvement (such as LAFCo, Association of Governments, etc.):

SCAMPR - Vice President (So. Coast Alliance of Mobile Home

Member: The Goleta Coalition, CSDA - Local Chapter

University Park Homeowners Association (President)

- 3 <sup>govt</sup> 4. List organization involvement:

Goleta Sanitary Board member (President)

Retired: Santa Barbara Co. Alcohol & Drug Program  
Prevention Manager

**\*\*Candidate Statement** -- Although it is not required, each candidate is requested to submit a candidate statement of no more than 300 words in length. Any statements received in the CSDA office after June 2, 2016 will not be included with the ballot.

Dear CSDA Members:

My name is Sharon Rose. I have served as an elected board member of Goleta Sanitary District for three and a half years. I have also served actively in two statewide associations engaged in passing legislation: The Golden State Manufactured Home Owners League and The CA Tobacco Control Program.

My professional experience includes: government and non-profit management, private industry news media and raising a family.

After years in public service in the High Sierras, I moved to the Central Coast 11 years ago. I feel my skills will help CSDA meet their organizational needs, both in Sacramento and at the chapter level.

Local government is the strongest branch of our democracy. It's where "we the people" know each other personally and get things done. As a former county official who served in rural and urban areas, I learned the value of finding common goals, innovation and vision. Good governance exists in the smallest and largest places. It builds trust; which in turn builds healthy, resilient communities.

With politics as our backdrop, we know the wind changes. What's important to me is when change occurs, good people remain who are dedicated to working together—regardless of alliance. I know we all share a common goal of protecting California's quality of life—economically, socially and environmentally.

The drought crisis, coupled with energy and economic challenges, teach the future calls for innovation and collaboration.

My toolkit includes a willingness to serve, an open mind, creativity, collaborative decision-making and networking, communications and fundraising skills, a sense of humor, the ability to listen, a willingness to study the issues, ability to borrow and share ideas, and the ability to compromise.

Thank you. I respectfully request your vote to the CSDA board.

Sharon Rose

Goleta, California



**California Special  
Districts Association**  
*Districts Stronger Together*

## **2016 CSDA BOARD CANDIDATE INFORMATION SHEET**

The following information **MUST** accompany your nomination form and Resolution/minute order:

**Name:** Jeff Hodge

**District/Company:** Santa Ynez Community Services District

**Title:** General Manager

**Elected/Appointed/Staff:** Staff

**Length of Service with District:** 2.5 years

- 1. Do you have current involvement with CSDA (such as committees, events, workshops, conferences, Governance Academy, etc.):**

None

- 2. Have you ever been associated with any other state-wide associations (CSAC, ACWA, League, etc.):**

Association of California Water Agencies (ACWA), California Association of Sanitation Agencies (CASA).

- 3. List local government involvement (such as LAFCo, Association of Governments, etc.):**

None

- 4. List civic organization involvement:**

None

**\*\*Candidate Statement – Although it is not required, each candidate is requested to submit a candidate statement of no more than 300 words in length. Any statements received in the CSDA office after June 2, 2016 will not be included with the ballot.**

Jeff is currently the General Manager of the Santa Ynez Community Services District.

Jeff has a Bachelor of Arts degree in Political Science and a Master's degree in Business Administration.

He has over 20 years' experience managing Special Districts in Colorado, Arizona and California. He has managed special districts that provided Fire, Police, Water, Sewer, Trash, Cemetery, Roads, Street Lights, Parks and Recreation, and Drainage.

Jeff has a California Grade IV Wastewater Plant Operator certification and the highest Wastewater treatment certification level in Colorado and Arizona. He also holds certification in Water Treatment and Water Distribution in Arizona. He was elected to a Fire District Board and Park and Recreation District Board for four years.

Jeff was instrumental in helping form a Park and Recreation District in Southern Colorado.

He was appointed to an airport advisory board in Colorado and Arizona and is a two time past president of different local Rotary Clubs.

He has experience in writing, introducing and shepherding legislation for Special Districts, permitting and constructing new water and wastewater facilities and upgrading existing facilities.

Jeff is married to Christine and has two daughters and one granddaughter.

Jeff enjoys flying, sailing, kayaking and exploring all the great things California and the world has to offer.

Jeff Hodge

# SANTA YNEZ COMMUNITY SERVICES DISTRICT

Mailing Address: P.O. Box 667, Santa Ynez, CA 93460-0667 • (805) 688-3008

June 21, 2016

Re: Vote for Jeff Hodge Seat B Coastal Network, CSDA Board of Directors

Good day,

I am Jeff Hodge, General Manager of the Santa Ynez CSD. My Board has nominated me to run for the Coastal Network Seat B CSDA Board of Directors to represent your district and our Region. I have also been endorsed by the Santa Barbara Chapter CSDA.

I have over 20 years of experience representing and managing special districts and almost all of our powers.

Thank you for taking the time to place this matter on your agenda and voting for me as your representative on the CSDA Board.

Your District should have received the ballot from the CSDA.

Please return your Ballot **by August 5, 2016** to:

**CSDA  
Attn:2016 Board Elections  
1112 I Street, Suite 200  
Sacramento, CA 95814**

Thank you for your vote,

  
Jeff Hodge  
General Manager





**Santa Barbara County**

*Chapter of the*

**California Special  
Districts Association**

SBCCSDA.ORG

>>> *Districts Stronger Together*

MEMO TO: General Membership of SBC CSDA

FROM: SBC CSDA Board of Directors

RE: Board of Directors Endorsement of Jeff Hodge SYCSD for election to CSDA  
Board Seat B-Coastal Region

On May 4, 2016 the Board of Directors of the Santa Barbara County Chapter of the California Special Districts Association voted by acclamation to support the Santa Ynez Consolidated Service District's nomination of Jeff Hodge, General Manager, for election to the CSDA Board Seat-B Coastal Region.

Mr. Hodge is Vice President of the Santa Barbara County Chapter and has proven leadership skills. Currently, our General Membership in Santa Barbara County has no representation on the CSDA Board of Directors. We urge solidarity and outreach to the Coastal Region to achieve representation at the highest policy level.

Sincerely,



Judith Ishkanian, President

On behalf of the SBC CSDA Board of Directors





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](http://www.sslocsd.org)

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**Date:** July 20, 2016

**To:** Board of Directors

**From:** Gerhardt Hubner, District Administrator

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

## **RECOMMENDATION**

Staff recommend the Board:

1. Approve the selection of Glenn Burdette Attest Corporation to perform the District's 2015-2016 Financial Audit,
2. Authorize the District Administrator to sign and execute a professional contract with this firm in the amount of \$11,500 to perform these services, and
3. Transfer funds in the amount of \$1,500 from the District's contingency account to cover the remaining contractual amount.

## **DISCUSSION**

The past four years the firm Moss, Levy & Hartzhelm LLP conducted and completed the annual fiscal audit for the District. This firm performed these professional auditing services adequately for the District over the past prior years. Nevertheless, the 2016 Knudson and staff reports on the subject recommended to: "follow standard accounting practices by rotating the District's auditor consultant at least every five years."

Therefore, District staff drafted and on June 1, 2016, released a Request for Proposal - RFP (Attachment No. 1), and requested interested firms submit proposals to us by July 1, 2016.

By July 1<sup>st</sup> the District received six proposals, with additional two firms submitting letters declining. One of the six proposals was rejected immediately as non-responsive as it only contained the District's original RFP (and nothing else).

On July 11<sup>th</sup> a review panel consisting of the District's Administrator, the District's Bookkeeper and the City of Arroyo Grande's Director of Administration was convened. The panel reviewed the remaining five proposals which contained varying degrees of experience, qualifications and methodology. The proposals ranged in costs from \$7,995 to \$28,860.

The panel unanimously selected the firm of Glenn Burdette Attest Corporation and its proposal (Attachment No. 2) for the following reasons:

1. Met RFP minimum qualifications.
2. Local firm, and their availability/ability to respond to questions/answers.
3. Competitive bid price.
4. Understanding of District's operations, and previous discussions with District staff.
5. Familiarity with special districts, sanitation districts and municipal finances, and
6. Positive references from previous audits.

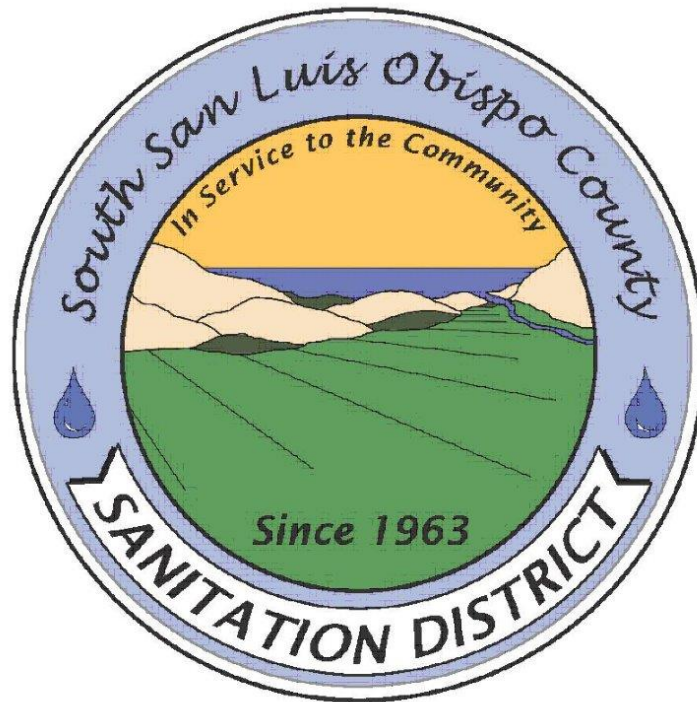
Funds for this contract are available in the Fiscal Year 2016-17 Adopted Budget, Fund 19-7072 Professional Services, Auditing. This line item was budgeted in the amount of \$10,000.

Resolution No. 2016-353, the District's *"Policies and Procedures for Expenditure of District's Funds for Supplies, Equipment, Construction and Services...."* requires professional services above \$25,000 seek and obtain Board approval prior to. While the amount of \$11,500 contained in the firm's proposal is below this authorized amount, staff is seeking your concurrence on these professional services since a properly conducted and completed financial audit is essential for the financial wellbeing of the District, its operations and its ratepayers.

Today we are seeking your concurrence to select the firm of Glenn Burdette Attest Corporation, and execute a contract in the amount of \$11,500 to provide professional auditing services for the District for Fiscal Year 2015-16.

#### Attachment

1. District's Request for Proposals for Professional Auditing Services, dated June 1, 2016
2. Bid Proposal from Glenn Burdette Attest Corporation, dated June 30, 2016



**REQUEST FOR PROPOSAL  
FOR  
PROFESSIONAL AUDITING SERVICES**

**DUE DATE: Friday, July 1, 2016 at 3:00 p.m.**

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

### **REQUEST FOR PROPOSAL FOR PROFESSIONAL AUDITING SERVICES**

#### **I. PROPOSAL INTENT**

The South San Luis Obispo County Sanitation District (Sanitation District) is soliciting the services of qualified CPA firms to audit all funds of the Sanitation District for the Fiscal Year 2015-16. This audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the U.S. Government Accountability Office's (GAO) Government Auditing Standards (GAS), the provisions of the Federal Single Audit Act and the U.S. Office of Management and Budget (OMB) Circular A-133, and Governmental Accounting Standards Board (GASB) Pronouncements.

We have made every effort to include sufficient information within this Request for Proposal for an auditor to prepare a responsive, comprehensive proposal. All questions and correspondence should be directed to Ms. Amy Simpson, Bookkeeper/Secretary at [Amy@sslocsd.us](mailto:Amy@sslocsd.us) or 805-709-9451.

The Sanitation Districts' Audits from prior fiscal years are available upon request.

#### **II. BACKGROUND**

##### South San Luis Obispo County Sanitation District:

The South San Luis Obispo County Sanitation District encompasses a geographic area of 165 square miles. It is located within an area known as the Five Cities area in the southwestern portion of San Luis Obispo County and is located 15 miles south of the City of San Luis Obispo.

The District provides its services for the residents of the City of Arroyo Grande, the City of Grover Beach and the Oceano Community Services District. In addition, there is a small County population of approximately 50 residences that are not incorporated within the communities listed above who also receive those services offered by the District.

The District is governed by a three-member body, known as the District Board, who are appointed by the respective member agencies on an annual basis. The District Board includes one representative from each of its Member Agencies, specifically, the City of Arroyo Grande, the City of Grover Beach and the Oceano Community Services District. The District Board makes bi-partisan decisions in the best interest of the District. The Board makes policy and operational decisions with advice from the District Administrator. The District Board also establishes District policy, setting goals and objectives, approves the annual budget, approves expenditures and performs other related functions.

The combined average annual raw wastewater flow to the District from these agencies is in the order of 2.9 million gallons per day. In addition to collection and treatment services, the District also assists in providing source control programs and inspection services on behalf of the Member Agencies. These additional services include an Industrial/Commercial Pretreatment Program and a Fats, Oils and Grease (FOG) Control

Program.

### **III. SCOPE OF WORK**

The selected audit firm will perform a financial and compliance audit to determine whether the combined financial statements of the Sanitation District fairly present the financial position and the results of financial operations in accordance with generally accepted accounting principles, and whether the Sanitation District has complied with laws and regulations that may have a material effect upon the financial statements.

The auditors will examine the Sanitation District's internal accounting controls and accounting procedures and render written reports of their findings and recommendations to the District Administrator and/or Board of Directors. The examination shall be made and reports rendered in accordance with generally accepted government auditing standards.

In the required reports on internal controls, the auditor shall communicate any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Reportable conditions that are also material weaknesses shall be identified as such in the report. Non-reportable conditions discovered by auditors shall be reported in a separate letter to management, which shall be referred to in the reports on internal controls.

The auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the following parties: District Administrator; Sanitation District Legal Counsel; and the District Administrator.

The District Administrator and/or designee will be responsible for coordinating the audit process internally. The auditors will meet with the District Administrator and/or designee at the end of the fieldwork process to discuss preliminary audit findings and management recommendations.

Prior to issuing their final reports, the auditors will meet with the District Administrator and/or designee. All audit reports will be addressed to the Board of Directors of the Sanitation District.

The auditors may be consulted occasionally throughout the year as an information resource. The auditors may be asked to provide guidance on implementation of GASB requirements and specifics of federal and state regulations as they may affect local government accounting. They may also be asked to assist with the implementation of new pronouncements.

#### **Sanitation District Responsibilities:**

The Sanitation District's responsibilities will be to prepare the final closing of the books. The Sanitation District will provide balance sheets for all funds and groups, statement of revenues and expenditures for all funds as well as detailed subsidiary ledgers as of June 30<sup>th</sup>.

The Sanitation District will produce any confirmation letters that are mailed by the auditors.

The Sanitation District staff will be available to assist the auditors in locating records.

The Sanitation District will provide the auditor with reasonable workspace, desks, and chairs. The auditors will also be furnished access to telephones, facsimile machines, and photocopying machines.

#### **IV. PROPOSAL REQUIREMENTS**

##### **A. Independence**

The firm should provide an affirmative statement that it is independent of the Sanitation District as defined by generally accepted auditing standards. Moreover, the firm must have no conflict of interest with regard to any other work performed for the entity being audited. It is understood that the services performed by the auditors are in the capacity of independent contractors and not as an officer, agent, or employee of the Sanitation District.

##### **B. License to Practice in California**

An affirmative statement should be included indicating that the firm and all assigned key professional staff are properly licensed to practice in California.

##### **C. Firm Qualifications and Experience**

The proposal should state the size of the firm, the location of the office from which the work on this engagement is to be performed, and the number of the staff that will be assigned to the audit. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

The firm shall provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum 5) performed in the last five years that are similar to the engagement described in this request for proposals.

##### **D. Partner, Supervisory and Staff Qualifications and Experience**

The firm shall identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement and indicate whether each such person is licensed to practice as a certified public accountant in the State of California. The firm should also provide information on the staff's governmental auditing experience.

The firm should provide as much information as possible, regarding the number, qualifications, experience and training of the specific staff to be assigned to this

engagement.

The firm should also provide information regarding the processes or procedures it uses to ensure compliance with AB 1345.

E. Total All-Inclusive Maximum Price

The proposal should contain all pricing information relative to performing the audit engagement as described in this request for proposals. The total all-inclusive maximum price to be proposed is to contain all direct and indirect costs.

The proposal should include a schedule of professional fees and expenses, which support the total of the all-inclusive maximum price.

The proposal should itemize the maximum price option for performing auditing services and financial statement assistance for the Sanitation District for all funds.

F. Ownership of City Related Documents

All property rights, including publication rights of all reports produced by the selected firm in connection with services performed under this agreement shall be vested in the Sanitation District. The selected firm shall not publish or release any of the results of its examinations without express written permission from the Sanitation District.

G. Working Paper Retention and Access to Work Papers

All work papers must be retained, at the auditor's expense, for a minimum of five (5) years, unless the auditor is notified in writing by the Sanitation District of the need to reduce this retention period. The auditors will be required to make working papers available to the Sanitation District and any other third parties authorized by the Sanitation District. At the completion of this contract, the auditor will make available all work papers and reports to the successor auditor in a timely manner.

H. Acceptance of Proposal Contents

After auditors are selected by the Sanitation District, the contents of the submitted proposal will become a contractual obligation. The successful firm will be required to execute a standard consultant agreement with the Sanitation District, an example of which is included as Attachment 1.

I. Acceptance or Rejection and Negotiation of Proposals

The Sanitation District reserves the right to reject any or all proposals, to waive non-material irregularities or information in the request for proposal, and to accept or reject any item or combination of items. By requesting proposals, the Sanitation District is in no way obligated to award a contract or to pay expenses of the proposing firms in connection with the preparation or submission of a proposal. Furthermore, the Sanitation District reserves the right to reject any and all proposals prior to the execution of the contract(s), with no penalty to the Sanitation District.

## **V. PROPOSAL FORMAT AND CONTENT**

Firms desiring to respond shall make their proposals brief and concise, yet with sufficient detail to allow for a thorough evaluation. The purpose is to demonstrate the qualification, competence and capacity of the firms seeking to undertake the independent audit of the Sanitation District. As such, the substance of the proposals will carry more weight than their form or manner of presentation. Each proposal shall include as a minimum the following information in this format:

A. Introduction

Present an introduction to the proposal describing the firm's understanding of the desired work. Include a detailed description of the methods by which the consultant intends to perform the work set forth in the Scope of Services.

B. Qualifications

Include a brief description of the firm's background, experience with similar projects, and resumes of key personnel proposed to work on the project.

C. Work Plan

Provide a tentative schedule by phase, key task, and proposed compensation for completing the work. This schedule, as modified to be acceptable to the Sanitation District, will be used as an Exhibit to the Agreement between the Sanitation District and the successful consultant.

D. Costs

Submit a cost proposal, which includes a performance and cost schedule for all services necessary to complete this project. The proposal should include a separate all-inclusive cost for each of the three years of the contract. The proposal should specify the major components, the cost breakdown by major component or phase, and the expected time of completion for each component based on the scope of services outlined in the proposal. The proposal should include, a total proposed, "not to exceed" costs of the services, including a fee and rate schedule describing all charges and hourly rates for services. Cost will not be the deciding factor in making the selection.

E. References

List former clients for whom similar or comparable services have been performed. Include the name, mailing address, and telephone number of the appropriate contact person.

## **VI. SELECTION PROCESS**

The proposals for the Sanitation District's audit will be evaluated by the District Administrator and staff. Evaluation considerations will include the following:

- A. Responsiveness of the proposal in clearly stating the understanding of the work to be performed and in demonstrating the intention and ability to perform the work.
- B. Cost. Although a significant factor, other factors will be considered.



- C. Auditors' experience in conducting audits of agencies of similar nature, size, and complexity, and the auditors' commitment to maintaining technical expertise in the municipal financial environment.
- D. Technical experience and professional qualifications of the audit team.
- E. The firms' commitment to keeping the same team assigned to this job for each successive year the auditor is awarded the contract.
- F. Ability of proposed approach to meet the needs of the Sanitation District.

**VII. TENTATIVE SCHEDULE**

The timing of the proposal process is subject to change, depending on the needs of the Sanitation District, but is anticipated as follows:

RFP released ..... June 1, 2016  
Proposals Due ..... July 1, 2016  
Interviews (if requested) ..... July 6, 2016  
Select Consultant ..... July 13, 2016  
Finalize Contract & Board Consideration ..... July 20, 2016

**VIII. SUBMITTAL**

- A. Submit a total of 2 copies to:  
  
Gerhardt Hubner  
District Administrator  
1600 Aloha Place  
Oceano, CA 93445
- B. Show the following information on the outside of the package:
  - Firm's name and address
  - Audit Services Proposal
- C. The proposal must be received at the above address by the closing date and time. Firms mailing or shipping their proposals must allow sufficient delivery time to ensure timely receipt of their proposals by the time specified. Late proposals will not be accepted.
- D. **Closing Date: All proposals must be received by Friday, July 1, 2016 at 3:00 p.m.**
- E. The Sanitation District reserves the right to reject any or all proposals for any or no reason.

**South San Luis Obispo County Sanitation District  
Proposal for Professional Auditing Services  
For the Fiscal Year Ending June 30, 2016, 2017, and 2018  
With the Option of Two One-Year Extensions**

Glenn Burdette Attest Corporation  
Certified Public Accountants  
1150 Palm Street  
San Luis Obispo, California 93401  
(805) 544-1441  
Contact: Allen E. Eschenbach, CPA  
Principal  
al.eschenbach@glennburdette.com  
June 30, 2016

**South San Luis Obispo County Sanitation District  
Proposal for Professional Auditing Services  
For the Fiscal Year Ending June 30, 2016, 2017, and 2018  
With the Option of Two One-Year Extensions**

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June 30, 2016

South San Luis Obispo County Sanitation District  
RFP for Auditing Services  
Attention: Gerhardt Hubner, District Administrator  
1600 Aloha Place  
Oceano, California 93445

Attached is our proposal to audit the documents and prepare financial statements for South San Luis Obispo County Sanitation District (SSLOCSD) for the fiscal years ending June 30, 2016, 2017 and 2018 with option of two one-year extensions for the years ending June 30, 2019 and 2020. We propose to perform the work as described in the Request for Proposals (RFP) for Auditing Services and we commit to perform the work within the time period as specified in the RFP.

We believe we are uniquely qualified to serve your organization. There are a number of sound reasons why you should select us as your independent certified public accountants.

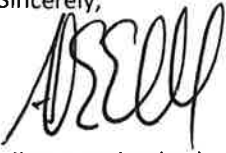
- We are able to provide technical and quality services commensurate with that of the largest certified public accounting firms. The audit principal, managers and supervisor who would be involved with the engagement have experience with national or international firms. However . . .
- Since we are a local firm, we can respond immediately to your financial questions or concerns.
- We are available to present local seminars of governmental accounting or related matters to District staff.
- Our approach to auditing is management oriented. We will concentrate on maintaining a close and constructive relationship with you throughout the year.
- Our Firm has a continuity of personnel from year-to-year, to assure you of the most efficient, and correspondingly, the least costly accounting services.
- We are a service organization. We understand the obligation we have on a continuing basis, to earn your patronage through responsible service and on-going attention to your needs.
- We have tailored our Firm to meet the needs of local business, nonprofit organizations and governmental agencies which make up the economic climate of the Central Coast. We feel our approach has been successful as evidenced by our continued growth.
- The Firm has a full-time audit department which specializes in financial and compliance audits. We attend various seminars and education courses throughout the year related specifically to auditing to assure we are current on any new developments in the field.

As a local CPA firm, we sincerely appreciate the opportunity to submit this proposal. By selecting a local CPA firm, the District will receive personalized professional services. There are no out-of-town living expenses in the fee.

Allen E. Eschenbach, CPA is authorized to make representations on behalf of Glenn Burdette Attest Corporation. He is a principal of the firm and may be contacted at Glenn Burdette, 1150 Palm Street, San Luis Obispo, California, 93401, 805-544-1441.

This proposal is a firm and irrevocable offer for ninety days. We look forward to the opportunity of serving you. If there are any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'AEE' followed by a stylized flourish.

Allen E. Eschenbach, CPA

for

Glenn Burdette Attest Corporation  
Certified Public Accountants

## **Technical Proposal**

### **Introduction**

Glenn Burdette, Certified Public Accountants, has offices in San Luis Obispo, Paso Robles, and Santa Maria. All of the work on this engagement will be performed from the San Luis Obispo office. We perform audit, accounting, tax services and management consulting services from our San Luis Obispo office. We have been performing financial and compliance nonprofit and governmental audits for over 30 years, and single audits for the past 20 years.

This Firm has 33 CPAs and 18 other employees (12 professional and 12 support staff). This includes one audit principal, one senior audit manager, one audit manager, two audit seniors who are Certified Public Accountants, plus two professional staff who perform governmental audit services. This makes us the area's largest audit practice. We anticipate having one principal, one manager, one senior professional associate and one professional staff employed in this engagement on a full-time basis. Biographies of the professional staff expected to perform significant services under this contract are contained under "Qualifications."

Our Firm had its quality control system reviewed in November 2014 as required by the American Institute of Certified Public Accountants. The quality control review included a review of specific governmental engagements including single audits. Firms can receive a rating of pass, pass with deficiency(ies) or fail. We received a peer review rating of pass. A copy of the opinion is at the end of the proposal.

The Firm and any of its employees have never had a record of sub-standard work, or unsatisfactory performance pending with the State Board of Accountancy. There has been no disciplinary action taken or pending against the Firm with state regulatory bodies or professional organizations.

We have previously co-hosted the annual governmental GAAP update provided by the GFOA. In addition, we communicate learning opportunities to our clients on an as-needed and as-available basis.

### ***Independence***

We are independent of the District as defined by generally accepted auditing standards and the U.S. General Accounting Office's *Government Auditing Standards*, issued by the Comptroller General of the United States. As part of our internal quality control procedures, each employee is required to attest to their independence with regard to the current client listing. The Firm has not had any professional relationships involving SSLOCSD in the past five years.

### ***License to Practice in California***

The Firm and all assigned key professional staff are properly licensed to practice as certified public accountants in California. The CPA license numbers for the persons who will be performing the audit services are indicated under "Partner, Supervisory and Staff Qualifications and Experience."

### ***Scope of Services***

We will perform the audits in accordance with U.S. generally accepted auditing standards (GAAS) as set forth by the American Institute of Certified Public Accountants (AICPA), and the standards for financial audits set forth in the U.S. General Accounting Office's Government Auditing Standards, issued by the Comptroller General of the United States.

In the required reports on internal controls, we will communicate any matters considered to be significant deficiencies under standards established by the AICPA. Significant deficiencies that are also material weaknesses will be identified as such in the report. Other matters involving the internal control that are not significant deficiencies nor material weaknesses will be reported in a separate letter to management which will be referred to in the required reports on internal controls. Reports on compliance will include all material instances of noncompliance. All nonmaterial instances of noncompliance will be reported in a separate letter to management which will be referred to in the required reports on compliance. We acknowledge our responsibility to make an immediate, written report of all irregularities and illegal acts or indications of which we become aware to the SSLOCSD Administrator. We understand that your expectation is that no later than December 31, the auditors will prepare the basic financial statements and the footnotes to the financial statements. We also understand that the auditors will present and discuss the draft annual financial statements to the Board of Directors

Our Firm uses personal computers extensively in our audit practice. We have portable laptop computers, scanners and printers that we take into the field to assist in preparing working papers and financial statements. Our work papers are prepared and maintained electronically so we attempt to get as many of SSLOCSD's documents in electronic form. When possible, we would like to use the SSLOCSD's data files for testing rather than manually preparing information.

We agree to retain all working papers and reports at our expense for a minimum of five years, unless otherwise notified in writing by SSLOCSD, and make them available to the SSLOCSD or its designees.

We acknowledge our responsibility to inform the SSLOCSD Administrator of any audit adjustments and difficulties encountered while performing the audit.

### **Qualifications**

We anticipate that the principal, manager and senior identified would remain the same throughout the term of the contract. However, if those personnel leave the Firm, are promoted or are assigned to another office, we would be able to provide replacement staff who have substantially the same qualifications and experience. If those personnel are changed for other reasons, we would obtain the District's express prior written approval. We acknowledge that the City retains the right to approve or reject replacements. Likewise, we could provide replacement staff for other personnel as required during the term of the contract, with substantially the same qualifications and experience.

To assure the quality of all staff over the term of the contract, all our CPA's and professional staff conducting audits subject to *Government Auditing Standards* are required to take at least 80 hours of continuing professional education (CPE) classes every two years with at least 24 hours in CPE directly related to the government environment and government auditing. Professional staff assigned to the engagement would continue to obtain relevant continuing professional education and all new staff will be subject to our hiring standards.

We are members of the American Institute of Certified Public Accountants, the California Society of Certified Public Accountants, the California Society of Municipal Finance Officers, and the Government Finance Officers Association. We subscribe to all current pronouncements of the Financial Accounting Standards Board and the Governmental Accounting Standards Board. As such, we have access to the AICPA technical hotline, CalCPA technical hotline, GFOA technical services staff, and GASB and FASB technical staff when questions arise related to accounting or disclosure during the course of the audit.

The Firm and all assigned key professional staff are properly licensed to practice as certified public accountants in the State of California. The CPA license numbers for the professional staff who will be performing the audit services are indicated below.

***Allen E. Eschenbach – Certified Public Accountant (License # 73290) – Audit Principal***

Mr. Eschenbach graduated from California Polytechnic State University, San Luis Obispo in June 1991 with a Bachelor of Science degree in Business Administration, with an accounting concentration. He was employed as a supervising senior at Ernst & Young LLP in San Francisco for three and a half years where he audited various public and nonpublic companies in the capital markets and financial services industries, as well as a number of large retailers and nonprofits. Mr. Eschenbach joined the Firm in January 1995, became a principal in June 2000, and served as the Firm's managing principal from 2003 through 2005. Since becoming a principal he has overseen the Santa Maria office and since 2001 has been responsible for the education and quality control of the audit department. He has extensive experience providing attestation and consulting services to clients of all industries on the Central Coast, including municipal and educational governmental entities, private agriculture, high technology, and construction enterprises. He has also assisted companies with fraud audits and Sarbanes-Oxley section 404 internal control implementation.

Mr. Eschenbach is a member of the American Institute of Certified Public Accountants and the Government Finance Officers Association. He is also a member of the California Society of Certified Public Accountants, and currently serves on the CalCPA state accounting principles and auditing standards committee. He is a graduate of Leadership San Luis Obispo Class VI and has served on the board of a number of local community organizations.

Mr. Eschenbach has served in a supervisory capacity on the following relevant governmental, nonprofit and A-133 single audits:

- Cities of San Luis Obispo, Pismo Beach, Lompoc and Guadalupe
- Mission Hills Community Services District
- City of Morro Bay and Cayucos Sanitary District
- Whale Rock Commission
- Cal Poly Corporation
- California Polytechnic State University Foundation
- University Corporation at Monterey Bay
- Foundation at CSU, Monterey Bay
- Santa Barbara and Allan Hancock Joint Community College Districts
- Lompoc Unified, Paso Robles Joint Unified, Santa Maria-Bonita and Guadalupe Union School Districts



The significant relevant continuing professional education that Mr. Eschenbach has obtained during the last three years related to accounting and auditing updates, governmental accounting and auditing updates, preparing governmental financial statements, and performing A-133 Single Audits.

***Erin M. Nagle — Certified Public Accountant (License #75111) – Senior Audit Manager***

Ms. Nagle graduated from the University of California at Santa Barbara in June 1995. She was employed as an auditor at BDO Seidman LLP in San Francisco for three years before joining our firm in June 1998. She is a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants.

Ms. Nagle has served in a supervisory capacity in the following relevant audits:

- Cities of San Luis Obispo, Lompoc and Guadalupe
- Whale Rock Commission
- California Polytechnic State University Foundation
- University Corporation at Monterey Bay
- Foundation of CSU, Monterey Bay
- Santa Barbara and Allan Hancock Community College Districts
- Guadalupe Union, San Luis Coastal Unified, and Paso Robles Joint Unified School Districts

The significant relevant continuing professional education that Ms. Nagle has obtained during the last three years related to accounting and auditing updates, governmental accounting and auditing updates, preparing governmental financial statements, and performing A-133 Single Audits.

***Sherri Y. Parkinson – Certified Public Accountant (License # 64611) – Audit Manager (Available for Manager Rotation)***

Ms. Parkinson graduated from California Polytechnic State University, San Luis Obispo in June of 1989 with a Bachelor of Science degree in Business Administration with a concentration in accounting. She was employed by KPMG in San Jose, CA for four years where her audit clients included both private and public companies. She has since worked in industry at several companies including Global Village Communications, Inc., a public company, where she served as Accounting Manager and at Wireless Access Communications, Inc., where she served as Controller. She joined Glenn Burdette in August 2008. She is a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants.

Since joining the firm, Ms. Parkinson has served in a supervisory capacity on the following relevant governmental and nonprofit audits:

Mission Hills Community Services District  
City of Morro Bay and Cayucos Sanitary District  
City of Pismo Beach  
California Polytechnic State University Corporation  
Santa Barbara Community College District  
Family Care Network, Inc.  
Transitions-Mental Health Association

Women's Shelter Program of San Luis Obispo County  
Bay Foundation of Morro Bay  
Land Conservancy of San Luis Obispo County  
Habitat for Humanity of San Luis Obispo County

***Sarah K. Glaudel – Certified Public Accountant (License #124755) – Senior Audit Associate***

Ms. Glaudel graduated from California Polytechnic State University, San Luis Obispo in March of 2010. She was employed as an intern by Glenn Burdette before joining the firm full time as an audit professional associate in May of 2013. Ms. Glaudel completed her graduate degree from Keller Graduate School of Management in October 2013 as a Master of Financial Management and Accounting with a CPA Emphasis. Ms. Glaudel is a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants.

Since joining the firm, Ms. Glaudel has served on the following relevant governmental, nonprofit and A-133 single audits:

- Cities of San Luis Obispo, Lompoc and Pismo Beach
- City of Morro Bay and Cayucos Sanitary District
- Whale Rock Commission
- Integrated Waste Management Authority
- Cal Poly Corporation
- California Polytechnic State University Foundation
- CSU Monterey Bay Corporation
- Foundation of CSU Monterey Bay
- Santa Barbara and Allan Hancock Community College Districts
- Family Care Network, Inc.
- Women's Shelter Program of San Luis Obispo County
- Food Bank Coalition of San Luis Obispo County

***Kristine Lemon – Audit Associate***

Ms. Lemon graduated from California Polytechnic State University, San Luis Obispo in June 2014 with a Master of Science degree in Financial Accounting. She was employed as an intern by Glenn Burdette before joining the firm full time as an audit professional associate in June of 2014. Ms. Lemon is a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants.

Since joining the firm, Ms. Lemon has served on the following relevant governmental, nonprofit and A-133 single audits:

- Cities of San Luis Obispo, Lompoc and Pismo Beach
- City of Morro Bay and Cayucos Sanitary District
- Mission Hills Community Services District
- Integrated Waste Management Authority

- Cal Poly Corporation
- California Polytechnic State University Foundation
- CSU Monterey Bay Corporation
- Foundation of CSU Monterey Bay
- Santa Barbara and Allan Hancock Community College Districts
- Family Care Network, Inc.
- Women's Shelter Program of San Luis Obispo County

## **Work Plan**

Our audit approach will be designed to provide for the most effective and efficient use of resources. During field work, we will review the basic accounting systems of SSLOCSD, and will use questionnaires and checklists to document our understanding of the internal control system including the control environment, risk assessment, control activities, information and communication, and monitoring. This will be supplemented by narratives of our understanding of the flow of information through the accounting system. We will need to interview various SSLOCSD staff, including the Administrative Director, Senior Accounting Technician, finance staff and information technology staff, in order to gain an understanding of the internal control system and complete these forms and narratives. We will also reference the District's organizational charts and policy manuals and programs to aid in our understanding.

We anticipate documenting our understanding of the following internal controls processes during field work: purchasing/cash disbursements, personnel/ payroll, revenue/cash receipts, bid process and budget amendments. Based on the controls present within the respective processes and our preliminary evaluation of such controls, a determination will be made as to the extent of controls testing procedures to be performed. In addition, we anticipate performing detail testing of fixed asset additions and disposals during field work.

We will perform substantive tests of account balances, including vouching to supporting documentation or confirmation with outside parties as determined appropriate. We expect the following to be significant audit areas: investments, capital assets, and long-term debt. We will apply preliminary analytical procedures by comparing account balances for the current year to the prior year amounts and the current year budget in order to identify unusual or unexpected balances or relationships and in order to consider risks when preparing audit work programs. Analytical procedures will also be applied to significant revenues and expenses/expenditures as a portion of our substantive audit program.

We will issue our opinion on the fair presentation of the financial statements in conformity with generally accepted accounting principles for South San Luis Obispo County Sanitation District. The financial statements will include all of funds and account groups maintained by the District. We will also provide our reports on internal controls associated with the financial statements. We will provide 5 bound and 1 pdf copy of the financial statements including the required reports on internal control.

We will work with SSLOCSD to establish fieldwork dates that are mutually agreeable. A timetable of proposed dates of major audit areas, subject to management approval, is included below:

	<u>Proposed Dates</u>
Audit fieldwork	Week of October 3rd
Final draft financial statements	Middle of November
Issue final financial statements	Middle of December
Final report filings	End of December

## Costs

Following is a summary of the all-inclusive fees for auditing services as described in SSLOCSD's RFP:

### Summary Schedule of Professional Fees and Expenses

	Option Years				
	2015-16	2016-17	2017-18	2018-19	2019-20
Audit and Financial Statement Preparation Assistance	\$ 11,500	\$ 11,785	\$ 12,080	\$ 12,380	\$ 12,690

### Summary of Total Hours

	<u>Hourly Rate</u>	<u>Total Hours</u>	<u>Total</u>	<u>Discount</u>	<u>Total All-Inclusive Maximum Price</u>
Principal	\$ 350	6	\$ 2,100		
Manager	290	20	5,800		
Senior	175	30	5,250		
Professional Staff	140	20	2,762		
Administrative Assistant	85	6	510		
<b>Subtotal</b>		82	16,455	\$ (4,955)	\$ 11,500

Any additional services required or requested will be billed at our standard hourly rates. The standard hourly rates are currently as follows:

Principals	\$ 350/hour	Entry Level Professionals- 1 <sup>st</sup> Yr	\$ 120/hour
Senior Managers	290/hour	Administrative Associates	95/hour
Managers	265/hour	Support Associates	85/hour
Supervisors	200/hour	Human Resources Consulting	265/hour
Senior Professional Associates	175/hour	Credit & Collection Services	265/hour
Professional Associates	140/hour	Litigation Testimony/Support	450/400/hour

The fee estimates are based on estimated actual time spent at our standard hourly rates discounted for the District. The fee estimates are based upon an anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit or tax return preparation. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate. In the event that disclosures in the audit indicate extraordinary circumstances that warrant more intensive and detailed services, we will provide, in advance all pertinent facts relative to the extraordinary circumstances, together with our fee basis for such additional services, to the District Board of Trustees. No extended services will be performed unless they are authorized in writing by the District and the agreement covering the work to be done had been amended to reflect such extended services.

## References

Following is a list of the most significant engagements performed in the last five years that indicate that are similar to the engagement described in SSLOCSD's RFP:

<b>Name of Agency</b>	<b>Scope of Work</b>	<b>Dates of Service(s) During Past 5 Years</b>	<b>Engagement Partner</b>	<b>Total Hours</b>	<b>Client Contact</b>
Mission Hills Community Services District	Audit of water and wastewater disposal services.	June 30, 2012-2016	Allen E. Eschenbach	150	Mike Riley, District Manager (805) 733-4366
Whale Rock Commission	Audit of joint venture for Whale Rock Reservoir.	June 30, 2012-2016	Allen E. Eschenbach	40	Derek Johnson, Fiscal Services Director for City of San Luis Obispo (805) 781-7125
City of Morro Bay and Cayucos Sanitary District	Audit of wastewater disposal services.	June 30, 2016	Allen E. Eschenbach	80	Susan Slayton, Administrative Services Director for City of Morro Bay (805) 772-6217
City of San Luis Obispo	Audit with CAFR, A-133 Single Audit, financial and compliance audits of Transportation Development Act funds.	June 30, 2012-2016	Allen E. Eschenbach	450	Katie Lichtig City Manager (805) 781-7114
City of Lompoc	Audit and A-133 Single Audit.	June 30, 2012-2016	Allen E. Eschenbach	450	Brad Wilke Management Services Director (805) 875-8271
City of Pismo Beach	Audit with CAFR, A-133 Single Audit, financial and compliance audits of Transportation Development Act funds.	June 30, 2012-2016	Allen E. Eschenbach	400	Susan West-Jones Finance Manager (805) 773-7012
City of Guadalupe	Audit and A-133 Single Audit.	June 30, 2012-2016	Allen E. Eschenbach	350	Annette Munoz Finance Director (805) 343-1340

## SYSTEM REVIEW REPORT

To the Principals of Glenn Burdette Attest Corporation  
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Glenn Burdette Attest Corporation (the firm) in effect for the year ended May 31, 2014. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Glenn Burdette Attestation Corporation in effect for the year ended May 31, 2014, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. Glenn Burdette Attest Corporation has received a peer review rating of *pass*.



**CliftonLarsonAllen LLP**

Bellevue, Washington  
November 21, 2014