

# **Attachment -1**

## **Plan of Study**

# **Plan of Study**

## **WWTP Redundancy Project**

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

#### **1.0 Introduction**

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The South San Luis Obispo County Sanitation District (District) owns and operates a wastewater treatment plant (WWTP) that is permitted under National Pollutant Discharge Elimination System (NPDES) No. CA0048003/Waste Discharge Requirements Order No. R3-2009-0046. The existing plant uses mechanical screens, primary clarifiers, fixed film reactors (FFR), one secondary clarifier, and chlorination to provide secondary treatment with disinfection to treat wastewater. The plant is designed and permitted to treat a peak dry weather flow of 5.0 million gallons per day (MGD). The district serves a population of approximately 45,000 (2014 San Luis Obispo Local Agency Formation Commission).

The District has developed the WWTP Redundancy Project to improve reliability of the secondary treatment system components in the existing wastewater treatment plant. The District intends to pursue both a planning loan and a construction loan for implementation of the project as described herein. This application addresses the planning loan only.

#### **2.0 Scope of Work**

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At this time, the District is requesting a Clean Water State Revolving Fund loan to complete the planning and design of the Redundancy Project. The project is intended to provide redundancy to allow major process units to be removed from service for maintenance or repairs without risking violation of effluent permit limits. The project is not intended to add capacity to handle higher flows and loads than currently permitted. Components of the project are summarized below:

- Two activated sludge (AS) aeration basins
- One new secondary clarifier
- Fixed film reactor (FFR) effluent pump station
- Waste activated sludge (WAS) thickening improvements with modifications to existing dewatering facility
- Blower, electrical, and motor control center (MCC) building
- Dewatered sludge conveyor
- Yard piping
- Site improvements
- Instrumentation and controls
- Electrical systems

The project will be completed within the existing plant site on property that has been previously disturbed. Planning, permitting, and design considerations include flooding

potential, high groundwater, and location within the original jurisdiction of the California Coastal Commission (CCC). The existing WWTF is located within the 100-year floodplain.

### **Required Environmental Studies and Permitting**

Based on a preliminary review of permitting requirements, it is understood that conformance with the California Environmental Quality Act and completion of a Coastal Development Permit will be required.

California Environmental Quality Act - The District completed and approved a Negative Declaration for the project in 2010. As preliminary engineering proceeds, an updated flood study incorporating sea level rise will be performed and the results of that effort, in addition to input and direction from CCC, may require amending or supplementing the Negative Declaration with new information.

Coastal Development Permit - The project will be subject to a Coastal Development Permit. A permit application was submitted on March 15, 2016, to the CCC. Additional information has been requested by the CCC regarding potential impacts of sea level rise and presence of biological resources or wetlands in and around the site.

It is assumed that permitting and environmental studies will include coordination with CCC, responses to requests for information, technical support including biological resource evaluations, and coordination and enhancement of flood studies (related to sea level rise or other policies) completed under the Design and Engineering Services section described below.

The budget for this item in Section 3.0 includes consultant fees and permit fees.

### **Design and Engineering Services**

Design and engineering services will include preliminary engineering studies and development of plans, specifications, and cost opinions. The District issued a Request for Qualifications in 2015 and selected Kennedy Jenks Consultants to perform engineering services for the WWTP Redundancy Project.

Preliminary Engineering Studies: Four issues that could significantly affect project construction cost will be addressed early during conceptual design.

- Soil conditions including high groundwater and liquefaction potential
- Flood risk
- Site pipeline condition
- Permitting and regulatory constraints

Soil Conditions: Foundation design for the new clarifier, activated sludge basins, and support facilities will require a new analysis of soil conditions. Depending on the findings of the soils investigation, the heavier structures (clarifier and activated sludge basins) may require a more expensive support system than a shallow mat foundation. Since the new structures will be significantly heavier than the centrifuge building, a deep foundation system may be required.

**Flood Risk:** The SSLOCSD WWTP is located within the 100-year floodplain. In a 2007 Memorandum (Wallace Group, Evaluating Flood Gates and Flood Conditions at the SSLOCSD WWTP), it is noted that a number of flood gates (at the Control Building, Power Generation Building, and the Final Clarifier) were not adequate for protection from the Base Flood Elevation (BFE). The analysis was based on the NAVD 29 datum. The BFE was updated in 2012. The new BFE is based on the NGVD 88 datum.

The District will conduct a flood study as part of the Redundancy Project. The objective is to evaluate impacts of new structures to the BFE; determine if a Letter of Map Revision is necessary; address potential impact of sea level rise; identify any existing plant facilities that require additional floodproofing; and recommend mitigation measures if appropriate.

**Pipeline Condition Assessment:** Buried metal piping around the plant site could be corroded due to high groundwater and age of the pipes. Earlier this year, the District excavated a section of influent piping to determine condition and concluded the pipeline had reached the end of its useful life. In particular, any existing pipelines that will be modified as part of the Redundancy Project should be evaluated to determine if replacement or repair should be included in the project budget.

The District will perform a condition assessment of existing piping. Results and costs for repair or replacement of critical sections would be incorporated into the Concept Design Report (described below).

**Development of Plans, Specifications, and Estimates:** Deliverables will include a Concept Design Report; and 60%, 90%, and final design plans and specifications required for competitive public bidding of the Project. Bid phase support including responses to requests for information (RFIs) and development of bid addenda will also be included during solicitation of bids from construction contractors.

The budget for this item in Section 3.0 includes consultant fees.

### **Program Management and Administration**

Program management during the planning and design phase includes staff and consultant time to perform the following tasks. Some of these efforts have been completed (development of the Request for Qualifications for design engineering, initial SRF coordination, and review and negotiation of the contract for engineering services) or are ongoing.

- Provide regular updates to the District Board of Directors (ongoing)
- Develop the Request for Qualifications for Design Engineering Services (completed)
- Maintain and enhance the project schedule as work proceeds (ongoing)
- Review and negotiate the contract for Design Engineering Services (completed)
- Complete the applications for the State Revolving Fund planning and construction loans and coordinate with SRF project management team (ongoing)
- Coordinate efforts of the District's financial consultant to support the SRF construction loan application



- Review deliverables from the design engineer, planning and permitting consultants, and various technical consultants
- Perform detailed review of the plans, specifications, and estimates at the 30% and 60% progress level
- Correspond with the Regional Water Quality Control Board, CCC, and other regulatory agencies as needed
- Provide data and input to the design engineer as the project proceeds

The budget for this item in Section 3.0 includes consultant fees and staff time.

### 3.0 Budget

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The following table summarizes the budgets for the major planning and design activities described above.

Project Cost Category	Cost
Engineering Design Services	\$1,490,000
Permitting	\$120,000
Project Management and Administration (Design/Planning Phase)	\$247,000
<b>Estimated Project Cost Total</b>	<b>\$1,857,000</b>

### 4.0 Schedule

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The following table summarizes the major tasks described above and anticipated schedules for each effort

Major Task	Schedule
Engineering Design Services	February 2016 to February 2018
Permitting	January 2016 to January 2017
Project Management and Administration	September 2015 to February 2018

**Attachment -3**  
**Regional Water Quality Control**  
**Board Requirements**



**California Regional Water Quality Control Board  
Central Coast Region**



**Linda S. Adams,**  
*Secretary for  
Environmental Protection*

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**Arnold Schwarzenegger**  
*Governor*

October 28, 2009

John Wallace, District Administrator  
South San Luis Obispo County Sanitation District  
P. O. Box 339  
Oceano, CA 93445

Dear Mr. Wallace:

**RENEWED NPDES PERMIT FOR SOUTH SAN LUIS OBISPO COUNTY SANITATION  
DISTRICT WASTEWATER TREATMENT FACILITY**

At its public meeting on October 23, 2009, the Central Coast Water Board adopted Order No. R3-2009-0046, Waste Discharge Requirements for the South San Luis Obispo County Sanitation District Wastewater Treatment Facility (reissued NPDES Permit No. CA0048003). Please review the requirements carefully and note that some modifications to previous monitoring requirements are specified. The permit will also be posted online at: [http://www.waterboards.ca.gov/centralcoast/board/decisions/adopted\\_orders/index.shtml](http://www.waterboards.ca.gov/centralcoast/board/decisions/adopted_orders/index.shtml)

If you have any questions, please call **Sorrel Marks at 805/549-3695** or Burton Chadwick at 805/542-4786.

Sincerely,

Roger W. Briggs  
Executive Officer

Attachment: WDR Order No. R3-2009-0046 with Standard Provisions, MRP & Fact Sheet

S:\NPDES\NPDES Facilities\San Luis Obispo Co\South SLO Co\current permit\09-0046 adopted.ltr.doc

See next page for list of cc's

cc: (without attachments)

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# California Regional Water Quality Control Board Central Coast Region



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Arnold Schwarzenegger  
Governor

**ORDER NO. R3-2009-0046**  
**NPDES NO. CA0048003**

## **WASTE DISCHARGE REQUIREMENTS FOR THE SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT WASTEWATER TREATMENT FACILITY**

The following Discharger is subject to waste discharge requirements as set forth in this Order.

**Table 1. Discharger Information**

<b>Discharger</b>	South San Luis Obispo County Sanitation District
<b>Name of Facility</b>	Wastewater Treatment Facility
<b>Facility Address</b>	1600 Aloha Place
	Oceano, CA 93445-9735
	San Luis Obispo County
The U.S. Environmental Protection Agency (USEPA) and the Regional Water Quality Control Board have classified this discharge as a <b>major</b> discharge.	

Discharges by the South San Luis Obispo County Sanitation District from the discharge point identified below are subject to waste discharge requirements as set forth in this Order.

**Table 2. Discharge Location**

<b>Discharge Point</b>	<b>Effluent Description</b>	<b>Discharge Point Latitude</b>	<b>Discharge Point Longitude</b>	<b>Receiving Water</b>
001	Secondary Treated Municipal Wastewater and Brine Wastes	35° 06' 04" N	120° 38' 46" W	Pacific Ocean

**Table 3. Administrative Information**

This Order was adopted by the Regional Water Quality Control Board on:	<b>October 23, 2009</b>
This Order shall become effective on:	<b>October 23, 2009</b>
This Order shall expire on:	<b>October 23, 2014</b>
The Discharger shall file a Report of Waste Discharge in accordance with title 23, California Code of Regulations, as application for issuance of new waste discharge requirements no later than:	<u>180 days prior to the Order expiration date</u>

IT IS HEREBY ORDERED, that Order No. R3-2004-0050 is rescinded upon the effective date of this Order except for enforcement purposes, and, in order to meet the provisions contained in division 7 of the California Water Code (commencing with section 13000) and regulations adopted thereunder, and the provisions of the federal Clean Water Act (CWA) and regulations and guidelines adopted thereunder, the Discharger shall comply with the requirements in this Order.

I, Roger Briggs Executive Officer, do hereby certify that this Order, with all attachments, is a full, true, and correct copy of an Order adopted by the California Regional Water Quality Control Board, Central Coastal Region, on October 23, 2009.



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Roger W. Briggs, Executive Officer

**Table of Contents**

I.	Facility Information .....	4
II.	Findings .....	4
III.	Discharge Prohibitions .....	8
IV.	Effluent Limitations and Discharge Specifications.....	9
	A. Effluent Limitations – Discharge Point 001.....	9
	B. Land Discharge Specifications .....	15
	C. Reclamation Specifications .....	15
V.	Receiving Water Limitations .....	15
	A. Surface Water Limitations .....	15
	B. Groundwater Limitations .....	17
VI.	Provisions .....	17
	A. Standard Provisions .....	17
	B. Monitoring and Reporting Program (MRP) Requirements.....	18
	C. Special Provisions .....	18
	1. Reopener Provisions .....	18
	2. Special Studies, Technical Reports and Additional Monitoring Requirements .....	18
	3. Best Management Practices and Pollution Prevention.....	19
	4. Construction, Operation and Maintenance Specifications.....	21
	5. Special Provisions for Municipal Facilities (POTWs Only).....	21
	6. Other Special Provisions .....	22
	7. Compliance Schedules.....	23
VII.	Compliance Determination.....	23

**List of Tables**

Table 1.	Discharger Information.....	1
Table 2.	Discharge Location .....	1
Table 3.	Administrative Information.....	1
Table 4.	Facility Information .....	4
Table 5.	Basin Plan Beneficial Uses for the Pacific Ocean .....	6
Table 6.	Ocean Plan Beneficial Uses.....	6
Table 7.	Effluent Limitations for Conventional Pollutants .....	9
Table 8.	Effluent Limitations for Toxic Pollutants .....	10
Table 9.	Effluent Limitations for the Protection of Human Health, Non-Carcinogens .....	11
Table 10.	Effluent Limitations for the Protection of Human Health, Carcinogens.....	13
Table 11.	Toxicity Reduction Evaluation Schedule .....	19

**List of Attachments**

Attachment A – Definitions.....	A-1
Attachment B – Map .....	B-1
Attachment C – Flow Schematic.....	C-1
Attachment D – Standard Provisions .....	D-1
Attachment E – Monitoring and Reporting Program (MRP) .....	E-1
Attachment F – Fact Sheet .....	F-1



**I. FACILITY INFORMATION**

The following Discharger is subject to waste discharge requirements as set forth in this Order.

**Table 4. Facility Information**

<b>Discharger</b>	South San Luis Obispo County Sanitation District
<b>Name of Facility</b>	Wastewater Treatment Facility
<b>Facility Address</b>	1600 Aloha Place Oceano, CA 93445-9735 San Luis Obispo County
<b>Facility Contact, Title, and Phone</b>	Jeff Appleton, Superintendent, 805-489-6666
<b>Mailing Address</b>	1600 Aloha Place, PO Box 339, Oceano, CA 93475
<b>Type of Facility</b>	POTW
<b>Facility Design Flow</b>	5.0 million gallons per day (MGD) (dry weather monthly average ) 9.0 MGD (peak wet weather)

**II. FINDINGS**

The California Water Resources Control Board, Central Coast Region (hereinafter the Central Coast Water Board), finds:

- A. Background.** The South San Luis Obispo County Sanitation District (hereinafter the Discharger) is currently discharging pursuant to Order No. R3-2004-0050 and National Pollutant Discharge Elimination System (NPDES) Permit No. CA0048003. The Discharger submitted a complete Report of Waste Discharge, dated April 10, 2009, and applied for an NPDES permit renewal to discharge up to 5.0 MGD of treated wastewater from the District's Wastewater Treatment Facility.

For the purposes of this Order, references to the "discharger" or "permittee" in applicable federal and state laws, regulations, plans, or policy are held to be equivalent to references to the Discharger herein.

- B. Facility Description.** The Discharger operates a wastewater collection, treatment, and disposal facility, which provides service to the Cities of Arroyo Grande and Grover Beach and the Oceano Community Services District. The Cities of Arroyo Grande and Grover Beach and the Oceano Community Services District retain ownership and direct responsibility for wastewater collection and transport systems up to the point of discharge into interceptors owned and operated by the Discharger. The treatment facility currently serves a population of approximately 37,648 people.

The Wastewater Treatment Facility consists of primary clarification, trickling filters, secondary clarification, disinfection using chlorine, and dechlorination. The design capacity of the treatment facility is 5.0 MGD. Treated wastewater is discharged to the Pacific Ocean at a depth of approximately 55 feet through a 4,400 foot outfall/diffuser system, jointly owned by the Discharger and the City of Pismo Beach. Up to 5.0 MGD of secondary treated wastewater is discharged by the South San Luis Obispo County Sanitation District, which is combined with up to 1.9 MGD of effluent from the City of Pismo Beach through the outfall/diffuser system. The diffuser provides a minimum initial dilution



of approximately 165 to 1 (ocean water to effluent). The City of Pismo Beach discharge is regulated under NPDES Permit No. CA0048151. The facility also accepts brine wastes from water softener regeneration companies, which is mixed with the final treated wastewater prior to discharge. In 2008, approximately 325,000 gallons of brine waste were discharged at this facility.

- C. Legal Authorities.** This Order is issued pursuant to CWA section 402 and implementing regulations adopted by the USEPA and chapter 5.5, division 7 of the California Water Code (commencing with section 13370). This Order shall serve as an NPDES permit for point source discharges from this facility to surface waters. This Order also serves as Waste Discharge Requirements (WDRs) pursuant to article 4, chapter 4, division 7 of the California Water Code (commencing with section 13260).
- D. Background and Rationale for Requirements.** The Central Coast Water Board developed the requirements in this Order based on information submitted as part of the application, through monitoring and reporting programs, and other available information. The Fact Sheet (Attachment F), which contains background information and rationale for Order requirements, is hereby incorporated into this Order and constitutes part of the Findings for this Order. Attachments A through E are also incorporated into this Order.
- E. California Environmental Quality Act (CEQA).** Pursuant to Water Code section 13389, this action to adopt an NPDES permit is exempt from the provisions of the CEQA, Public Resources Code sections 21100-21177.
- F. Technology-Based Effluent Limitations.** CWA Section 301(b) and USEPA's NPDES regulations at 40 CFR 122.44 require that permits include, at a minimum, conditions meeting applicable technology-based requirements and any more stringent effluent limitations necessary to meet applicable water quality standards. Discharges authorized by this Order must meet minimum federal technology-based requirements based on Treatment Equivalent to Secondary Treatment Standards established at 40 CFR Part 133, which describe the minimum level of effluent quality attainable by facilities eligible for treatment equivalent to secondary treatment, and Best Professional Judgment (BPJ) in accordance with 40 CFR 125.3. A detailed discussion of development of technology-based effluent limitations is included in the Fact Sheet (Attachment F).
- G. Water Quality-Based Effluent Limitations.** CWA Section 301(b) and NPDES regulations at 40 CFR 122.44(d) require that permits include limitations more stringent than applicable federal technology-based requirements where necessary to achieve applicable water quality standards.

NPDES regulations at 40 CFR 122.44(d)(1)(i) mandate that permits include effluent limitations for all pollutants that are or may be discharged at levels that have reasonable potential to cause or contribute to an exceedance of a water quality standard, including numeric and narrative objectives within a standard. Where reasonable potential is established for a pollutant, but there is no numeric criterion or objective for the pollutant, water quality-based effluent limitations (WQBELs) must be established using: (1) USEPA criteria guidance under CWA section 304(a), supplemented where necessary by other relevant information; (2) an indicator parameter for the pollutant of concern; or (3) a calculated numeric water quality criterion, such as a proposed state criterion or policy

interpreting the state's narrative criterion, supplemented with other relevant information, as provided at 40 CFR 122.44(d)(1)(vi).

- H. Water Quality Control Plans.** The Central Coast Water Board has adopted a *Water Quality Control Plan for the Central Coast Region* (the Basin Plan) that designates beneficial uses, establishes water quality objectives, and contains implementation programs and policies to achieve those objectives for receiving waters within the Region. To address ocean waters, the Basin Plan incorporates by reference the *Water Quality Control Plan for Ocean Waters of California* (the Ocean Plan).

The Basin Plan implements State Water Board Resolution No. 88-63, which establishes State policy that all waters, with certain exceptions, should be considered suitable or potentially suitable for municipal or domestic supply (MUN). Because TDS levels of marine waters exceed 3000 mg/L, such waters are not considered suitable for municipal or domestic supply and therefore meet an exception to Resolution No. 88-63. Beneficial uses established by the Basin Plan for coastal waters between Point San Luis and Point Sal are presented in Table 5, below.

**Table 5. Basin Plan Beneficial Uses for the Pacific Ocean**

Discharge Point	Receiving Water	Beneficial Use(s)
001	Pacific Ocean (Pt San Luis to Pt Sal)	<ul style="list-style-type: none"> <li>• Water Contact and Non-Contact Recreation</li> <li>• Industrial Service Supply</li> <li>• Navigation</li> <li>• Commercial and Sport Fishing</li> <li>• Marine Habitat</li> <li>• Shellfish Harvesting</li> <li>• Rare, Threatened, or Endangered Species</li> <li>• Wildlife Habitat</li> </ul>

- I. California Ocean Plan.** The State Water Board adopted the *Ocean Plan* in 1972 and amended it in 1978, 1983, 1988, 1990, 1997, 2000, and 2005. The *Ocean Plan* is applicable to point source discharges to the Ocean, and it identifies the following beneficial uses of ocean waters.

**Table 6. Ocean Plan Beneficial Uses**

Discharge Point	Receiving Water	Beneficial Uses
001	Pacific Ocean	<ul style="list-style-type: none"> <li>• Industrial Water Supply</li> <li>• Water Contact and Non-Contact Recreation, including Aesthetic Enjoyment</li> <li>• Navigation</li> <li>• Commercial and Sport Fishing</li> <li>• Mariculture</li> <li>• Preservation and Enhancement of Designated Areas of Special Biological Significance (ASBS)</li> <li>• Rare and Endangered Species</li> <li>• Marine Habitat</li> <li>• Fish Migration</li> <li>• Fish Spawning and Shellfish Harvesting</li> </ul>

In order to protect beneficial uses, the *Ocean Plan* establishes water quality objectives and programs of implementation to achieve and maintain those objectives. Requirements of this Order implement the *Ocean Plan*.

- J. Alaska Rule.** On March 30, 2000, USEPA revised its regulation that specifies when new and revised state and tribal water quality standards become effective for CWA purposes. [65 Fed. Reg. 24641 (April 27, 2000), codified at 40 CFR 131.21] Under the revised regulation (also known as the Alaska Rule), new and revised standards submitted to USEPA after May 30, 2000, must be approved by USEPA before being used for CWA purposes. The final rule provides that standards already in effect and submitted to USEPA by May 30, 2000, may be used for CWA purposes, whether or not approved by USEPA.
- K. Stringency of Requirements for Individual Pollutants.** This Order contains both technology-based and water quality-based effluent limitations for individual pollutants. As discussed in section IV.B of the Fact Sheet, the Order establishes technology-based effluent limitations for biochemical oxygen demand (BOD<sub>5</sub>), total suspended solids (TSS), settleable solids, oil and grease, turbidity, and pH for Discharge Point 001. These technology-based limitations implement the minimum, applicable federal technology-based requirements. The Order also contains effluent limitations in addition to the minimum, federal technology-based requirements, necessary to meet applicable water quality standards. These limitations are not more stringent than required by the CWA.

WQBELs have been scientifically derived to implement water quality objectives that protect beneficial uses. Both the beneficial uses and the water quality objectives have been approved pursuant to federal law and are the applicable federal water quality standards. Procedures for calculating individual WQBELs are based on the *Ocean Plan*, as approved by USEPA on February 14, 2006. All beneficial uses and water quality objectives contained in the *Ocean Plan* were approved under state law and submitted to and approved by USEPA prior to May 30, 2000. Any water quality objectives and beneficial uses submitted to USEPA prior to May 30, 2000, but not approved by USEPA before that date, are nonetheless "applicable water quality standards for purposes of the CWA" pursuant to 40 CFR 131.21(c)(1). Collectively, this Order's restrictions on individual pollutants are no more stringent than required to implement the requirements of the CWA.

- L. Antidegradation Policy.** NPDES regulations at 40 CFR 131.12 require that State water quality standards include an antidegradation policy consistent with the federal policy. The State Water Board established California's antidegradation policy in State Water Board Resolution No. 68-16, which incorporates the federal antidegradation policy where the federal policy applies under federal law. Resolution No. 68-16 requires that the existing quality of waters be maintained unless degradation is justified based on specific findings. The Central Coast Water Board's Basin Plan implements and incorporates by reference both the State and federal antidegradation policies. As discussed in detail in the Fact Sheet, the permitted discharge is consistent with the antidegradation provisions of 40 CFR 131.12 and State Water Board Resolution No. 68-16.
- M. Anti-Backsliding Requirements.** CWA Sections 402(o)(2) and 303(d)(4) and NPDES regulations at 40 CFR 122.44(l) prohibit backsliding in NPDES permits. These anti-backsliding provisions require effluent limitations in a reissued permit to be as stringent as those in the previous permit, with some exceptions where limitations may be relaxed. As



discussed in the Fact Sheet, effluent limitations and other requirements established by this Order satisfy applicable anti-backsliding provisions of the CWA and NPDES regulations.

- N. Endangered Species Act.** This Order does not authorize any act that results in the taking of a threatened or endangered species or any act that is now prohibited, or becomes prohibited in the future, under either the California Endangered Species Act (Fish and Game Code sections 2050 to 2097) or the federal Endangered Species Act (16 U.S.C.A. sections 1531 to 1544). This Order requires compliance with effluent limits, receiving water limits, and other requirements to protect the beneficial uses of waters of the State. The Discharger is responsible for meeting all requirements of State and federal law regarding threatened and endangered species.
- O. Monitoring and Reporting.** NPDES regulations at 40 CFR 122.48 require that all NPDES permits specify requirements for recording and reporting monitoring results. California Water Code sections 13267 and 13383 authorize the Central Coast Water Board to require technical and monitoring reports. The Monitoring and Reporting Program (Attachment E) establishes monitoring and reporting requirements to implement federal and State requirements.
- P. Standard and Special Provisions.** Standard Provisions, which apply to all NPDES permits in accordance with NPDES regulations at 40 CFR 122.41, and additional conditions applicable to specified categories of permits in accordance with 40 CFR 122.42, are provided in Attachment D. The Central Coast Water Board has also included in this Order special provisions applicable to the Discharger. A rationale for the special provisions contained in this Order is provided in the attached Fact Sheet.
- Q. Provisions and Requirements Implementing State Law.** The provisions/requirements in subsections IV.C, and V.B of this Order are included to implement State law only. These provisions/requirements are not required or authorized under the federal CWA; consequently, violations of these provisions/requirements are not subject to the enforcement remedies that are available for NPDES violations.
- R. Notification of Interested Parties.** The Central Coast Water Board has notified the Discharger and interested agencies and persons of its intent to prescribe Waste Discharge Requirements for the discharge and has provided them with an opportunity to submit their written comments and recommendations. Details of notification are provided in the Fact Sheet accompanying this Order.
- S. Consideration of Public Comment.** The Central Coast Water Board, in a public meeting, heard and considered all comments pertaining to the discharge. Details of the Public Hearing are provided in the Fact Sheet of this Order.

### III. DISCHARGE PROHIBITIONS

- A.** Discharge to the Pacific Ocean at a location other than as described by this Order at 35° 06' 04" N. Latitude, 120° 38' 46" W. Longitude is prohibited.
- B.** Discharges of any waste in any manner other than as described by this Order are prohibited.

- C. The dry weather average monthly rate of discharge to the Pacific Ocean shall not exceed 5.0 MGD.
- D. Wastes shall not be discharged to State Water Quality Protection Areas, described as Areas of Special Biological Significance by the Ocean Plan (2005), except in accordance with Chapter III.E of the Ocean Plan.
- E. The discharge of any radiological, chemical, or biological warfare agent or high level radioactive waste to the Ocean is prohibited.
- F. Federal law prohibits the discharge of sludge by pipeline to the Ocean. The discharge of municipal or industrial waste sludge directly to the Ocean or into a waste stream that discharges to the Ocean is prohibited. The discharge of sludge or digester supernatant, without further treatment, directly to the Ocean or to a waste stream that discharges to the Ocean, is prohibited.
- G. The overflow or bypass of wastewater from the Discharger's collection, treatment, or disposal facilities and the subsequent discharge of untreated or partially treated wastewater, except as provided for in Attachment D, Standard Provision I.G (Bypass), is prohibited. This prohibition does not apply to brine discharges authorized herein.

#### IV. EFFLUENT LIMITATIONS AND DISCHARGE SPECIFICATIONS

##### A. Effluent Limitations – Discharge Point 001

1. **Conventional Pollutants.** The Discharger shall maintain compliance with the following effluent limitations at Discharge Point 001, with compliance measured at Monitoring Location EFF-001 as described in the attached MRP.

**Table 7. Effluent Limitations for Conventional Pollutants**

Parameter	Units	Effluent Limitations		
		Average Monthly	Average Weekly	Maximum Daily
BOD <sub>5</sub>	mg/L	40	60	90
	lbs/day	1668	2502	3753
TSS	mg/L	40	60	90
	lbs/day	1668	2502	3753
Settleable Solids	mL/L/hr	1.0	1.5	3.0
Turbidity	NTUs	75	100	225
Oil & Grease	mg/L	25	40	75
	lbs/day	1042	1668	3127
Fecal Coliform Bacteria	MPN/100 mL		200 <sup>[1]</sup>	2,000
pH	pH units	6.0 – 9.0 at all times		

<sup>[1]</sup> 7-sample median

2. **Toxic Pollutants.** The Discharger shall maintain compliance with the following effluent limitations for toxic pollutants at Discharge Point 001, with compliance measured at Monitoring Location EFF-001, as described in the attached MRP.

**Table 8. Effluent Limitations for Toxic Pollutants**

Pollutant	Unit	6-Month Median <sup>[1]</sup>	Daily Maximum <sup>[2]</sup>	Instantaneous Maximum <sup>[3]</sup>
Ammonia (as N)	mg/L	99.6	398.4	996
	lbs/day	4153	16613	41533
Arsenic	mg/L	0.83	4.82	12.79
	lbs/day	35	201	533
Cadmium	mg/L	0.17	0.66	1.66
	lbs/day	6.9	28	69
Chromium <sup>+6[4]</sup>	mg/L	0.33	1.33	3.32
	lbs/day	14	55	138
Copper	mg/L	0.17	1.66	4.65
	lbs/day	7.0	69	194
Lead	mg/L	0.33	1.33	3.32
	lbs/day	14	55	138
Mercury	µg/L	6.56	26.48	66.32
	lbs/day	0.27	1.1	2.8
Nickel	mg/L	0.83	3.32	8.30
	lbs/day	35	138	346
Selenium	mg/L	2.49	9.96	24.90
	lbs/day	104	415	1038
Silver	mg/L	0.090	0.44	1.14
	lbs/day	3.7	18	47
Zinc	mg/L	2.00	11.96	31.88
	lbs/day	83	499	1329
Cyanide <sup>[5]</sup>	mg/L	0.17	0.66	1.66
	lbs/day	6.9	28	69
Total Chlorine Residual	mg/L	0.33	1.33	9.96
	lbs/day	14	55	415
Acute Toxicity <sup>[6],[7]</sup>	TUa	---	5.25	---
Chronic Toxicity <sup>[8]</sup>	TUc	---	166	---
Non-chlorinated Phenolics	mg/L	4.98	19.92	49.80
	lbs/day	208	831	2177
Chlorinated Phenolics	mg/L	0.17	0.66	1.66
	lbs/day	6.9	28	69
Endosulfan <sup>[9]</sup>	µg/L	1.49	2.99	4.48
	lbs/day	0.062	0.12	0.19
Endrin	µg/L	0.33	0.66	1.00
	lbs/day	0.014	0.028	0.042
HCH <sup>[10]</sup>	µg/L	0.66	1.33	1.99
	lbs/day	0.028	0.055	0.083
Radioactivity	Not to exceed limits specified in Title 17, Division 1, Chapter 5, Subchapter 4, Group 3, Article 3, Section 30253 of the California Code of Regulations. Reference to Section 30253 is prospective, including future changes to any incorporated provisions of federal law, as the changes take effect.			

- [1] The six-month median shall apply as a moving median of daily values for any 180-day period in which daily values represent flow weighted average concentrations within a 24-hour period. For intermittent discharges, the daily value shall be considered to equal zero for days on which no discharge occurred. The six-month median limit on daily mass emissions shall be determined using the six-month median effluent concentration as  $C_e$  and the observed flow rate  $Q$  in millions of gallons per day (each variable referring to Equation 3 of the Ocean Plan).
- [2] The daily maximum shall apply to flow weighted 24-hour composite samples. The daily maximum mass emission shall be determined using the daily maximum effluent concentration limit as  $C_e$  and the observed flow rate  $Q$  in millions of gallons per day (each variable referring to Equation 3 of the Ocean Plan).
- [3] The instantaneous maximum shall apply to grab sample determinations.
- [4] The Discharger may, at its option, meet this limitation as total chromium.
- [5] If a Discharger can demonstrate to the satisfaction of the Regional Water Board (subject to USEPA approval) that an analytical method is available method is available to reliably distinguish between strongly and weakly complexed cyanide, effluent limitations for cyanide may be met by the combined measurement of free cyanide, simple alkali metal cyanides, and weakly complexed organometallic cyanide complexes. In order for the analytical method to be acceptable, the recovery of free cyanide from metal complexes must be comparable to that achieved by the approved method in 40 CFR Part 136, as revised May 14, 1999.
- [6] The mixing zone for the Ocean Plan's Table B acute toxicity objective shall be ten percent (10%) of the distance from the edge of the outfall structure to the edge of the chronic mixing zone (zone of initial dilution). There is no vertical limitation on this zone. This acute toxicity effluent limitation takes this requirement into consideration and was derived using Equation No. 2 of the Ocean Plan.

[7] Acute Toxicity - Expressed in Toxic Units Acute (TUa) 
$$TUa = \frac{100}{96\text{-hr LC } 50\%}$$

Lethal Concentration 50% (LC 50) - LC 50 (percent waste giving 50% survival of test organisms) shall be determined by static or continuous flow bioassay techniques using standard marine test species as specified in the Ocean Plan, Appendix III. If specific identifiable substances in wastewater can be demonstrated by the discharger as being rapidly rendered harmless upon discharge to the marine environment, but not as a result of dilution, the LC 50 may be determined after the test samples are adjusted to remove the influence of those substances.

When it is not possible to measure the 96-hour LC 50 due to greater than 50 percent survival of the test species in 100 percent waste, the toxicity concentration shall be calculated by the expression:

$$TUa = \frac{\log(100 - S)}{1.7}$$

where:  $S$  = percentage survival in 100% waste. If  $S > 99$ , TUa shall be reported as zero.

- [8] This parameter shall be used to measure the acceptability of waters for supporting a healthy marine biota until improved methods are developed to evaluate biological response.

Chronic Toxicity - Expressed as Toxic Units Chronic (TUC) 
$$TUC = \frac{100}{NOEL}$$

No Observed Effect Level (NOEL) - The NOEL is expressed as the maximum percent effluent or receiving water that causes no observable effect on a test organism, as determined by the result of a critical life stage toxicity test listed in Appendix III.

- [9] Endosulfan shall mean the sum of endosulfan-alpha and -beta and endosulfan sulfate.
- [10] HCH shall mean the sum of the alpha, beta, gamma (lindane) and delta isomers of hexachlorocyclohexane.



**Table 9. Effluent Limitations for the Protection of Human Health, Non-Carcinogens**

Pollutant	Units	30-Day Average
Acrolein	mg/L	36.52
	lbs/day	1523
Antimony	mg/L	199.2
	lbs/day	8307
Bis(2-Chloroethoxy)Methane	mg/L	0.730
	lbs/day	30
Bis(2-Chloroisopropyl)ether	mg/L	199.2
	lbs/day	8307
Chlorobenzene	mg/L	94.62
	lbs/day	3946
Chromium <sup>+3</sup>	g/L	31.54
	lbs/day	1315218
Di-n-Butyl Phthalate	mg/L	581
	lbs/day	24228
Dichlorobenzenes <sup>[1]</sup>	mg/L	846.6
	lbs/day	35303
Diethyl Phthalate	g/L	5.478
	lbs/day	228433
Dimethyl Phthalate	g/L	136.12
	lbs/day	5676204
2-Methyl-4,6-Dinitrophenol	mg/L	36.52
	lbs/day	1523
2,4-Dinitrophenol	mg/L	0.664
	lbs/day	28
Ethylbenzene	mg/L	680.6
	lbs/day	28381
Fluoranthene	mg/L	2.49
	lbs/day	104
Hexachlorocyclopentadiene	mg/L	9.628
	lbs/day	401
Nitrobenzene	mg/L	0.813
	lbs/day	34
Thallium	mg/L	0.332
	lbs/day	14
Toluene	g/L	14.11
	lbs/day	588387
Tributyltin	ng/L	232
	lbs/day	0.0097
1,1,1-Trichloroethane	g/L	89.64
	lbs/day	3737988

<sup>[1]</sup> Dichlorobenzenes shall mean the sum of 1,2- and 1,3-dichlorobenzene.



**Table 10. Effluent Limitations for the Protection of Human Health, Carcinogens**

Pollutant	Unit	30-Day Average
Acrylonitrile	µg/L	16.6
	lbs/day	0.69
Aldrin	ng/L	3.652
	lbs/day	0.00015
Benzene	µg/L	979.4
	lbs/day	41
Benzidine	ng/L	11.454
	lbs/day	0.00048
Beryllium	µg/L	5.478
	lbs/day	0.23
Bis(2-chloroethyl) ether	µg/L	7.47
	lbs/day	0.31
Bis(2-ethylhexyl) phthalate	µg/L	581
	lbs/day	24
Carbon Tetrachloride	µg/L	149.4
	lbs/day	6.2
Chlordane <sup>(1)</sup>	ng/L	3.818
	lbs/day	0.00016
Chlorodibromomethane	mg/L	1.428
	lbs/day	60
Chloroform	mg/L	21.580
	lbs/day	900
DDT <sup>(2)</sup>	ng/L	28.22
	lbs/day	0.0012
1,4-Dichlorobenzene	mg/L	2.988
	lbs/day	125
3,3-Dichlorobenzidine	µg/L	1.345
	lbs/day	0.056
1,2-Dichloroethane	mg/L	4.648
	lbs/day	194
1,1-Dichloroethylene	µg/L	149.4
	lbs/day	6.2
Dichlorobromomethane	mg/L	1.029
	lbs/day	43
Dichloromethane	mg/L	74.7
	lbs/day	3115
1,3-Dichloropropene	mg/L	1.477
	lbs/day	62
Dieldrin	ng/L	6.64
	lbs/day	0.00028
2,4-Dinitrotoluene	µg/L	431.6
	lbs/day	18
1,2-Diphenylhydrazine	µg/L	26.56

Pollutant	Unit	30-Day Average
	lbs/day	1.1
Halomethanes <sup>[3]</sup>	mg/L	21.58
	lbs/day	900
Heptachlor	ng/L	8.3
	lbs/day	0.00035
Heptachlor Epoxide	ng/L	3.32
	lbs/day	0.00014
Hexachlorobenzene	ng/L	34.86
	lbs/day	0.0015
Hexachlorobutadiene	mg/L	2.324
	lbs/day	97
Hexachloroethane	µg/L	415
	lbs/day	17
Isophorone	mg/L	121.18
	lbs/day	5053
N-nitrosodimethylamine	mg/L	1.212
	lbs/day	51
N-nitrosdi-N-propylamine	µg/L	63.08
	lbs/day	2.6
N-nitrosodiphenylamine	µg/L	415
	lbs/day	17
PAHs <sup>[4]</sup>	µg/L	1.461
	lbs/day	0.061
PCBs <sup>[5]</sup>	ng/L	3.154
	lbs/day	0.00013
TCDD Equivalents <sup>[6]</sup>	pg/L	0.6474
	lbs/day	0.000000027
1,1,2,2-Tetrachloroethane	µg/L	381.8
	lbs/day	16
Tetrachloroethylene	µg/L	332
	lbs/day	14
Toxaphene	ng/L	34.86
	lbs/day	0.0015
Trichloroethylene	mg/L	4.482
	lbs/day	187
1,1,2-Trichloroethane	mg/L	1.56
	lbs/day	65
2,4,6-Trichlorophenol	µg/L	48.14
	lbs/day	2.01
Vinyl Chloride	mg/L	5.976
	lbs/day	249

<sup>[1]</sup> Chlordane shall mean the sum of chlordane-alpha, chlordane-gamma, chlordene-alpha, chlordene-gamma, nonachlor-alpha, nonachlor-gamma, and oxychlordane.

<sup>[2]</sup> DDT shall mean the sum of 4,4'DDT, 2,4'DDT, 4,4'DDE, 2,4'DDE, 4,4'DDD, and 2,4'DDD.

<sup>[3]</sup> Halomethanes shall mean the sum of bromoform, bromomethane (methyl bromide) and chloromethane (methyl chloride).

- [4] PAHs (polynuclear aromatic hydrocarbons) shall mean the sum of acenaphthylene, anthracene, 1,2-benzanthracene, 3,4-benzofluoranthene, benzo[k]fluoranthene, 1,12-benzoperylene, benzo[a]pyrene, chrysene, dibenzo[ah]anthracene, fluorene, indeno[1,2,3-cd]pyrene, phenanthrene and pyrene.
- [5] PCBs (polychlorinated biphenyls) shall mean the sum of chlorinated biphenyls whose analytical characteristics resemble those of Aroclor-1016, Aroclor-1221, Aroclor-1232, Aroclor-1242, Aroclor-1248, Aroclor-1254 and Aroclor-1260.
- [6] TCDD equivalents shall mean the sum of the concentrations of chlorinated dibenzodioxins (2,3,7,8-CDDs) and chlorinated dibenzofurans (2,3,7,8-CDFs) multiplied by their respective toxicity factors, as shown in the table below.

Isomer Group	Toxicity Equivalence Factor
2,3,7,8-tetra CDD	1.0
2,3,7,8-penta CDD	0.5
2,3,7,8-hexa CDDs	0.1
2,3,7,8-hepta CDD	0.01
octa CDD	0.001
2,3,7,8 tetra CDF	0.1
1,2,3,7,8 penta CDF	0.05
2,3,4,7,8 penta CDF	0.5
2,3,7,8 hexa CDFs	0.1
2,3,7,8 hepta CDFs	0.01
octa CDF	0.001

- 3. Percent Removal.** The average monthly percent removal of BOD<sub>5</sub> and TSS shall not be less than 80 percent.
- 4. Initial Dilution.** The minimum initial dilution of treated effluent at the point of discharge to the Pacific Ocean shall not be less than 165 to 1 (seawater to effluent) at any time.
- 5. Effluent shall be essentially free of materials and substances that:**
- Float or become floatable upon discharge;
  - May form sediments that degrade benthic communities or other aquatic life;
  - Accumulate to toxic levels in marine waters, sediments, or biota;
  - Decrease the natural light to benthic communities and other marine life; and
  - Result in aesthetically undesirable discoloration of the ocean surface.
- B. Land Discharge Specifications.** This section of the standardized permit is not applicable to the South San Luis Obispo County Sanitation District.
- C. Reclamation Specifications.** If applicable, the Discharger shall comply with applicable State and local requirements regarding the production and use of reclaimed wastewater, including requirements established by the Department of Health Services at title 22, sections 60301 - 60357 of the California Code of Regulations, Water Recycling Criteria.

## V. RECEIVING WATER LIMITATIONS

- A. Surface Water Limitations.** The following receiving water limitations are based on water quality objectives contained in the Ocean Plan and are a required part of this

Order. Compliance shall be determined from samples collected at stations representative of the area within the waste field where initial dilution is completed.

1. Within a zone bounded by the shoreline and a distance of 1,000 feet from the shoreline or the 30-foot depth contour, whichever is further from the shoreline, and in areas outside this zone designated for water contact recreation use by the Central Coast Water Board (i.e., waters designated as REC-1), but including all kelp beds, the following bacteriological objectives shall be maintained throughout the water column.

30-Day Geometric Mean: The following standards are based on the geometric mean of the five most recent samples from each receiving water monitoring location:

- a. Total coliform density shall not exceed 1,000 per 100 mL;
- b. Fecal coliform density shall not exceed 200 per 100 mL; and
- c. Enterococcus density shall not exceed 35 per 100 mL.

Single Sample maximum:

- a. Total coliform density shall not exceed 10,000 per 100 mL;
- b. Fecal coliform density shall not exceed 400 per 100 mL; and
- c. Enterococcus density shall not exceed 104 per 100 mL.
- d. Total coliform density shall not exceed 1,000 per 100 mL when the fecal coliform to total coliform ratio exceeds 0.1

2. At all areas where shellfish may be harvested for human consumption, as determined by the Central Coast Water Board, the following bacteriological objectives shall be maintained throughout the water column:

- a. The median total coliform density shall not exceed 70 organisms per 100 mL, and in not more than 10 percent of samples shall coliform density exceed 230 organisms per 100 mL.

3. Floating particulates and grease and oil shall not be visible.
4. The discharge of waste shall not cause aesthetically undesirable discoloration of the ocean surface.
5. Natural light shall not be significantly reduced at any point outside the initial dilution zone as the result of the discharge of waste.
6. The rate of deposition of inert solids and the characteristics of inert solids in ocean sediments shall not be changed such that benthic communities are degraded.
7. The dissolved oxygen concentration shall not at any time be depressed more than 10 percent from that which occurs naturally as a result of the discharge of oxygen demanding waste material.
8. The pH shall not be changed at any time more than 0.2 units from that which occurs naturally.



9. The dissolved sulfide concentration of waters in and near sediments shall not be significantly increased above that present under natural conditions.
  10. The concentration of substances set forth in Chapter II, Table B of the Ocean Plan in marine sediments shall not be increased to levels that would degrade indigenous biota.
  11. The concentration of organic materials in marine sediments shall not be increased to levels that would degrade marine life.
  12. Nutrient levels shall not cause objectionable aquatic growths or degrade indigenous biota.
  13. Discharges shall not cause exceedances of water quality objectives for ocean waters of the State established in Table B of the Ocean Plan.
  14. Marine communities, including vertebrate, invertebrate and plant species, shall not be degraded.
  15. The natural taste, odor, and color of fish, shellfish, or other marine resources used for human consumption shall not be altered.
  16. The concentration of organic materials in fish, shellfish, or other marine resources used for human consumption shall not bioaccumulate to levels that are harmful to human health.
  17. Discharge of radioactive waste shall not degrade marine life.
- B. Groundwater Limitations.** Activities at the facility shall not cause exceedance/deviation from the following water quality objectives for groundwater established by the Basin Plan.
1. Groundwater shall not contain taste or odor producing substances in concentrations that adversely affect beneficial uses.
  2. Radionuclides shall not be present in concentrations that are deleterious to human, plant, animal, or aquatic life; or result in the accumulation of radionuclides in the food web to an extent that presents a hazard to human, plant, animal, or aquatic life.

## **VI. PROVISIONS**

### **A. Standard Provisions**

1. **Federal Standard Provisions.** The Discharger shall comply with all Standard Provisions included in Attachment D of this Order.
2. **Central Coast Water Board Standard Provisions.** The Discharger shall comply with all Central Coast Water Board Standard Provisions included in Attachment D-1 of this Order.

**B. Monitoring and Reporting Program (MRP) Requirements.** The Discharger shall comply with the Monitoring and Reporting Program, and future revisions thereto, in Attachment E of this Order. All monitoring shall be conducted according to 40 CFR Part 136, *Guidelines Establishing Test Procedures for Analysis of Pollutants*.

**C. Special Provisions**

**1. Reopener Provisions.** This permit may be reopened and modified in accordance with NPDES regulations at 40 CFR 122 and 124, as necessary, to include additional conditions or limitations based on newly available information or to implement any USEPA approved, new, State water quality objective. As effluent is further characterized through additional monitoring, and if a need for additional effluent limitations becomes apparent after additional effluent characterization, the Order will be reopened to incorporate such limitations. This provision contemplates, without limitation, effluent limitations that are necessary because monitoring establishes that the discharge causes, has the reasonable potential to cause, or contributes to an excursion above a water quality objective in Table B of the Ocean Plan.

**2. Special Studies, Technical Reports and Additional Monitoring Requirements**

**a. Toxicity Reduction Requirements.** If the discharge consistently exceeds an effluent limitation for toxicity specified by Section IV of this Order, the Discharger shall conduct a Toxicity Reduction Evaluation (TRE) in accordance with the Discharger's TRE Workplan.

A TRE is a study conducted in a step-wise process designed to identify the causative agents of effluent or ambient toxicity, isolate the sources of toxicity, evaluate the effectiveness of toxicity control options, and then confirm the reduction in toxicity. The first steps of the TRE consist of the collection of data relevant to the toxicity, including additional toxicity testing, and an evaluation of facility operations and maintenance practices, and best management practices. A TOXICITY IDENTIFICATION EVALUATION (TIE) may be required as part of the TRE, if appropriate. A TIE is a set of procedures to identify the specific chemical(s) responsible for toxicity. These procedures are performed in three phases - characterization, identification, and confirmation using aquatic organism toxicity tests. The TRE shall include all reasonable steps to identify the source of toxicity. The Discharger shall take all reasonable steps to reduce toxicity to the required level once the source of toxicity is identified.

The Discharger shall maintain a Toxicity Reduction Evaluation (TRE) Workplan, which describes steps that the Discharger intends to follow in the event that a toxicity effluent limitation established by this Order is exceeded in the discharge. The workplan shall be prepared in accordance with current technical guidance and reference material, including EPA/600/2-88-070 (for industrial discharges) or EPA/600/2-88/062 (for municipal discharges), and shall include, at a minimum:

(1) Actions that will be taken to investigate/identify the causes/sources of toxicity,

(2) Actions that will be evaluated to mitigate the impact of the discharge, to correct the non-compliance, and/or to prevent the recurrence of acute or chronic toxicity (this list of action steps may be expanded, if a TRE is undertaken), and

(3) A schedule under which these actions will be implemented.

When monitoring measures toxicity in the effluent above a limitation established by this Order, the Discharger shall resample immediately, if the discharge is continuing, and retest for whole effluent toxicity. Results of an initial failed test and results of subsequent monitoring shall be reported to the Central Coast Water Board Executive Officer (EO) as soon as possible following receipt of monitoring results. The EO will determine whether to initiate enforcement action, whether to require the Discharger to implement a Toxicity Reduction Evaluation, or to implement other measures. The Discharger shall conduct a TRE giving due consideration to guidance provided by the U.S. EPA's Toxicity Reduction Evaluation Procedures, Phases 1, 2, and 3 (EPA document nos. EPA 600/3-88/034, 600/3-88/035, and 600/3-88/036, respectively). A TRE, if necessary, shall be conducted in accordance with the following schedule.

**Table 11. Toxicity Reduction Evaluation Schedule**

Action Step	When Required
Take all reasonable measures to immediately reduce toxicity, where the source is known.	Within 24 hours of identification of noncompliance.
Initiate the TRE in accordance to the Workplan.	Within 7 days of notification by the EO
Conduct the TRE following the procedures in the Workplan.	Within the period specified in the Workplan (not to exceed one year, without an approved Workplan)
Submit results of the TRE, including summary of findings, corrective action, and all results and data.	Within 60 days of completion of the TRE
Implement corrective actions to meet Permit limits and conditions.	To be determined by the EO

### 3. Best Management Practices and Pollution Prevention

**a. Pollutant Minimization Goal.** The goal of the Pollutant Minimization Program is to reduce potential sources of Ocean Plan Table B toxic pollutants through pollutant minimization (control) strategies, including pollution prevention measures, to maintain effluent concentrations at or below the effluent limitation.

#### **b. Determining the Need for a Pollutant Minimization Program**

(1) The Discharger shall develop and implement a Pollutant Minimization Program if:

- (i) A calculated effluent limitation is less than the reported Minimum Level,
- (ii) The concentration of the pollutant is reported as DNQ, and



(iii) There is evidence showing that the pollutant is present in the effluent above the calculated effluent limitation. Such evidence may include: health advisories for fish consumption; presence of whole effluent toxicity; results of benthic or aquatic organism tissue sampling; sample results from analytical methods more sensitive than methods included in the permit; and the concentration of the pollutant is reported as DNQ and the effluent limitation is less than the MDL.

(2) Alternatively, the Discharger shall develop and implement a Pollutant Minimization Program if:

(i) A calculated effluent limitation is less than the Method Detection Limit (MDL),

(ii) The concentration of the pollutant is reported as ND, and

(iii) There is evidence showing that the pollutant is present in the effluent above the calculated effluent limitation. Such evidence may include: health advisories for fish consumption; presence of whole effluent toxicity; results of benthic or aquatic organism tissue sampling; sample results from analytical methods more sensitive than methods included in the permit; and the concentration of the pollutant is reported as DNQ and the effluent limitation is less than the MDL.

**c. Elements of a Pollutant Minimization Program.** A Pollutant Minimization Program shall include actions and submittals acceptable to the Central Coast Water Board including, but not limited to, the following.

- (1) An annual review and semiannual monitoring of potential sources of the reportable pollutant, which may include fish tissue monitoring and other bio-uptake sampling;
- (2) Quarterly monitoring for the reportable pollutant in influent to the wastewater treatment system;
- (3) Submittal of a control strategy designed to proceed toward the goal of maintaining concentrations of the reportable priority pollutant in the effluent at or below the calculated effluent limitation;
- (4) Implementation of appropriate cost-effective control measures for the pollutant, consistent with the control strategy;
- (5) An annual status report that shall be sent to the Executive Officer that includes:
  - (i) All Pollutant Minimization Program monitoring results for the previous year;
  - (ii) A list of potential sources of the reportable pollutant;



(iii) A summary of all actions taken in accordance with the control strategy;  
and

(iv) A description of actions to be taken in the following year.

4. **Construction, Operation and Maintenance Specifications.** This section of the standardized permit is not applicable to the South San Luis Obispo County Sanitation District.

5. **Special Provisions for Municipal Facilities (POTWs Only)**

- a. **Biosolids Management.** The handling, management, and disposal of sludge and solids derived from wastewater treatment must comply with applicable provisions of U.S. EPA regulations at 40 CFR 257, 258, 501, and 503, including all monitoring, record keeping, and reporting requirements.

Solids and sludge treatment, storage, and disposal or reuse shall not create a nuisance, such as objectionable odors or flies, and shall not result in groundwater contamination. Sites for solids and sludge treatment and storage shall have adequate facilities to divert surface water runoff from adjacent areas to protect the boundaries of such sites from erosion, and to prevent drainage from treatment and storage sites.

The treatment, storage, disposal, or reuse of sewage sludge and solids shall not cause waste material to be in a position where it is, or can be, conveyed from the treatment and storage sites and deposited into waters of the State. The Discharger is responsible for assuring that all biosolids produced at its facility are used or disposed of in accordance with the above rules, whether the Discharger uses or disposes of the biosolids itself, or transfers them to another party for further treatment, use, or disposal. The Discharger is responsible for informing subsequent preparers, applicators, and disposers of the requirements that they must adhere to under these rules.

- b. **Pretreatment.** A Pretreatment Program is a regulatory program administered by the Discharger that implements National Pretreatment Standards. These standards are promulgated by the USEPA in accordance with Section 307(b) and (c) of the Federal Clean Water Act (CWA). This permit implements General Pretreatment Regulations of 40 CFR 403, latest revision.

The objective of the pretreatment program is to prevent the introduction of pollutants into the POTW which will interfere with the operation of the treatment works, pass through the treatment facility, reduce opportunities to recycle and reuse municipal wastewater and sludge, or expose POTW employees to hazardous chemicals.

In order to provide adequate legal authority for the Discharger to protect its POTW, and to evaluate sources of industrial discharges, the Discharger must perform the following pretreatment activities:

- (1) Maintain a sewer use ordinance to provide all of the legal authorities described in 40 CFR 403.8(f)(1).
- (2) By February 1, 2013, submit to this office the results of an updated industrial waste survey as described in 40 CFR 403.8(f)(2)(i)-(ii), and a report summarizing potential impacts of industrial discharges upon the POTW. The report must include an evaluation of the need for regulation of industrial discharges to implement the objectives of the federal pretreatment program.
- (3) If, in the evaluation of b.2. above, the Executive Officer determines that a formal pretreatment program is necessary to adequately meet program objectives, then the Discharger shall develop such a program in accordance with 40 CFR 403.9(b).
- (4) The Discharger shall comply, and ensure affected "indirect dischargers" comply, with Paragraph D.1. of "Standard Provisions and Reporting Requirements."

## 6. Other Special Provisions

- a. **Discharges of Storm Water.** For the control of storm water discharged from the site of the wastewater treatment and disposal facilities, if necessary, the Discharger shall seek authorization to discharge under and meet the requirements of the State Water Resources Control Board's Water Quality Order 97-03-DWQ, NPDES General Permit No. CAS000001, *Waste Discharge Requirements for Discharges of Storm Water Associated with Industrial Activities Excluding Construction Activities*.

Storm water flows from the wastewater treatment process areas are directed to the headworks and discharged with treated wastewater. These storm water flows constitute all industrial storm water at this facility and, consequently, this permit regulates all industrial storm water discharges at this facility along with wastewater discharges.

- b. **Statewide General Waste Discharge Requirements for Sanitary Sewer Systems (State Water Board Order No. 2006-0003-DWQ).** This General Permit, adopted on May 2, 2006, is applicable to all federal and state agencies, municipalities, counties, districts, and other public entities that own or operate sanitary sewer systems greater than one mile in length that collect and/or convey untreated or partially treated wastewater to a publicly owned treatment facility in the State of California. The purpose of the General Permit is to promote the proper and efficient management, operation, and maintenance of sanitary sewer systems and to minimize the occurrences and impacts of sanitary sewer overflows. The Discharger is enrolled under the General Permit.

- 7. Compliance Schedules.** This section of the standardized permit template is not applicable.

## VII. COMPLIANCE DETERMINATION

Compliance with the effluent limitations contained in Section IV of this Order will be determined as specified below:

- A. General.** Compliance with effluent limitations for reportable pollutants shall be determined using sample reporting protocols defined in the MRP and Attachment A of this Order. For purposes of reporting and administrative enforcement by the Regional and State Water Boards, the Discharger shall be deemed out of compliance with effluent limitations if the concentration of the reportable pollutant in the monitoring sample is greater than the effluent limitation and greater than or equal to the reported Minimum Level (ML).
- B. Multiple Sample Data.** When determining compliance with a measure of central tendency (arithmetic mean, geometric mean, median, etc.) of multiple sample analyses and the data set contains one or more reported determinations of "Detected, but Not Quantified" (DNQ) or "Not Detected" (ND), the Discharger shall compute the median in place of the arithmetic mean in accordance with the following procedure:
1. The data set shall be ranked from low to high, ranking the reported ND determinations lowest, DNQ determinations next, followed by quantified values (if any). The order of the individual ND or DNQ determinations is unimportant.
  2. The median value of the data set shall be determined. If the data set has an odd number of data points, then the median is the middle value. If the data set has an even number of data points, then the median is the average of the two values around the middle unless one or both of the points are ND or DNQ, in which case the median value shall be the lower of the two data points where DNQ is lower than a value and ND is lower than DNQ.

**ATTACHMENT A – DEFINITIONS****Acute Toxicity:**

- a. Acute Toxicity expressed in Toxic Units Acute (TUa) 
$$TUa = \frac{100}{96\text{-hr } 50\%LC}$$
- b. Lethal Concentration 50% (LC 50)

LC 50 (percent waste giving 50% survival of test organisms) shall be determined by static or continuous flow bioassay techniques using standard marine test species as specified in Ocean Plan Appendix III. If specific identifiable substances in wastewater can be demonstrated by the discharger as being rapidly rendered harmless upon discharge to the marine environment, but not as a result of dilution, the LC 50 may be determined after the test samples are adjusted to remove the influence of those substances.

When it is not possible to measure the 96-hour LC 50 due to greater than 50 percent survival of the test species in 100 percent waste, the toxicity concentration shall be calculated by the expression:

$$TUa = \frac{\log(100 - S)}{1.7}$$

where: S = percentage survival in 100% waste. If S > 99, TUa shall be reported as zero.

**Areas of Special Biological Significance (ASBS):** are those areas designated by the State Water Board as ocean areas requiring protection of species or biological communities to the extent that alteration of natural water quality is undesirable. All Areas of Special Biological Significance are also classified as a subset of STATE WATER QUALITY PROTECTION AREAS.

**Average Monthly Effluent Limitation (AMEL):** the highest allowable average of daily discharges over a calendar month, calculated as the sum of all daily discharges measured during a calendar month divided by the number of daily discharges measured during that month.

**Average Weekly Effluent Limitation (AWEL):** the highest allowable average of daily discharges over a calendar week (Sunday through Saturday), calculated as the sum of all daily discharges measured during a calendar week divided by the number of daily discharges measured during that week.

**Chlordane** shall mean the sum of chlordane-alpha, chlordane-gamma, chlordene-alpha, chlordene-gamma, nonachlor-alpha, nonachlor-gamma, and oxychlordane.

**Chronic Toxicity:** This parameter shall be used to measure the acceptability of waters for supporting a healthy marine biota until improved methods are developed to evaluate biological response.

- a. Chronic Toxicity expressed as Toxic Units Chronic (TUc) 
$$TUc = \frac{100}{NOEL}$$



- b. No Observed Effect Level (NOEL) is expressed as the maximum percent effluent or receiving water that causes no observable effect on a test organism, as determined by the result of a critical life stage toxicity test listed in Ocean Plan Appendix III.

**Daily Discharge:** Daily Discharge is defined as either: (1) the total mass of the constituent discharged over the calendar day (12:00 am through 11:59 pm) or any 24-hour period that reasonably represents a calendar day for purposes of sampling (as specified in the permit), for a constituent with limitations expressed in units of mass or; (2) the unweighted arithmetic mean measurement of the constituent over the day for a constituent with limitations expressed in other units of measurement (e.g., concentration).

The daily discharge may be determined by the analytical results of a composite sample taken over the course of one day (a calendar day or other 24-hour period defined as a day) or by the arithmetic mean of analytical results from one or more grab samples taken over the course of the day.

For composite sampling, if one day is defined as a 24-hour period other than a calendar day, the analytical result for the 24-hour period will be considered as the result for the calendar day in which the 24-hour period ends.

**DDT** shall mean the sum of 4,4'DDT, 2,4'DDT, 4,4'DDE, 2,4'DDE, 4,4'DDD, and 2,4'DDD.

**Degrade:** Degradation shall be determined by comparison of the waste field and reference site(s) for characteristic species diversity, population density, contamination, growth anomalies, debility, or supplanting of normal species by undesirable plant and animal species. Degradation occurs if there are significant differences in any of three major biotic groups, namely, demersal fish, benthic invertebrates, or attached algae. Other groups may be evaluated where benthic species are not affected, or are not the only ones affected.

**Detected, but Not Quantified (DNQ)** are those sample results less than the reported Minimum Level, but greater than or equal to the laboratory's MDL.

**Dichlorobenzenes** shall mean the sum of 1,2- and 1,3-dichlorobenzene.

**Downstream Ocean Waters** shall mean waters downstream with respect to ocean currents.

**Dredged Material:** Any material excavated or dredged from the navigable waters of the United States, including material otherwise referred to as "spoil."

**Enclosed Bays** are indentations along the coast that enclose an area of oceanic water within distinct headlands or harbor works. Enclosed bays include all bays where the narrowest distance between headlands or outermost harbor works is less than 75 percent of the greatest dimension of the enclosed portion of the bay. This definition includes but is not limited to: Humboldt Bay, Bodega Harbor, Tomales Bay, Drakes Estero, San Francisco Bay, Morro Bay, Los Angeles Harbor, Upper and Lower Newport Bay, Mission Bay, and San Diego Bay.

**Endosulfan** shall mean the sum of endosulfan-alpha and -beta and endosulfan sulfate.

**Estuaries and Coastal Lagoons** are waters at the mouths of streams that serve as mixing zones for fresh and ocean waters during a major portion of the year. Mouths of streams that

are temporarily separated from the ocean by sandbars shall be considered as estuaries. Estuarine waters will generally be considered to extend from a bay or the open ocean to the upstream limit of tidal action but may be considered to extend seaward if significant mixing of fresh and salt water occurs in the open coastal waters. The waters described by this definition include but are not limited to the Sacramento-San Joaquin Delta as defined by Section 12220 of the California Water Code, Suisun Bay, Carquinez Strait downstream to Carquinez Bridge, and appropriate areas of the Smith, Klamath, Mad, Eel, Noyo, and Russian Rivers.

**Halomethanes** shall mean the sum of bromoform, bromomethane (methyl bromide) and chloromethane (methyl chloride).

**HCH** shall mean the sum of the alpha, beta, gamma (lindane) and delta isomers of hexachlorocyclohexane.

**Initial Dilution** is the process that results in the rapid and irreversible turbulent mixing of wastewater with ocean water around the point of discharge.

For a submerged buoyant discharge, characteristic of most municipal and industrial wastes that are released from the submarine outfalls, the momentum of the discharge and its initial buoyancy act together to produce turbulent mixing. Initial dilution in this case is completed when the diluting wastewater ceases to rise in the water column and first begins to spread horizontally.

For shallow water submerged discharges, surface discharges, and non-buoyant discharges, characteristic of cooling water wastes and some individual discharges, turbulent mixing results primarily from the momentum of discharge. Initial dilution, in these cases, is considered to be completed when the momentum induced velocity of the discharge ceases to produce significant mixing of the waste, or the diluting plume reaches a fixed distance from the discharge to be specified by the Central Coast Water Board, whichever results in the lower estimate for initial dilution.

**Instantaneous Maximum Effluent Limitation:** the highest allowable value for any single grab sample or aliquot (i.e., each grab sample or aliquot is independently compared to the instantaneous maximum limitation).

**Instantaneous Minimum Effluent Limitation:** the lowest allowable value for any single grab sample or aliquot (i.e., each grab sample or aliquot is independently compared to the instantaneous minimum limitation).

**Kelp Beds**, for purposes of the bacteriological standards of the Ocean Plan, are significant aggregations of marine algae of the genera Macrocystis and Nereocystis. Kelp beds include the total foliage canopy of Macrocystis and Nereocystis plants throughout the water column.

**Mariculture** is the culture of plants and animals in marine waters independent of any pollution source.

**Material:** (a) In common usage: (1) the substance or substances of which a thing is made or composed (2) substantial; (b) For purposes of the Ocean Plan relating to waste disposal, dredging and the disposal of dredged material and fill, MATERIAL means matter of any kind or

description which is subject to regulation as waste, or any material dredged from the navigable waters of the United States. See also, DREDGED MATERIAL.

**Maximum Daily Effluent Limitation (MDEL):** the highest allowable daily discharge of a pollutant.

**Method Detection Limit (MDL)** is the minimum concentration of a substance that can be measured and reported with 99% confidence that the analyte concentration is greater than zero, as defined in title 40 of the Code of Federal Regulations, PART 136, Appendix B.

**Minimum Level (ML)** is the concentrations at which the entire analytical system must give a recognizable signal and acceptable calibration point. The ML is the concentration in a sample that is equivalent to the concentration of the lowest calibration standard analyzed by a specific analytical procedure, assuming that all the method-specified sample weights, volumes and processing steps have been followed.

**Natural Light:** Reduction of natural light may be determined by the Central Coast Water Board by measurement of light transmissivity or total irradiance, or both, according to the monitoring needs of the Central Coast Water Board.

**Not Detected (ND)** are those sample results less than the laboratory's MDL.

**Ocean Waters** are the territorial marine waters of the State as defined by California law to the extent these waters are outside of enclosed bays, estuaries, and coastal lagoons. If a discharge outside the territorial waters of the State could affect the quality of the waters of the State, the discharge may be regulated to assure no violation of the Ocean Plan will occur in ocean waters.

**PAHs (polynuclear aromatic hydrocarbons)** shall mean the sum of acenaphthylene, anthracene, 1,2-benzanthracene, 3,4-benzofluoranthene, benzo[k]fluoranthene, 1,12-benzoperylene, benzo[a]pyrene, chrysene, dibenzo[ah]anthracene, fluorene, indeno[1,2,3-cd]pyrene, phenanthrene and pyrene.

**PCBs (polychlorinated biphenyls)** shall mean the sum of chlorinated biphenyls whose analytical characteristics resemble those of Aroclor-1016, Aroclor-1221, Aroclor-1232, Aroclor-1242, Aroclor-1248, Aroclor-1254 and Aroclor-1260.

**Pollutant Minimization Program (PMP)** means waste minimization and pollution prevention actions that include, but are not limited to, product substitution, waste stream recycling, alternative waste management methods, and education of the public and businesses. The goal of the PMP shall be to reduce all potential sources of Ocean Plan Table B pollutants through pollutant minimization (control) strategies, including pollution prevention measures as appropriate, to maintain the effluent concentration at or below the water quality-based effluent limitation. Pollution prevention measures may be particularly appropriate for persistent bioaccumulative priority pollutants where there is evidence that beneficial uses are being impacted. The Central Coast Water Board may consider cost effectiveness when establishing the requirements of a PMP. The completion and implementation of a Pollution Prevention Plan, if required pursuant to Water Code section 13263.3(d), shall be considered to fulfill the PMP requirements.



**Reported Minimum Level** is the ML (and its associated analytical method) chosen by the Discharger for reporting and compliance determination from the MLs included in this Order. The MLs included in this Order correspond to approved analytical methods for reporting a sample result selected by the Central Coast Water Board either from Appendix II of the Ocean Plan in accordance with section III.C.5.a. of the Ocean Plan or established in accordance with section III.C.5.b. of the Ocean Plan. The ML is based on the proper application of method-based analytical procedures for sample preparation and the absence of any matrix interferences. Other factors may be applied to the ML depending on the specific sample preparation steps employed. For example, the treatment typically applied in cases where there are matrix-effects is to dilute the sample or sample aliquot by a factor of ten. In such cases, this additional factor must be applied to the ML in the computation of the reported ML.

**Satellite Collection System** is the portion, if any, of a sanitary sewer system owned or operated by a different public agency than the agency that owns and operates the wastewater treatment facility that a sanitary sewer system is tributary to.

**Shellfish** are organisms identified by the California Department of Public Health as shellfish for public health purposes (i.e., mussels, clams and oysters).

**Significant Difference** is defined as a statistically significant difference in the means of two distributions of sampling results at the 95 percent confidence level.

**Six-month Median Effluent Limitation:** the highest allowable moving median of all daily discharges for any 180-day period.

**State Water Quality Protection Areas (SWQPAs)** are non-terrestrial marine or estuarine areas designated to protect marine species or biological communities from an undesirable alteration in natural water quality. All AREAS OF SPECIAL BIOLOGICAL SIGNIFICANCE (ASBS) that were previously designated by the State Water Board in Resolution No.s 74-28, 74-32, and 75-61 are now also classified as a subset of State Water Quality Protection Areas and require special protections afforded by the Ocean Plan.

**TCDD Equivalents** shall mean the sum of the concentrations of chlorinated dibenzodioxins (2,3,7,8-CDDs) and chlorinated dibenzofurans (2,3,7,8-CDFs) multiplied by their respective toxicity factors, as shown in the table below.

Isomer Group	Toxicity Equivalence Factor
2,3,7,8-tetra CDD	1.0
2,3,7,8-penta CDD	0.5
2,3,7,8-hexa CDDs	0.1
2,3,7,8-hepta CDD	0.01
octa CDD	0.001
2,3,7,8 tetra CDF	0.1
1,2,3,7,8 penta CDF	0.05
2,3,4,7,8 penta CDF	0.5
2,3,7,8 hexa CDFs	0.1
2,3,7,8 hepta CDFs	0.01
octa CDF	0.001



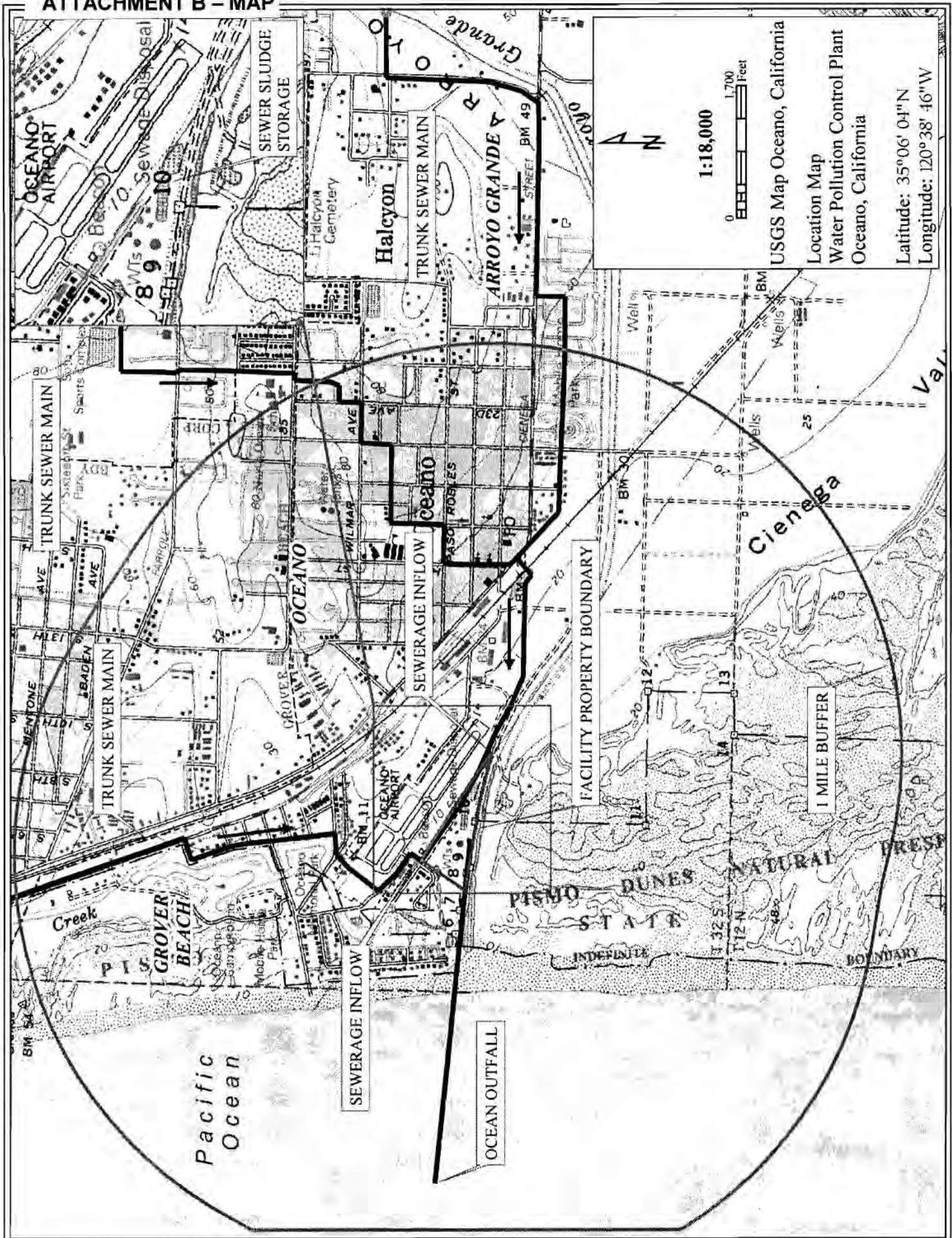
**Toxicity Reduction Evaluation (TRE)** is a study conducted in a step-wise process designed to identify the causative agents of effluent or ambient toxicity, isolate the sources of toxicity, evaluate the effectiveness of toxicity control options, and then confirm the reduction in toxicity.

The first steps of the TRE consist of the collection of data relevant to the toxicity, including additional toxicity testing, and an evaluation of facility operations and maintenance practices, and best management practices. A TOXICITY IDENTIFICATION EVALUATION (TIE) may be required as part of the TRE, if appropriate. (A TIE is a set of procedures to identify the specific chemical(s) responsible for toxicity. These procedures are performed in three phases (characterization, identification, and confirmation) using aquatic organism toxicity tests.)

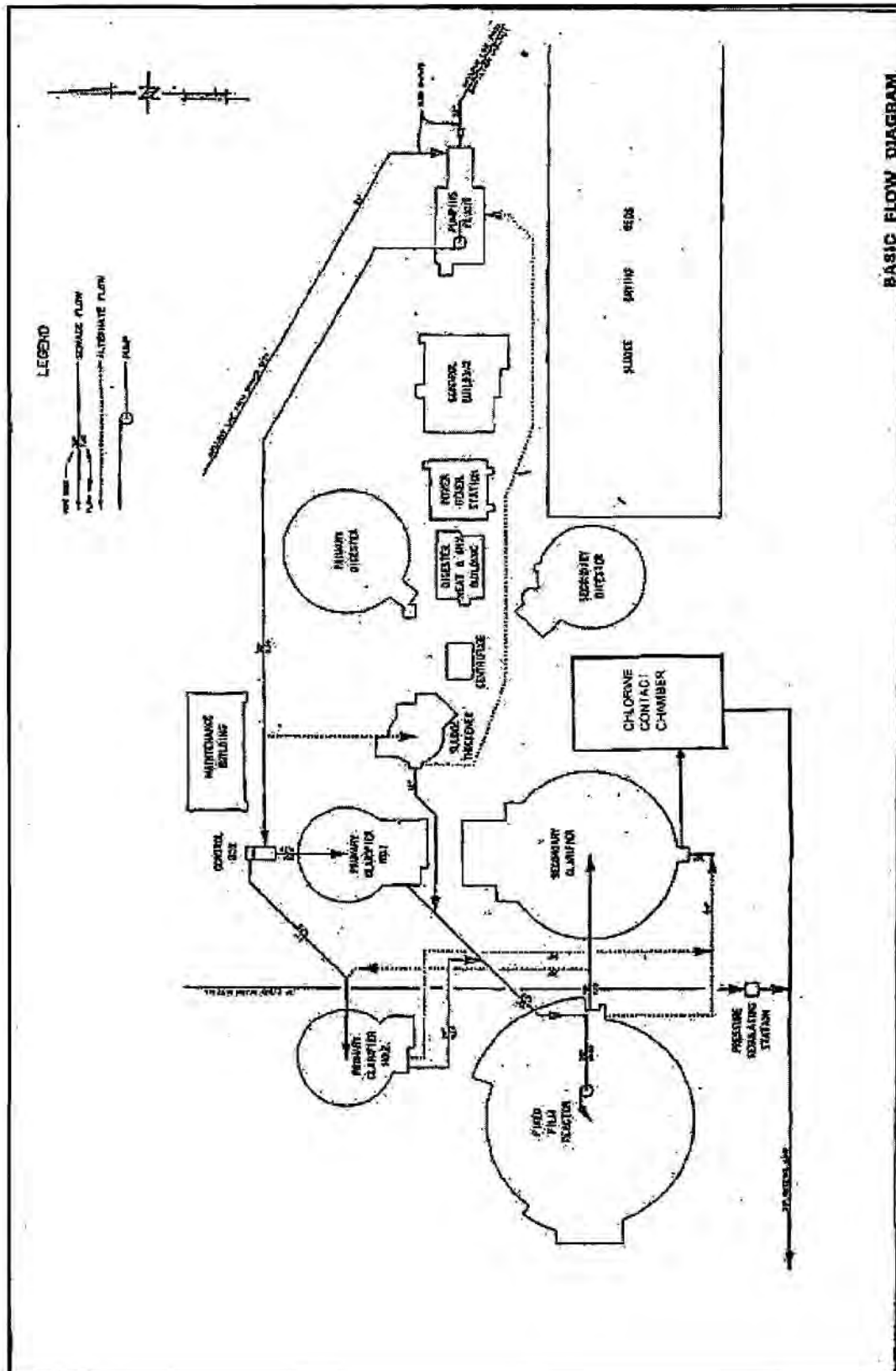
**Waste:** As used in the Ocean Plan, waste includes a Discharger's total discharge, of whatever origin ( i.e., gross, not net, discharge.)

**Water Reclamation:** The treatment of wastewater to render it suitable for reuse, the transportation of treated wastewater to the place of use, and the actual use of treated wastewater for a direct beneficial use or controlled use that would not otherwise occur.

## ATTACHMENT B - MAP



## ATTACHMENT C – FLOW SCHEMATIC



**ATTACHMENT D –STANDARD PROVISIONS****I. STANDARD PROVISIONS – PERMIT COMPLIANCE****A. Duty to Comply**

1. The Discharger must comply with all of the conditions of this Order. Any noncompliance constitutes a violation of the Clean Water Act (CWA) and the California Water Code and is grounds for enforcement action, for permit termination, revocation and reissuance, or modification; or denial of a permit renewal application. [40 CFR § 122.41(a)]
2. The Discharger shall comply with effluent standards or prohibitions established under Section 307(a) of the CWA for toxic pollutants and with standards for sewage sludge use or disposal established under Section 405(d) of the CWA within the time provided in the regulations that establish these standards or prohibitions, even if this Order has not yet been modified to incorporate the requirement. [40 CFR § 122.41(a)(1)]

**B. Need to Halt or Reduce Activity Not a Defense.** It shall not be a defense for a Discharger in an enforcement action that it would have been necessary to halt or reduce the permitted activity in order to maintain compliance with the conditions of this Order. [40 CFR § 122.41(c)]

**C. Duty to Mitigate.** The Discharger shall take all reasonable steps to minimize or prevent any discharge or sludge use or disposal in violation of this Order that has a reasonable likelihood of adversely affecting human health or the environment. [40 CFR § 122.41(d)]

**D. Proper Operation and Maintenance.** The Discharger shall at all times properly operate and maintain all facilities and systems of treatment and control (and related appurtenances) which are installed or used by the Discharger to achieve compliance with the conditions of this Order. Proper operation and maintenance also includes adequate laboratory controls and appropriate quality assurance procedures. This provision requires the operation of backup or auxiliary facilities or similar systems that are installed by a Discharger only when necessary to achieve compliance with the conditions of this Order. [40 CFR § 122.41(e)]

**E. Property Rights**

1. This Order does not convey any property rights of any sort or any exclusive privileges. [40 CFR § 122.41(g)]
2. The issuance of this Order does not authorize any injury to persons or property or invasion of other private rights, or any infringement of state or local law or regulations. [40 CFR § 122.5(c)]



**F. Inspection and Entry.** The Discharger shall allow the Central Coast Water Board, State Water Board, United States Environmental Protection Agency (USEPA), and/or their authorized representatives (including an authorized contractor acting as their representative), upon the presentation of credentials and other documents, as may be required by law, to [40 CFR § 122.41(i); Water Code, § 13383]:

1. Enter upon the Discharger's premises where a regulated facility or activity is located or conducted, or where records are kept under the conditions of this Order [40 CFR § 122.41(i)(1)];
2. Have access to and copy, at reasonable times, any records that must be kept under the conditions of this Order [40 CFR § 122.41(i)(2)];
3. Inspect and photograph, at reasonable times, any facilities, equipment (including monitoring and control equipment), practices, or operations regulated or required under this Order [40 CFR § 122.41(i)(3)]; and
4. Sample or monitor, at reasonable times, for the purposes of assuring Order compliance or as otherwise authorized by the CWA or the Water Code, any substances or parameters at any location. [40 CFR § 122.41(i)(4)]

**G. Bypass**

1. Definitions
  - a. "Bypass" means the intentional diversion of waste streams from any portion of a treatment facility. [40 CFR § 122.41(m)(1)(i)]
  - b. "Severe property damage" means substantial physical damage to property, damage to the treatment facilities, which causes them to become inoperable, or substantial and permanent loss of natural resources that can reasonably be expected to occur in the absence of a bypass. Severe property damage does not mean economic loss caused by delays in production. [40 CFR § 122.41(m)(1)(ii)]
2. Bypass not exceeding limitations. The Discharger may allow any bypass to occur which does not cause exceedances of effluent limitations, but only if it is for essential maintenance to assure efficient operation. These bypasses are not subject to the provisions listed in Standard Provisions – Permit Compliance I.G.3, I.G.4, and I.G.5 below. [40 CFR § 122.41(m)(2)]
3. Prohibition of bypass. Bypass is prohibited, and the Central Coast Water Board may take enforcement action against a Discharger for bypass, unless [40 CFR § 122.41(m)(4)(i)]:
  - a. Bypass was unavoidable to prevent loss of life, personal injury, or severe property damage [40 CFR § 122.41(m)(4)(i)(A)];

- b. There were no feasible alternatives to the bypass, such as the use of auxiliary treatment facilities, retention of untreated wastes, or maintenance during normal periods of equipment downtime. This condition is not satisfied if adequate back-up equipment should have been installed in the exercise of reasonable engineering judgment to prevent a bypass that occurred during normal periods of equipment downtime or preventive maintenance [40 CFR § 122.41(m)(4)(i)(B)]; and
  - c. The Discharger submitted notice to the Central Coast Water Board as required under Standard Provisions – Permit Compliance I.G.5 below. [40 CFR § 122.41(m)(4)(i)(C)]
- 4. The Central Coast Water Board may approve an anticipated bypass, after considering its adverse effects, if the Central Coast Water Board determines that it will meet the three conditions listed in Standard Provisions – Permit Compliance I.G.3 above. [40 CFR § 122.41(m)(4)(ii)]
- 5. Notice
  - a. Anticipated bypass. If the Discharger knows in advance of the need for a bypass, it shall submit a notice, if possible at least 10 days before the date of the bypass. [40 CFR § 122.41(m)(3)(i)]
  - b. Unanticipated bypass. The Discharger shall submit notice of an unanticipated bypass as required in Standard Provisions - Reporting V.E below (24-hour notice). [40 CFR § 122.41(m)(3)(ii)]

#### H. Upset

Upset means an exceptional incident in which there is unintentional and temporary noncompliance with technology based permit effluent limitations because of factors beyond the reasonable control of the Discharger. An upset does not include noncompliance to the extent caused by operational error, improperly designed treatment facilities, inadequate treatment facilities, lack of preventive maintenance, or careless or improper operation. [40 CFR § 122.41(n)(1)]

- 1. Effect of an upset. An upset constitutes an affirmative defense to an action brought for noncompliance with such technology based permit effluent limitations if the requirements of Standard Provisions – Permit Compliance I.H.2 below are met. No determination made during administrative review of claims that noncompliance was caused by upset, and before an action for noncompliance, is final administrative action subject to judicial review. [40 CFR § 122.41(n)(2)]
- 2. Conditions necessary for a demonstration of upset. A Discharger who wishes to establish the affirmative defense of upset shall demonstrate, through properly signed, contemporaneous operating logs or other relevant evidence that [40 CFR § 122.41(n)(3)]:

- a. An upset occurred and that the Discharger can identify the cause(s) of the upset [40 CFR § 122.41(n)(3)(i)];
  - b. The permitted facility was, at the time, being properly operated [40 CFR § 122.41(n)(3)(ii)];
  - c. The Discharger submitted notice of the upset as required in Standard Provisions – Reporting V.E.2.b below (24-hour notice) [40 CFR § 122.41(n)(3)(iii)]; and
  - d. The Discharger complied with any remedial measures required under Standard Provisions – Permit Compliance I.C above. [40 CFR § 122.41(n)(3)(iv)]
3. Burden of proof. In any enforcement proceeding, the Discharger seeking to establish the occurrence of an upset has the burden of proof. [40 CFR § 122.41(n)(4)]

## II. STANDARD PROVISIONS – PERMIT ACTION

- A. General.** This Order may be modified, revoked and reissued, or terminated for cause. The filing of a request by the Discharger for modification, revocation and reissuance, or termination, or a notification of planned changes or anticipated noncompliance does not stay any Order condition. [40 CFR § 122.41(f)]
- B. Duty to Reapply.** If the Discharger wishes to continue an activity regulated by this Order after the expiration date of this Order, the Discharger must apply for and obtain a new permit. [40 CFR § 122.41(b)]
- C. Transfers.** This Order is not transferable to any person except after notice to the Central Coast Water Board. The Central Coast Water Board may require modification or revocation and reissuance of the Order to change the name of the Discharger and incorporate such other requirements as may be necessary under the CWA and the Water Code. [40 CFR § 122.41(l)(3); § 122.61]

## III. STANDARD PROVISIONS – MONITORING

- A.** Samples and measurements taken for the purpose of monitoring shall be representative of the monitored activity. [40 CFR § 122.41(j)(1)]
- B.** Monitoring results must be conducted according to test procedures under Part 136 or, in the case of sludge use or disposal, approved under Part 136 unless otherwise specified in Part 503 unless other test procedures have been specified in this Order. [40 CFR § 122.41(j)(4); § 122.44(i)(1)(iv)]

## IV. STANDARD PROVISIONS – RECORDS

- A.** Except for records of monitoring information required by this Order related to the Discharger's sewage sludge use and disposal activities, which shall be retained for a period of at least five years (or longer as required by Part 503), the Discharger shall retain records of all monitoring information, including all calibration and maintenance



records and all original strip chart recordings for continuous monitoring instrumentation, copies of all reports required by this Order, and records of all data used to complete the application for this Order, for a period of at least three (3) years from the date of the sample, measurement, report or application. This period may be extended by request of the Central Coast Water Board Executive Officer at any time. [40 CFR § 122.41(j)(2)]

**B. Records of monitoring information shall include:**

1. The date, exact place, and time of sampling or measurements [40 CFR § 122.41(j)(3)(i)];
2. The individual(s) who performed the sampling or measurements [40 CFR § 122.41(j)(3)(ii)];
3. The date(s) analyses were performed [40 CFR § 122.41(j)(3)(iii)];
4. The individual(s) who performed the analyses [40 CFR § 122.41(j)(3)(iv)];
5. The analytical techniques or methods used [40 CFR § 122.41(j)(3)(v)]; and
6. The results of such analyses. [40 CFR § 122.41(j)(3)(vi)]

**C. Claims of confidentiality for the following information will be denied [40 CFR § 122.7(b)]:**

1. The name and address of any permit applicant or Discharger (40 CFR § 122.7(b)(1)); and
2. Permit applications and attachments, permits and effluent data. [40 CFR § 122.7(b)(2)]

**V. STANDARD PROVISIONS – REPORTING**

**A. Duty to Provide Information.** The Discharger shall furnish to the Central Coast Water Board, State Water Board, or USEPA within a reasonable time, any information which the Central Coast Water Board, State Water Board, or USEPA may request to determine whether cause exists for modifying, revoking and reissuing, or terminating this Order or to determine compliance with this Order. Upon request, the Discharger shall also furnish to the Central Coast Water Board, State Water Board, or USEPA copies of records required to be kept by this Order. [40 CFR § 122.41(h); Water. Code, § 13267]

**B. Signatory and Certification Requirements**

1. All applications, reports, or information submitted to the Central Coast Water Board, State Water Board, and/or USEPA shall be signed and certified in accordance with Standard Provisions – Reporting V.B.2, V.B.3, V.B.4, and V.B.5 below. [40 CFR § 122.41(k)]



2. All permit applications shall be signed by either a principal executive officer or ranking elected official. For purposes of this provision, a principal executive officer of a federal agency includes: (i) the chief executive officer of the agency, or (ii) a senior executive officer having responsibility for the overall operations of a principal geographic unit of the agency (e.g., Regional Administrators of USEPA). [40 CFR § 122.22(a)(3)]
3. All reports required by this Order and other information requested by the Central Coast Water Board, State Water Board, or USEPA shall be signed by a person described in Standard Provisions – Reporting V.B.2 above, or by a duly authorized representative of that person. A person is a duly authorized representative only if:
  - a. The authorization is made in writing by a person described in Standard Provisions – Reporting V.B.2 above [40 CFR § 122.22(b)(1)];
  - b. The authorization specifies either an individual or a position having responsibility for the overall operation of the regulated facility or activity such as the position of plant manager, operator of a well or a well field, superintendent, position of equivalent responsibility, or an individual or position having overall responsibility for environmental matters for the company. (A duly authorized representative may thus be either a named individual or any individual occupying a named position.) [40 CFR § 122.22(b)(2)]; and
  - c. The written authorization is submitted to the Central Coast Water Board and State Water Board. [40 CFR § 122.22(b)(3)]
4. If an authorization under Standard Provisions – Reporting V.B.3 above is no longer accurate because a different individual or position has responsibility for the overall operation of the facility, a new authorization satisfying the requirements of Standard Provisions – Reporting V.B.3 above must be submitted to the Central Coast Water Board and State Water Board prior to or together with any reports, information, or applications, to be signed by an authorized representative. (40 CFR § 122.22(c).)
5. Any person signing a document under Standard Provisions – Reporting V.B.2 or V.B.3 above shall make the following certification:

"I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations." [40 CFR § 122.22(d)]

### **C. Monitoring Reports**

1. Monitoring results shall be reported at the intervals specified in the Monitoring and Reporting Program (Attachment E) in this Order. [40 CFR § 122.41(l)(4)]

2. Monitoring results must be reported on a Discharge Monitoring Report (DMR) form or forms provided or specified by the Central Coast Water Board or State Water Board for reporting results of monitoring of sludge use or disposal practices. [40 CFR § 122.41(l)(4)(i)]
3. If the Discharger monitors any pollutant more frequently than required by this Order using test procedures approved under Part 136 or, in the case of sludge use or disposal, approved under Part 136 unless otherwise specified in Part 503, or as specified in this Order, the results of this monitoring shall be included in the calculation and reporting of the data submitted in the DMR or sludge reporting form specified by the Central Coast Water Board. [40 CFR § 122.41(l)(4)(ii)]
4. Calculations for all limitations, which require averaging of measurements, shall utilize an arithmetic mean unless otherwise specified in this Order. [40 CFR § 122.41(l)(4)(iii)]

**D. Compliance Schedules.** Reports of compliance or noncompliance with, or any progress reports on, interim and final requirements contained in any compliance schedule of this Order, shall be submitted no later than 14 days following each schedule date. [40 CFR § 122.41(l)(5)]

**E. Twenty-Four Hour Reporting**

1. The Discharger shall report any noncompliance that may endanger health or the environment. Any information shall be provided orally within 24 hours from the time the Discharger becomes aware of the circumstances. A written submission shall also be provided within five (5) days of the time the Discharger becomes aware of the circumstances. The written submission shall contain a description of the noncompliance and its cause; the period of noncompliance, including exact dates and times, and if the noncompliance has not been corrected, the anticipated time it is expected to continue; and steps taken or planned to reduce, eliminate, and prevent reoccurrence of the noncompliance. [40 CFR § 122.41(l)(6)(i)]
2. The following shall be included as information that must be reported within 24 hours under this paragraph [40 CFR § 122.41(l)(6)(ii)]:
  - a. Any unanticipated bypass that exceeds any effluent limitation in this Order. [40 CFR § 122.41(l)(6)(ii)(A)]
  - b. Any upset that exceeds any effluent limitation in this Order. [40 CFR § 122.41(l)(6)(ii)(B)]
3. The Central Coast Water Board may waive the above-required written report under this provision on a case-by-case basis if an oral report has been received within 24 hours. [40 CFR § 122.41(l)(6)(iii)]

**F. Planned Changes.** The Discharger shall give notice to the Central Coast Water Board as soon as possible of any planned physical alterations or additions to the permitted facility. Notice is required under this provision only when [40 CFR § 122.41(l)(1)]:

1. The alteration or addition to a permitted facility may meet one of the criteria for determining whether a facility is a new source in section 122.29(b) [40 CFR § 122.41(l)(1)(i)]; or
2. The alteration or addition could significantly change the nature or increase the quantity of pollutants discharged. This notification applies to pollutants that are not subject to effluent limitations in this Order. [40 CFR § 122.41(l)(1)(ii).]
3. The alteration or addition results in a significant change in the Discharger's sludge use or disposal practices, and such alteration, addition, or change may justify the application of permit conditions that are different from or absent in the existing permit, including notification of additional use or disposal sites not reported during the permit application process or not reported pursuant to an approved land application plan. [40 CFR § 122.41(l)(1)(iii)]

**G. Anticipated Noncompliance.** The Discharger shall give advance notice to the Central Coast Water Board or State Water Board of any planned changes in the permitted facility or activity that may result in noncompliance with General Order requirements. [40 CFR § 122.41(l)(2)]

**H. Other Noncompliance.** The Discharger shall report all instances of noncompliance not reported under Standard Provisions – Reporting V.C, V.D, and V.E above at the time monitoring reports are submitted. The reports shall contain the information listed in Standard Provision – Reporting V.E above. [40 CFR § 122.41(l)(7)]

**I. Other Information.** When the Discharger becomes aware that it failed to submit any relevant facts in a permit application, or submitted incorrect information in a permit application or in any report to the Central Coast Water Board, State Water Board, or USEPA, the Discharger shall promptly submit such facts or information. [40 CFR § 122.41(l)(8)]

## **VI. STANDARD PROVISIONS – ENFORCEMENT**

- A.** The Central Coast Water Board is authorized to enforce the terms of this permit under several provisions of the Water Code, including, but not limited to, sections 13385, 13386, and 13387.

## **VII. ADDITIONAL PROVISIONS – NOTIFICATION LEVELS**

### **A. Publicly-Owned Treatment Works (POTWs)**

All POTWs shall provide adequate notice to the Central Coast Water Board of the following [40 CFR § 122.42(b)]:

1. Any new introduction of pollutants into the POTW from an indirect discharger that would be subject to sections 301 or 306 of the CWA if it were directly discharging those pollutants [40 CFR § 122.42(b)(1)]; and
2. Any substantial change in the volume or character of pollutants being introduced into that POTW by a source introducing pollutants into the POTW at the time of adoption of the Order. [40 CFR § 122.42(b)(2)]
3. Adequate notice shall include information on the quality and quantity of effluent introduced into the POTW as well as any anticipated impact of the change on the quantity or quality of effluent to be discharged from the POTW. [40 CFR § 122.42(b)(3)]



**ATTACHMENT D-1 - CENTRAL COAST REGIONAL WATER BOARD STANDARD PROVISIONS (JANUARY 1985)****I. Central Coast General Permit Conditions****A. Central Coast Standard Provisions – Prohibitions**

1. Introduction of "incompatible wastes" to the treatment system is prohibited.
2. Discharge of high-level radiological waste and of radiological, chemical, and biological warfare agents is prohibited.
3. Discharge of "toxic pollutants" in violation of effluent standards and prohibitions established under Section 307(a) of the Clean Water Act is prohibited.
4. Discharge of sludge, sludge digester or thickener supernatant, and sludge drying bed leachate to drainageways, surface waters, or the ocean is prohibited.
5. Introduction of pollutants into the collection, treatment, or disposal system by an "indirect discharger" that:
  - a. Inhibit or disrupt the treatment process, system operation, or the eventual use or disposal of sludge; or,
  - b. Flow through the system to the receiving water untreated; and,
  - c. Cause or "significantly contribute" to a violation of any requirement of this Order, is prohibited.
6. Introduction of "pollutant free" wastewater to the collection, treatment, and disposal system in amounts that threaten compliance with this order is prohibited.

**B. Central Coast Standard Provisions – Provisions**

1. Collection, treatment, and discharge of waste shall not create a nuisance or pollution, as defined by Section 13050 of the California Water Code.
2. All facilities used for transport or treatment of wastes shall be adequately protected from inundation and washout as the result of a 100-year frequency flood.
3. Operation of collection, treatment, and disposal systems shall be in a manner that precludes public contact with wastewater.
4. Collected screenings, sludges, and other solids removed from liquid wastes shall be disposed in a manner approved by the Executive Officer.
5. Publicly owned wastewater treatment plants shall be supervised and operated by persons possessing certificates of appropriate grade pursuant to Title 23 of the California Administrative Code.

6. After notice and opportunity for a hearing, this order may be terminated for cause, including, but not limited to:
  - a. violation of any term or condition contained in this order;
  - b. obtaining this order by misrepresentation, or by failure to disclose fully all relevant facts;
  - c. a change in any condition or endangerment to human health or environment that requires a temporary or permanent reduction or elimination of the authorized discharge; and,
  - d. a substantial change in character, location, or volume of the discharge.
7. Provisions of this permit are severable. If any provision of the permit is found invalid, the remainder of the permit shall not be affected.
8. After notice and opportunity for hearing, this order may be modified or revoked and reissued for cause, including:
  - a. Promulgation of a new or revised effluent standard or limitation;
  - b. A material change in character, location, or volume of the discharge;
  - c. Access to new information that affects the terms of the permit, including applicable schedules;
  - d. Correction of technical mistakes or mistaken interpretations of law; and,
  - e. Other causes set forth under Sub-part D of 40 CFR Part 122.
9. Safeguards shall be provided to assure maximal compliance with all terms and conditions of this permit. Safeguards shall include preventative and contingency plans and may also include alternative power sources, stand-by generators, retention capacity, operating procedures, or other precautions. Preventative and contingency plans for controlling and minimizing the affect of accidental discharges shall:
  - a. identify possible situations that could cause "upset", "overflow" or "bypass", or other noncompliance. (Loading and storage areas, power outage, waste treatment unit outage, and failure of process equipment, tanks and pipes should be considered.)
  - b. evaluate the effectiveness of present facilities and procedures and describe procedures and steps to minimize or correct any adverse environmental impact resulting from noncompliance with the permit.
10. Physical Facilities shall be designed and constructed according to accepted engineering practice and shall be capable of full compliance with this order when properly operated and maintained. Proper operation and maintenance shall be

described in an Operation and Maintenance Manual. Facilities shall be accessible during the wet-weather season.

11. Production and use of reclaimed water is subject to the approval of the Central Coast Water Board. Production and use of reclaimed water shall be in conformance with reclamation criteria established in Chapter 3, Title 22, of the California Administrative Code and Chapter 7, Division 7, of the California Water Code. An engineering report pursuant to section 60323, Title 22, of the California Administrative Code is required and a waiver or water reclamation requirements from the Water Board is required before reclaimed water is supplied for any use, or to any user, not specifically identified and approved either in this Order or another order issued by this Water Board.

### **C. Central Coast Standard Provisions – General Monitoring Requirements**

1. If results of monitoring a pollutant appear to violate effluent limitations based on a weekly, monthly, 30-day, or six-month period, but compliance or non-compliance cannot be validated because sampling is too infrequent, the frequency of sampling shall be increased to validate the test within the next monitoring period. The increased frequency shall be maintained until the Executive Officer agrees the original monitoring frequency may be resumed.

For example, if copper is monitored annually and results exceed the six-month median numerical effluent limitation in the permit, monitoring of copper must be increased to a frequency of at least once every two months (Central Coast Standard Provisions – Definitions I.G.13.). If suspended solids are monitored weekly and results exceed the weekly average numerical limit in the permit, monitoring of suspended solids must be increased to at least four (4) samples every week (Central Coast Standard Provisions – Definitions I.G.14.)

2. Water quality analyses performed in order to monitor compliance with this permit shall be by a laboratory certified by the State Department of Public Health for the constituent(s) being analyzed. Bioassay(s) performed in order to monitor compliance with this permit shall be in accord with guidelines approved by the State Water Board and the State Department of Fish and Game. If the laboratory used or proposed for use by the discharger is not certified by the California Department of Public Health or, where appropriate, the Department of Fish and Game due to restrictions in the State's laboratory certification program, the discharger shall be considered in compliance with this provision provided:
  - a. Data results remain consistent with results of samples analyzed by the Central Coast Water Board;
  - b. A quality assurance program is used at the laboratory, including a manual containing steps followed in this program that is available for inspections by the staff of the Central Coast Water Board; and,
  - c. Certification is pursued in good faith and obtained as soon as possible after the program is reinstated.



3. Samples and measurements taken for the purpose of monitoring shall be representative of the monitored activity. Samples shall be taken during periods of peak loading conditions. Influent samples shall be samples collected from the combined flows of all incoming wastes, excluding recycled wastes. Effluent samples shall be samples collected downstream of the last treatment unit and tributary flow and upstream of any mixing with receiving waters.
4. All monitoring instruments and devices used by the discharger to fulfill the prescribed monitoring program shall be properly maintained and calibrated as necessary to ensure their continued accuracy.

#### **D. Central Coast Standard Provisions – General Pretreatment Provisions**

1. Discharge of pollutants by "indirect dischargers" in specific industrial sub-categories (appendix C, 40 CFR Part 403), where categorical pretreatment standards have been established, or are to be established, (according to 40 CFR Chapter 1, Subchapter N), shall comply with the appropriate pretreatment standards:
  - a. By the date specified therein;
  - b. Within three (3) years of the effective date specified therein, but in no case later than July 1, 1984; or,
  - c. If a new indirect discharger, upon commencement of discharge.

#### **E. Central Coast Standard Provisions – General Reporting Requirements**

1. Reports of marine monitoring surveys conducted to meet receiving water monitoring requirements of the Monitoring and Reporting Program shall include at least the following information:
  - a. A description of climatic and receiving water characteristics at the time of sampling (weather observations, floating debris, discoloration, wind speed and direction, swell or wave action, time of sampling, tide height, etc.).
  - b. A description of sampling stations, including differences unique to each station (e.g., station location, grain size, rocks, shell litter, calcareous worm tubes, evident life, etc.).
  - c. A description of the sampling procedures and preservation sequence used in the survey.
  - d. A description of the exact method used for laboratory analysis. In general, analysis shall be conducted according to Central Coast Standard Provisions – C.1 above, and Federal Standard Provision – Monitoring III.B. However, variations in procedure are acceptable to accommodate the special requirements of sediment analysis. All such variations must be reported with the test results.



- e. A brief discussion of the results of the survey. The discussion shall compare data from the control station with data from the outfall stations. All tabulations and computations shall be explained.
2. Reports of compliance or noncompliance with, or any progress reports on, interim and final requirements contained in any compliance schedule shall be submitted within 14 days following each scheduled date unless otherwise specified within the permit. If reporting noncompliance, the report shall include a description of the reason, a description and schedule of tasks necessary to achieve compliance, and an estimated date for achieving full compliance. A second report shall be submitted within 14 days of full compliance.
3. The "Discharger" shall file a report of waste discharge or secure a waiver from the Executive Officer at least 180 days before making any material change or proposed change in the character, location, or plume of the discharge.
4. Within 120 days after the discharger discovers, or is notified by the Central Coast Water Board, that monthly average daily flow will or may reach design capacity of waste treatment and/or disposal facilities within four (4) years, the discharger shall file a written report with the Central Coast Water Board. The report shall include:
  - a. the best estimate of when the monthly average daily dry weather flow rate will equal or exceed design capacity; and,
  - b. a schedule for studies, design, and other steps needed to provide additional capacity for waste treatment and/or disposal facilities before the waste flow rate equals the capacity of present units.

In addition to complying with Federal Standard Provision – Reporting V.B., the required technical report shall be prepared with public participation and reviewed, approved and jointly submitted by all planning and building departments having jurisdiction in the area served by the waste collection, treatment, or disposal facilities.

5. All "Dischargers" shall submit reports to the:

California Regional Water Quality Control Board  
Central Coast Region  
895 Aerovista Place, Suite 101  
San Luis Obispo, CA 93401-7906

In addition, "Dischargers" with designated major discharges shall submit a copy of each document to:

Regional Administrator  
US Environmental Protection Agency, Region 9  
Attention: CWA Standards and Permits Office (WTR-5)  
75 Hawthorne Street  
San Francisco, California 94105

6. Transfer of control or ownership of a waste discharge facility must be preceded by a notice to the Central Coast Water Board at least 30 days in advance of the proposed transfer date. The notice must include a written agreement between the existing "Discharger" and proposed "Discharger" containing specific date for transfer of responsibility, coverage, and liability between them. Whether a permit may be transferred without modification or revocation and reissuance is at the discretion of the Water Board. If permit modification or revocation and reissuance is necessary, transfer may be delayed 180 days after the Central Coast Water Board's receipt of a complete permit application. Please also see Federal Standard Provision – Permit Action II.C.
7. Except for data determined to be confidential under Section 308 of the Clean Water Act (excludes effluent data and permit applications), all reports prepared in accordance with this permit shall be available for public inspection at the office of the Central Coast Water Board or Regional Administrator of USEPA. Please also see Federal Standard Provision – Records IV.C.
8. By January 30<sup>th</sup> of each year, the discharger shall submit an annual report to the Central Coast Water Board. The report shall contain both tabular and graphical summaries of the monitoring data obtained during the previous year. The discharger shall discuss the compliance record and corrective actions taken, or which may be needed, to bring the discharge into full compliance. The report shall address operator certification and provide a list of current operating personnel and their grade of certification. The report shall inform the Board of the date of the Facility's Operation and Maintenance Manual (including contingency plans as described Central Coast Standard Provision – Provision B.9., above), of the date the manual was last reviewed, and whether the manual is complete and valid for the current facility. The report shall restate, for the record, the laboratories used by the discharger to monitor compliance with effluent limits and provide a summary of performance relative to Section C above, General Monitoring Requirements.

If the facility treats industrial or domestic wastewater and there is no provision for periodic sludge monitoring in the Monitoring and Reporting Program, the report shall include a summary of sludge quantities, analyses of its chemical and moisture content, and its ultimate destination.

If applicable, the report shall also evaluate the effectiveness of the local source control or pretreatment program using the State Water Resources Control Board's "Guidelines for Determining the Effectiveness of Local Pretreatment Programs."

#### **F. Central Coast Standard Provisions – Enforcement**

1. Any person failing to file a report of waste discharge or other report as required by this permit shall be subject to a civil penalty not to exceed \$5,000 per day.
2. Upon reduction, loss, or failure of the treatment facility, the "Discharger" shall, to the extent necessary to maintain compliance with this permit, control production or all discharges, or both, until the facility is restored or an alternative method of treatment is provided.

**G. Central Coast Standard Provisions – Definitions****(Not otherwise included in Attachment A to this Order)**

1. A "composite sample" is a combination of no fewer than eight (8) individual samples obtained at equal time intervals (usually hourly) over the specified sampling (composite) period. The volume of each individual sample is proportional to the flow rate at the time of sampling. The period shall be specified in the Monitoring and Reporting Program ordered by the Executive Officer.
2. "Daily Maximum" limit means the maximum acceptable concentration or mass emission rate of a pollutant measured during a calendar day or during any 24-hour period reasonably representative of the calendar day for purposes of sampling. It is normally compared with results based on "composite samples" except for ammonia, total chlorine, phenolic compounds, and toxicity concentration. For all exceptions, comparisons will be made with results from a "grab sample."
3. "Discharger" as used herein, means, as appropriate: (1) the Discharger, (2) the local sewerage entity (when the collection system is not owned and operated by the Discharger), or (3) "indirect discharger" (where "Discharger" appears in the same paragraph as "indirect discharger" it refers to the discharger.)
4. "Duly Authorized Representative" is one where:
  - a. the authorization is made in writing by a person described in the signatory paragraph of Federal Standard Provision V.B.;
  - b. the authorization specifies either an individual or the occupant of a position having either responsibility for the overall operation of the regulated facility, such as the plant manager, or overall responsibility for environmental matters of the company; and,
  - c. the written authorization was submitted to the Central Coast Water Board.
5. A "grab sample" is defined as any individual sample collected in less than 15 minutes. "Grab samples" shall be collected during peak loading conditions, which may or may not be during hydraulic peaks. It is used primarily in determining compliance with the daily maximum limits identified in Central Coast Standard Provision – Provision G.2. and instantaneous maximum limits.
6. "Hazardous substance" means any substance designated under 40 CFR Part 116 pursuant to Section 311 of the Clean Water Act.
7. "Incompatible wastes" are:
  - a. Wastes which create a fire or explosion hazard in the treatment works;



- b. Wastes which will cause corrosive structural damage to treatment works, but in no case wastes with a pH lower than 5.0 unless the works is specifically designed to accommodate such wastes;
  - c. Solid or viscous wastes in amounts which cause obstruction to flow in sewers, or which cause other interference with proper operation of treatment works;
  - d. Any waste, including oxygen demanding pollutants (BOD, etc), released in such volume or strength as to cause inhibition or disruption in the treatment works and subsequent treatment process upset and loss of treatment efficiency; and,
  - e. Heat in amounts that inhibit or disrupt biological activity in the treatment works or that raise influent temperatures above 40°C (104°F) unless the treatment works is designed to accommodate such heat.
8. "Indirect Discharger" means a non-domestic discharger introducing pollutants into a publicly owned treatment and disposal system.
9. "Log Mean" is the geometric mean. Used for determining compliance of fecal or total coliform populations, it is calculated with the following equation:

$$\text{Log Mean} = (C_1 \times C_2 \times \dots \times C_n)^{1/n},$$

in which "n" is the number of days samples were analyzed during the period and any "C" is the concentration of bacteria (MPN/100 ml) found on each day of sampling. "n" should be five or more.

10. "Mass emission rate" is a daily rate defined by the following equations:

$$\text{mass emission rate (lbs/day)} = 8.34 \times Q \times C; \text{ and,}$$

$$\text{mass emission rate (kg/day)} = 3.79 \times Q \times C,$$

where "C" (in mg/L) is the measured daily constituent concentration or the average of measured daily constituent concentrations and "Q" (in MGD) is the measured daily flow rate or the average of measured daily flow rates over the period of interest.

11. The "Maximum Allowable Mass Emission Rate," whether for a month, week, day, or six-month period, is a daily rate determined with the formulas in paragraph G.10, above, using the effluent concentration limit specified in the permit for the period and the average of measured daily flows (up to the allowable flow) over the period.
12. "Maximum Allowable Six-Month Median Mass Emission Rate" is a daily rate determined with the formulas in Central Coast Standard Provision – Provision G.10, above, using the "six-month Median" effluent limit specified in the permit, and the average of measured daily flows (up to the allowable flow) over a 180-day period.



13. "Median" is the value below which half the samples (ranked progressively by increasing value) fall. It may be considered the middle value, or the average of two middle values.
14. "Monthly Average" (or "Weekly Average", as the case may be) is the arithmetic mean of daily concentrations or of daily mass emission rates over the specified 30-day (or 7-day) period.

$$\text{Average} = (X1 + X2 + \dots + Xn) / n$$

in which "n" is the number of days samples were analyzed during the period and "X" is either the constituent concentration (mg/L) or mass emission rate (kg/day or lbs/day) for each sampled day. "n" should be four or greater.

15. "Municipality" means a city, town, borough, county, district, association, or other public body created by or under State law and having jurisdiction over disposal of sewage, industrial waste, or other waste.
16. "Overflow" means the intentional or unintentional diversion of flow from the collection and transport systems, including pumping facilities.
17. "Pollutant-free wastewater" means inflow and infiltration, storm waters, and cooling waters and condensates which are essentially free of pollutants.
18. "Primary Industry Category" means any industry category listed in 40 CFR Part 122, Appendix A.
19. "Removal Efficiency" is the ratio of pollutants removed by the treatment unit to pollutants entering the treatment unit. Removal efficiencies of a treatment plant shall be determined using "Monthly averages" of pollutant concentrations (C, in mg/L) of influent and effluent samples collected about the same time and the following equation (or its equivalent):

$$C_{\text{Effluent}} \text{ Removal Efficiency (\%)} = 100 \times (1 - C_{\text{effluent}} / C_{\text{influent}})$$

20. "Severe property damage" means substantial physical damage to property, damage to treatment facilities which causes them to become inoperable, or substantial and permanent loss to natural resources which can reasonably be expected to occur in the absence of a "bypass." It does not mean economic loss caused by delays in production.
21. "Sludge" means the solids, residues, and precipitates separated from, or created in, wastewater by the unit processes of a treatment system.
22. To "significantly contribute" to a permit violation means an "indirect discharger" must:
- Discharge a daily pollutant loading in excess of that allowed by contract with the "Discharger" or by Federal, State, or Local law;

- b. Discharge wastewater which substantially differs in nature or constituents from its average discharge;
  - c. Discharge pollutants, either alone or in conjunction with discharges from other sources, which results in a permit violation or prevents sewage sludge use or disposal; or
  - d. Discharge pollutants, either alone or in conjunction with pollutants from other sources that increase the magnitude or duration of permit violations.
23. "Toxic Pollutant" means any pollutant listed as toxic under Section 307 (a) (1) of the Clean Water Act or under 40 CFR Part 122, Appendix D. Violation of maximum daily discharge limitations are subject to 24-hour reporting (Federal Standard Provisions V.E.)
24. "Zone of Initial Dilution" means the region surrounding or adjacent to the end of an outfall pipe or diffuser ports whose boundaries are defined through calculation of a plume model verified by the State Water Resources Control Board.

**ATTACHMENT E – MONITORING AND REPORTING PROGRAM****Table of Contents**

Attachment E – Monitoring and Reporting Program (MRP) .....	E-2
I. General Monitoring Provisions .....	E-2
II. Monitoring Locations .....	E-3
III. Influent Monitoring Requirements .....	E-4
A. Monitoring Location INF-001 .....	E-4
IV. Effluent Monitoring Requirements .....	E-4
A. Monitoring Location EFF-001 .....	E-4
V. Whole Effluent Toxicity Testing Requirements .....	E-5
VI. Reclamation Monitoring Requirements .....	E-9
VII. Receiving Water Monitoring Requirements – Surface Water and Groundwater .....	E-9
A. Receiving Water Monitoring .....	E-9
B. Benthic Sediment Monitoring .....	E-9
C. Benthic Biota Monitoring .....	E-10
VIII. Other Monitoring Requirements .....	E-11
A. Biosolids Monitoring .....	E-11
B. Pretreatment Monitoring .....	E-13
C. Outfall Inspection .....	E-13
D. Brine Monitoring .....	E-13
IX. Reporting Requirements .....	E-14
A. General Monitoring and Reporting Requirements .....	E-14
B. Self Monitoring Reports (SMRs) .....	E-14
C. Discharge Monitoring Reports (DMRs) .....	E-17
D. Other Reports .....	E-17

**List of Tables**

Table E-1. Monitoring Station Locations .....	E-3
Table E-2. Influent Monitoring .....	E-4
Table E-3. Effluent Monitoring at EFF-001 .....	E-4
Table E-4. Approved Tests - Acute Toxicity .....	E-5
Table E-5. Approved Tests – Chronic Toxicity .....	E-7
Table E-6. Receiving Water Monitoring Requirements .....	E-9
Table E-7. Benthic Sediment Monitoring Requirements .....	E-10
Table E-8. Biosolids Monitoring Requirements .....	E-12
Table E-9. Brine Monitoring Requirements .....	E-14
Table E-10. Monitoring Periods and Reporting Schedule .....	E-15

**ATTACHMENT E – MONITORING AND REPORTING PROGRAM (MRP)**

NPDES regulations at 40 CFR 122.48 require that all NPDES permits specify monitoring and reporting requirements. Water Code sections 13267 and 13383 also authorize the Central Coast Water Board to require technical and monitoring reports. This MRP establishes monitoring and reporting requirements, which implement the federal and California regulations.

**I. GENERAL MONITORING PROVISIONS**

- A. Laboratories analyzing monitoring samples shall be certified by the Department of Health Services, in accordance with Water Code section 13176, and must include quality assurance/quality control data with their reports.
- B. Samples and measurements taken as required herein shall be representative of the volume and nature of the monitored discharge. All samples shall be taken at the monitoring locations specified below and, unless otherwise specified, before the monitored flow joins or is diluted by any other waste stream, body of water, or substance. Monitoring locations shall not be changed without notification to and approval of the Central Coast Water Board.
- C. Appropriate flow measurement devices and methods consistent with accepted scientific practices shall be selected and used to ensure the accuracy and reliability of measurements of the volume of monitored discharges. The devices shall be installed, calibrated, and maintained to ensure that the accuracy of the measurements is consistent with the accepted capability of that type of device. Devices selected shall be capable of measuring flows with a maximum deviation of less than  $\pm 10$  percent from true discharge rates throughout the range of expected discharge volumes. Guidance in selection, installation, calibration, and operation of acceptable flow measurement devices can be obtained from the following references.
  - 1. *A Guide to Methods and Standards for the Measurement of Water Flow*, U.S. Department of Commerce, National Bureau of Standards, NBS Special Publication 421, May 1975, 96 pp. (Available from the U.S. Government Printing Office, Washington, D.C. 20402. Order by SD Catalog No. C13.10:421.)
  - 2. *Water Measurement Manual*, U.S. Department of Interior, Bureau of Reclamation, Second Edition, Revised Reprint, 1974, 327 pp. (Available from the U.S. Government Printing Office, Washington D.C. 20402. Order by Catalog No. 172.19/2:W29/2, Stock No. S/N 24003-0027.)
  - 3. *Flow Measurement in Open Channels and Closed Conduits*, U.S. Department of Commerce, National Bureau of Standards, NBS Special Publication 484, October 1977, 982 pp. (Available in paper copy or microfiche from National Technical Information Services (NTIS) Springfield, VA 22151. Order by NTIS No. PB-273 535/5ST.)
  - 4. NPDES Compliance Sampling Manual, U.S. Environmental Protection Agency, Office of Water Enforcement, Publication MCD-51, 1977, 140 pp. (Available from the



General Services Administration (8FFS), Centralized Mailing Lists Services, Building 41, Denver Federal Center, CO 80225.)

- D. All monitoring instruments and devices used by the Discharger to fulfill the prescribed monitoring program shall be properly maintained and calibrated as necessary to ensure their continued accuracy. All flow measurement devices shall be calibrated at least once per year to ensure continued accuracy of the devices.
- E. Monitoring results, including noncompliance, shall be reported at intervals and in a manner specified in this MRP.
- F. Unless otherwise specified by this MRP, all monitoring shall be conducted according to test procedures established at 40 CFR 136, *Guidelines Establishing Test Procedures for Analysis of Pollutants*. All analyses shall be conducted using the lowest practical quantitation limit achievable using the specified methodology. Where effluent limitations are set below the lowest achievable quantitation limits, pollutants not detected at the lowest practical quantitation limits will be considered in compliance with effluent limitations. Analysis for toxics listed by the California Toxics Rule shall also adhere to guidance and requirements contained in the *Policy for Implementation of Toxics Standards for Inland Surface Waters, Enclosed Bays, and Estuaries of California* (2005). Analyses for toxics listed in Table B of the California Ocean Plan (2005) shall adhere to guidance and requirements contained in that document.

## II. MONITORING LOCATIONS

The Discharger shall establish the following monitoring locations to demonstrate compliance with the effluent limitations, discharge specifications, and other requirements in this Order.

**Table E-1. Monitoring Station Locations**

Discharge Point Name	Monitoring Location Name	Monitoring Location Description
---	INF-001	Influent wastewater, prior to treatment and following all significant inputs to the collection system or to the headworks of untreated wastewater and inflow and infiltration
001	EFF-001	Location where representative sample of effluent, excluding brine waste, discharged through the ocean outfall can be collected, after treatment and chlorination/dechlorination and before mixing with brine waste and the City of Pismo Beach effluent and prior to contact with receiving water.
---	SRF-A	At a location along the shoreline 300 meters south of the outfall in the surf zone. Formerly shoreline station A.
---	SRF-B	At a location along the shoreline adjacent to the outfall in the surf zone. Formerly shoreline station B.
---	SRF-C	At a location along the shoreline 300 meters north of the outfall in the surf zone. Formerly shoreline station C.
---	SRF-D	At a location near the shoreline at the mouth of Arroyo Grande Creek. Formerly shoreline station D.
---	RSW-001	At a location in the receiving water 300 meters north of outfall at mid-depth of diffuser. Formerly ocean station 1.

Discharge Point Name	Monitoring Location Name	Monitoring Location Description
---	RSW-002N	At a location in the receiving water 20 meters north of outfall at mid-depth of diffuser. Formerly ocean station 2N.
---	RSW-002S	At a location in the receiving water 20 meters south of outfall at mid-depth of diffuser. Formerly ocean station 2S.
---	RSW-003	At a location in the receiving water 300 meters south of outfall at mid-depth of diffuser. Formerly ocean station 3.
---	RSW-004	At a location in the receiving water 1000 meters south of outfall at mid-depth of diffuser. Formerly ocean station 4.
---	BRN-001	At location where a representative sample of brine waste can be collected prior to discharge to the outfall line.

### III. INFLUENT MONITORING REQUIREMENTS

#### A. Monitoring Location INF-001

1. The Discharger shall monitor influent to the treatment facility at Monitoring Location INF-001 in accordance with the following schedule.

**Table E-2. Influent Monitoring**

Parameter	Units	Sample Type	Minimum Sampling Frequency
Daily Flow	MG	Metered	Daily
Maximum Daily Flow	MGD	Metered	Daily
Mean Daily Flow	MGD	Calculated	Monthly
BOD <sub>5</sub> (20°C)	mg/L	24 Hr Composite	Weekly
TSS	mg/L	24 Hr Composite	Weekly

### IV. EFFLUENT MONITORING REQUIREMENTS

#### A. Monitoring Location EFF-001

1. The Discharger shall monitor treated wastewater at Monitoring Location EFF-001 in accordance with the following schedule.

**Table E-3. Effluent Monitoring at EFF-001**

Parameter	Units	Sample Type	Minimum Sampling Frequency
BOD <sub>5</sub>	mg/L	24-hr composite	Weekly
TSS	mg/L	24-hr composite	Weekly
Settleable Solids	mL/L/hr	Grab	Monthly
Turbidity	NTUs	Grab	Weekly
Oil and Grease	mg/L	Grab	Monthly
Chlorine Residual	mg/L	Grab	Daily
Chlorine Used	lbs/day	Recorded	Daily
Total Coliform Organisms	MPN/100 mL	Grab	Weekly
Fecal Coliform Organisms	MPN/100 mL	Grab	5 Days/Week
pH	pH units	Grab	Monthly

Temperature	° F	Grab	Monthly
Ammonia	mg/L	Grab	Annually (April)
Acute Toxicity <sup>[1]</sup>	TUa	Grab	Once in life of permit
Chronic Toxicity <sup>[1]</sup>	TUc	24-hr composite	Annually (April)
Ocean Plan Table B Metals <sup>[2]</sup>	µg/L	24-hr composite	Annually (April)
Remaining Ocean Plan Table B Pollutants <sup>[3]</sup>	µg/L	24-hr composite	Annually (April)

<sup>[1]</sup> Whole effluent, acute and chronic toxicity monitoring shall be conducted according to the requirements established in section V of this Monitoring and Reporting Plan.

<sup>[2]</sup> Those twelve metals (Sb, As, Cd, Cr<sup>+3</sup>, Cr<sup>+6</sup>, Cu, Pb, Hg, Ni, Se, Ag, and Zn) with applicable water quality objectives established by Table B of the Ocean Plan. Analysis shall be for total recoverable metals.

<sup>[3]</sup> Those pollutants identified in Table B of the Ocean Plan (2005). Analyses, compliance determination, and reporting for these pollutants shall adhere to applicable provisions of the Ocean Plan, including the Standard Monitoring Procedures presented in Appendix III of the Ocean Plan. The Discharger shall instruct its analytical laboratory to establish calibration standards so that the Minimum Levels (MLs) presented in Appendix II of the Ocean Plan are the lowest calibration standards. The Discharger and its analytical laboratory shall select MLs, which are below applicable water quality criteria of Table B; and when applicable water quality criteria are below all MLs, the Discharger and its analytical laboratory shall select the lowest ML. Monitoring for the Table B pollutants shall occur one time per year. Analysis for all Table B pollutants can coincide with monitoring for the Table B metals so that analysis for metals is not duplicated.

## V. WHOLE EFFLUENT TOXICITY TESTING REQUIREMENTS

**A. Acute Toxicity.** Compliance with the acute toxicity objective shall be determined using USEPA approved method protocol as provided in 40 CFR 136 (*Methods for Measuring the Acute Toxicity of Effluents and Receiving Waters to Freshwater and Marine Organisms*, Fifth Edition, USEPA Office of Water, EPA-821-R-02-012 (2002) or the latest edition).

Acute Toxicity (TUa) = 100/96-hr LC 50.

LC 50 (percent waste giving 50% survival of test organisms) shall be determined by 96-hour static or continuous flow bioassay techniques using standard marine test species as specified in EPA-821-R-02-012 and as noted in the following table.

**Table E-4. Approved Tests - Acute Toxicity**

Species	Scientific Name	Effect	Test Duration
shrimp	<i>Holmesimysis costata</i>	survival	48 or 96 hours
shrimp	<i>Mysidopsis bahia</i>	survival	48 or 96 hours
silversides	<i>Menidia beryllina</i>	survival	48 or 96 hours
sheepshead minnow	<i>Cyprinodon variegatus</i>	survival	48 or 96 hours

If the effluent is to be discharged to a marine or estuarine system (e.g., salinity values in excess of 1,000 mg/L) originates from a freshwater supply, salinity of the effluent must be increased with dry ocean salts (e.g., FORTY FATHOMS®) to match salinity of the receiving water. This modified effluent shall then be tested using marine species.

Reference toxicant test results shall be submitted with the effluent sample test results. Both tests must satisfy the test acceptability criteria specified in EPA-821-R-02-012. If



the test acceptability criteria are not achieved or if toxicity is detected, the sample shall be retaken and retested within 5 days of the failed sampling event. The retest results shall be reported in accordance with EPA-821-R-02-012 (chapter on report preparation) and the results shall be attached to the next monitoring report.

When it is not possible to measure the 96-hour LC 50 due to greater than 50 percent survival of the test species in 100 percent waste, the toxicity concentration shall be calculated by the expression:

$$TU_a = [\log(100 - S)]/1.7 \quad \text{Where } S = \text{percentage survival in 100\% waste.}$$

If  $S > 99$  then  $TU_a$  shall be reported as zero.

When toxicity monitoring finds acute toxicity in the effluent above the limitation established by the Order, the Discharger shall immediately resample the effluent and retest for acute toxicity. Results of the initial failed test and any toxicity monitoring results subsequent to the failed test shall be reported as soon as reasonable to the Water Board Executive Officer (EO). The EO will determine whether to initiate enforcement action, whether to require the Discharger to implement toxicity reduction evaluation (TRE) requirements (section VI.C.2.a of the Order), or to implement other measures.

- B. Chronic Toxicity.** The presence of chronic toxicity shall be estimated as specified in Short Term Methods for Estimating the Chronic Toxicity of Effluents and Receiving Waters to West Coast Marine and Estuarine Organisms, EPA-821/600/R-95/136; Short Term Methods for Estimating the Chronic Toxicity of Effluents and Receiving Waters to Marine and Estuarine Organisms, EPA-600-4-91-003; Procedures Manual for Conducting Toxicity Tests developed by the Marine Bioassay Project, SWRCB 1996, 96-1WQ; and/or Short Term Methods for Estimating the Chronic Toxicity of Effluents and Receiving Waters to Marine and Estuarine Organisms, EPA/600/4-87-028 or subsequent editions.

Chronic toxicity measures a sub lethal effect (e.g., reduced growth or reproduction) to experimental test organisms exposed to an effluent compared to that of the control organisms.

$$\text{Chronic Toxicity (TU}_c\text{)} = 100/\text{NOEL}$$

The no observed effect concentration (NOEC) is the maximum tested concentration in a medium which does not cause known adverse effects upon chronic exposure in the species in question (i.e. the highest effluent concentration to which organisms are exposed in a chronic test that causes no observable adverse effects on the test organisms; (e.g., the highest concentration of a toxicant to which the values for the observed responses are not statistically significantly different from the controls). Examples of chronic toxicity include but are not limited to measurements of toxicant effects on reproduction, growth, and sublethal effects that can include behavioral, physiological, and biochemical effects.

In accordance with the 2005 Ocean Plan, Appendix III, *Standard Monitoring Procedures*, the Discharger shall use the critical life stage toxicity tests specified in the table below to



measure TUC. Other species or protocols will be added to the list after State Water Board review and approval.

A minimum of three test species with approved test protocols shall be used to measure compliance with the toxicity limitation. If possible, the test species shall include a fish, an invertebrate, and an aquatic plant. After a screening period of no fewer than three tests, monitoring can be reduced to the most sensitive species. Dilution and control water should be obtained from an unaffected area of the receiving waters. The sensitivity of the test organisms to a reference toxicant shall be determined concurrently with each bioassay test and reported with the test results.

**Note:** If the Discharger has already performed the screening described above, then the Discharger may continue using the identified most sensitive species for chronic toxicity testing without re-screening of three species. If an alternative species is proposed to be used for chronic toxicity testing, the Discharger shall perform the screening and include the proposed test species as one of those species screened.

**Table E-5. Approved Tests – Chronic Toxicity**

Species	Test	Tier <sup>[1]</sup>	Reference <sup>[2]</sup>
Giant Kelp, <i>Macrocystis pyrifera</i>	percent germination; germ tube length	1	a, c
Red abalone, <i>Haliotis rufescens</i>	abnormal shell development	1	a, c
Oyster, <i>Crassostrea gigas</i> ; mussels, <i>Mytilus spp.</i>	abnormal sell development; percent survival	1	a, c
Urchin, <i>Strongylocentrotus purpuratus</i> ; sand dollar, <i>Dendraster excentricus</i>	percent normal development; percent fertilization	1	a, c
Shrimp, <i>Homesimysis costata</i>	percent survival; growth	1	a, c
Shrimp, <i>Menidia beryllina</i>	percent survival; fecundity	2	b, d
Topsmelt, <i>Atherinops affinis</i>	larval growth rate; percent survival	1	a, c
Silverside, <i>Menidia beryllina</i>	larval growth rate; percent survival	2	b, d

<sup>[1]</sup> First tier methods are preferred for compliance monitoring. If first tier organisms are not available, the Discharger can use a second tier test method following approval by the Central Coast Water Board.

<sup>[2]</sup> Protocol References:

- a. Chapman, G.A., D.L. Denton, and J.M. Lazorchak. 1995. Short-term Methods for Estimating the Chronic Toxicity of Effluents and Receiving Waters to West Coast Marine and Estuarine Organisms. U.S. EPA Report No. EPA/600/R-95/136
- b. Klemm, D.J., G.E. Morrison, T.J. Norberg-King, W.J. Peltier, and M.A. Heber. 1994. Short-term Methods for Estimating the Chronic Toxicity of Effluents and Receiving Water to Marine and Estuarine Organisms. U.S. EPA Report No. EPA-600-4-91-003.
- c. SWRCB 1996. Procedures Manual for Conducting Toxicity Tests Developed by the Marine Bioassay Project. 96-1WQ.
- d. Webber, C.I., W.B. Horning II, D.J. Klemm, T.W. Nieheisel, P.A. Lewis, E.L. Robinson, J. Menkedick and F. Kessler (eds). 1998. Short-term methods for estimating the chronic toxicity of effluents and receiving waters to marine and estuarine organisms. EPA/600/4-87/028.

Dilution and control waters shall be obtained from an area of the receiving waters, typically upstream, which is unaffected by the discharge. Standard dilution water can be used, if the receiving water itself exhibits toxicity or if approved by the Central Coast Water Board. If the dilution water used in testing is different from the water in which the

test organisms were cultured, a second control sample using culture water shall be tested.

If the effluent to be discharged to a marine or estuarine system (e.g., salinity values in excess of 1,000 mg/L) originates from a freshwater supply, salinity of the effluent must be increased with dry ocean salts (e.g., FORTY FATHOMS®) to match salinity of the receiving water. This modified effluent shall then be tested using marine species.

For this discharge, the presence of chronic toxicity at more than 166 TUc shall trigger the Toxicity Reduction Evaluation (TRE) requirement of this Order (Section VI.C.2.a).

### C. Toxicity Reporting

1. The Discharger shall include a full report of toxicity test results with the regular monthly monitoring report and include the following information.
  - a. toxicity test results,
  - b. dates of sample collection and initiation of each toxicity test, and
  - c. and/or chronic toxicity discharge limitations (or value).
2. Toxicity test results shall be reported according to the appropriate guidance - *Methods for Measuring the Acute Toxicity of Effluents and Receiving Waters to Freshwater and Marine Organisms*, Fifth Edition, U.S. EPA Office of Water, EPA-821-R-02-012 (2002) or the latest edition, or, EPA-821-R-02-012 (2002) or subsequent editions.
3. If the initial investigation TRE workplan is used to determine that additional (accelerated) toxicity testing is unnecessary, these results shall be submitted with the monitoring report for the month in which investigations conducted under the TRE workplan occurred.
4. Within 14 days of receipt of test results exceeding the chronic toxicity discharge limitation, the Discharger shall provide written notification to the Executive Officer of:
  - a. Findings of the TRE or other investigation to identify the cause(s) of toxicity,
  - b. Actions the Discharger has taken/will take, to mitigate the impact of the discharge and to prevent the recurrence of toxicity. When corrective actions, including TRE, have not been completed, a schedule under which corrective actions will be implemented, or the reason for not taking corrective action, if no action has been taken.

When corrective actions, including a TRE, have not been completed, a schedule under which corrective actions will be implemented, or the reason for not taking corrective action, if no action has been taken, will be completed.

## VI. RECLAMATION MONITORING REQUIREMENTS

If applicable, the Discharger shall comply with applicable State and local monitoring requirements regarding the production and use of reclaimed wastewater, including requirements established by the Department of Health Services at title 22, sections 60301 - 60357 of the California Code of Regulations, Water Recycling Criteria.

## VII. RECEIVING WATER MONITORING REQUIREMENTS – SURFACE WATER AND GROUNDWATER

**A. Receiving Water Monitoring.** The following receiving water monitoring shall be performed if operational changes, plant upsets, or effluent violations occur that are likely to increase bacterial concentrations in the surf zone.

**Table E-6. Receiving Water Monitoring Requirements**

Monitoring Location	Parameters Sampled at Each Location	Units	Minimum Frequency of Sampling
SRF-A, SRF-B, SRF-C, SRF-D	Total and Fecal Coliform Organisms	MPN/100 mL	Monthly and immediately in the event of plant upset, operational changes, or effluent violations
SRF-A, SRF-B, SRF-C, SRF-D	Surf conditions (narrative)	Narrative	Monthly and immediately in the event of plant upset, operational changes, or effluent violations
SRF-D	Current direction, if discernible	Narrative	Monthly and immediately in the event of plant upset, operational changes, or effluent violations
SRF-D	If Arroyo Grande Creek is Flowing to Ocean	Narrative	Monthly and immediately in the event of plant upset, operational changes, or effluent violations
SRF-A, SRF-B, SRF-C	Shellfish Tissue Fecal Coliform Organisms	MPN/100 g	Annually

**B. Benthic Sediment Monitoring.** Benthic monitoring shall assess the temporal and spatial occurrence of pollutants in local marine sediments and evaluate the physical and chemical quality of the sediments in relation to the outfall. At all benthic monitoring stations, one grab sediment sample shall be collected using a 0.1 m<sup>3</sup> Van Veen grab sampler.

Sediment samples shall be analyzed according to *Quality Assurance and Quality Control (QA/QC) for 301(h) Monitoring Programs: Guidance on Field and Laboratory Methods* (EPA 430/9-86-004, 1987) and *Analytical Methods for EPA Priority Pollutants and 301(h) Pesticides in Estuarine and Marine Sediments* (EPA 503-6-90-004, 1986). When processing samples for analysis, macrofauna and large remnants greater than 0.25 inches (0.64 cm) should be removed, taking care to avoid contamination.

All sediment results shall be reported in the raw form and expressed on a dry weight basis. For all non-detect results, parameter detection limits shall be reported. Dry weight concentration target detection levels are indicated for National Oceanic and Atmospheric Administration (NOAA) National Status and Trends Program analyses.



Benthic monitoring results shall be included in the Annual Report with a complete discussion of benthic sediment survey results and (possible) influence of the discharge on sediment conditions in the study area. The discussion should be based on graphical, tabular, and/or appropriate statistical analyses of spatial and temporal patterns observed for raw sediment parameters. The Annual Report should also present an analysis of natural variation in sediment conditions, etc., which could influence the validity of study results. The Discharger's sediment results may also be compared with the results of other applicable studies, numerical protective levels, etc., as appropriate. Survey results shall be compared to pre-discharge and/or historical data using appropriate statistical methods.

Sampling specified in the following table shall occur in the period from July through October at the ocean bottom directly below stations RSW-001, RSW-002N, RSW-002S, RSW-003, and RSW-004.

**Table E-7. Benthic Sediment Monitoring Requirements**

Parameter	Units	Minimum Frequency of Sampling
Particle Size	Phi (% volume)	Once every three years (2010 and 2013)
Sediment Sulfides at pH 7	mg/kg	" "
BOD	mg/kg	" "
Arsenic	mg/kg	" "
Cadmium	mg/kg	" "
Total Chromium	mg/kg	" "
Chromium <sup>+6</sup>	mg/kg	" "
Copper	mg/kg	" "
Lead	mg/kg	" "
Nickel	mg/kg	" "
Mercury	mg/kg	" "
Silver	mg/kg	" "
Zinc	mg/kg	" "
Total Kjeldahl Nitrogen	mg/kg	" "
Ammonia	mg/kg	" "
Nitrate	mg/kg	" "
TOC	mg/kg	" "

**C. Benthic Biota Monitoring.** Benthic infaunal monitoring shall assess the temporal and spatial status of local benthic communities in relation to the outfall. Sampling shall be conducted as follows:

1. At least five benthic samples shall be taken at each of the five ocean monitoring stations (RSW-001, RSW-002N, RSW-002S, RSW-003, and RSW-004) using a 0.1 m<sup>3</sup> Van Veen grab sampler.
2. For benthic infauna analyses, each replicate sample shall be passed through a 1 mm screen, and the organisms retained and preserved as appropriate for subsequent identification. It is recommended that sample preservation, sample processing, and data analyses be conducted according to *Quality Assurance and Quality Control (QA/QC) for 301(h) Monitoring Programs: Guidance on Field and Laboratory Methods* (EPA 430/9-86-004, 1987).



3. Benthic infauna from each replicate sample shall be counted and identified to the lowest possible taxon. For each replicate sample, number of individuals, number of species, and number of individuals per species, and within each major taxonomic group (polychaetes, mollusks, crustaceans, echinoderms, and all other macroinvertebrates) shall be recorded.
4. The Annual Report shall include a complete discussion of benthic infaunal survey results and (possible) influence of the outfall on benthic infaunal communities in the study area. The discussion should be based on graphical, tabular, and/or appropriate statistical analyses of spatial and temporal patterns. Temporal trends in the number of individuals, number of species, number of individuals per species, and community structure indices, species richness (S), Margalef index (d), Shannon-Wiener index (H'), Brillouin index (h), Simpson's index (SI), Swartz's dominance, and Infaunal Trophic Index (ITI) shall be reported. Statistical analyses shall include multivariate techniques consisting of classification and ordination analysis. The Annual Report should also present an analysis of natural community variation including the effects of different sediment conditions, oceanic seasons, and water temperatures, etc., that could influence the validity of study results. Survey results shall be compared to pre-discharge and/or historical data using appropriate statistical methods.

## **VIII. OTHER MONITORING REQUIREMENTS**

### **A. Biosolids Monitoring**

1. The following information shall be submitted with the Annual Report required by Central Coast Water Board Standard Provision E-8. Adequate detail shall be included to characterize biosolids in accordance with 40 CFR Part 503.
  - a. Annual biosolids production in dry tons and percent solids.
  - b. A schematic drawing showing biosolids handling facilities (e.g., digesters, lagoons, drying beds, incinerators) and a solids flow diagram.
  - c. A narrative description of biosolids dewatering and other treatment processes, including process parameters. For example, if biosolids are digested, report average temperature and retention time of the digesters. If drying beds are used, report depth of application and drying time. If composting is used, report the temperature achieved and duration.
  - d. A description of disposal methods, including the following information as applicable related to the disposal methods used at the facility. If more than one method is used, include the percentage and tonnage of annual biosolids production disposed by each method.
    - (1) For landfill disposal include: 1) the Central Coast Water Board WDR numbers that regulate the landfills used, 2) the present classifications of the landfills used, and 3) the names and locations of the facilities receiving biosolids.

- (2) For land application include: 1) the location of the site(s), 2) the Central Coast Water Board's WDR numbers that regulate the site(s), 3) the application rate in lbs/acre/year (specify wet or dry), and 4) subsequent uses of the land.
- (3) For offsite application by a licensed hauler and composter include: 1) the name, address and USEPA license number of the hauler and composter.
- e. Copies of analytical data required by other agencies (i.e., USEPA or County Health Department) and licensed disposal facilities (i.e., landfill, land application, or composting facility) for the previous year.
2. A representative sample of residual solids (biosolids) shall be obtained from the last point in the handling process (i.e., in the drying beds just prior to removal) and shall be analyzed for total concentrations for comparison with TTLC criteria. The Waste Extraction Test shall be performed on any constituent when the total concentration of the waste exceeds ten times the STLC limit for that substance.

**Table E-8. Biosolids Monitoring Requirements**

Parameter	Units	Sample Type	Minimum Frequency of Sampling
Quantity	Tons or Yards	Measured	During Removal
Location of Disposal	Site	---	" "
Moisture Content	Percent	Grab	Annually
Total Kjeldahl Nitrogen	mg/kg	Grab	" "
Ammonia (as N)	mg/kg	Grab	" "
Nitrate (as N)	mg/kg	Grab	" "
Total Phosphorus	mg/kg	Grab	" "
pH	Standard Units	Grab	" "
Oil & Grease	mg/kg	Grab	" "
Arsenic	mg/kg	Grab	" "
Boron	mg/kg	Grab	" "
Cadmium	mg/kg	Grab	" "
Copper	mg/kg	Grab	" "
Chromium	mg/kg	Grab	" "
Lead	mg/kg	Grab	" "
Nickel	mg/kg	Grab	" "
Mercury	mg/kg	Grab	" "
Molybdenum	mg/kg	Grab	" "
Selenium	mg/kg	Grab	" "
Zinc	mg/kg	Grab	" "

- B. Pretreatment Monitoring.** At least once per year, influent, effluent, and biosolids shall be sampled and analyzed for the priority pollutants identified under Section 307(a) of the Clean Water Act. A summary of analytical results from representative, flow-proportioned, 24-hour composite sampling of the plant's influent and effluent for those pollutants EPA has identified under Section 307(a) of the Act which are known or are suspected to be discharged by industrial users. The Discharger is not required to sample and analyze for asbestos until EPA promulgates an applicable analytical technique under 40 CFR Part 136. Biosolids shall be sampled during the same 24-hour period and analyzed for the same pollutants as the influent and effluent samples.

Wastewater and biosolids sampling and analysis shall be performed a minimum of annually and not less than the frequency specified in the required monitoring program for the plant. The Discharger shall also provide any influent, effluent, or biosolids monitoring data for non-priority pollutants for which the Discharger believes may be causing or contributing to interference, pass-through, or adversely impacting sludge quality. Sampling and analysis shall be performed in accordance with the techniques prescribed in 40 CFR Part 136 and amendments thereto. Biosolids samples shall be collected from the last point in solids handling before disposal. If biosolids are dried on-site, samples shall be composited from at least twelve discrete samples from twelve representative locations. Pretreatment monitoring may be coordinated with other required monitoring to minimize duplicate effort and expense.

- C. Outfall Inspection.** Every three years (in 2010 and 2013), the Discharger shall conduct an inspection of the outfall pipe/diffuser system to ensure the proper operation and structural integrity of the system. This inspection shall include general observations and video records of the outfall pipe/diffuser system and the surrounding ocean bottom in the vicinity of the outfall/diffuser. The inspection shall note leaks and potential leaks using dye studies, if necessary. The inspection shall be collected along the outfall pipe/diffuser system from landfall to its ocean terminus. A report detailing inspection results shall be submitted to the Water Board and USEPA with the Annual Report required by Central Coast Regional Water Board Standard Provision E-8.

- D. Brine Monitoring.** Monitoring of brine wastes accepted for discharge by the District shall include the following components. Log reports shall be maintained by the District and shall be submitted to the Central Coast Water Board as required below.

1. Brine wastes shall be characterized as follows. Results of chemical monitoring shall be reported to the Regional Water Board on Discharge Monitoring Reports. Any significant changes in brine characteristics (from those presented in the Discharger's brine management plan) or potential impacts to combined effluent quality shall be summarized.

**Table E-9. Brine Monitoring Requirements**

Parameter	Units	Sample Type	Minimum Sampling Frequency
Electrical Conductivity	µmhos/cm	Grab	Weekly
pH	s.u	Grab	Weekly
Ocean Plan Metals <sup>[1]</sup>	µg/L	Grab	Yearly <sup>[2]</sup>

[1] Those twelve metals (Sb, As, Cd, Cr<sup>+3</sup>, Cr<sup>+6</sup>, Cu, Pb, Hg, Ni, Se, Ag, and Zn) with applicable water quality objectives established by Table B of the Ocean Plan. Analysis shall be for total recoverable metals.

[2] Metals analysis shall be conducted on one representative sample per hauler per year.

2. The Discharger shall maintain logs that describe and document brine wastes accepted by the treatment plant. Logs shall record, at a minimum, the following information and copies of logs shall be submitted to the Regional Water Board with the appropriate Annual Report.
  - a. Date and time of receipt of each truckload;
  - b. Initials of District personnel present at the time of receipt of each truckload;
  - c. Volume of brine waste on each truckload, owner of each truckload, and a brief description of each truckload (e.g., potable water softener regeneration waste, industrial process demineralizer regeneration waste, reverse osmosis brine, etc.)

## IX. REPORTING REQUIREMENTS

**A. General Monitoring and Reporting Requirements.** The Discharger shall comply with all Standard Provisions (Attachment D) related to monitoring, reporting, and recordkeeping.

### **B. Self Monitoring Reports (SMRs)**

1. At any time during the term of this permit, the State or Regional Water Board may notify the Discharger to electronically submit Self-Monitoring Reports (SMRs) using the State Water Board's California Integrated Water Quality System (CIWQS) Program Web site (<http://www.waterboards.ca.gov/ciwqs/index.html>). Until such notification is given, the Discharger shall submit hard copy SMRs. The CIWQS Web site will provide additional directions for SMR submittal in the event there will be service interruption for electronic submittal.
2. The Discharger shall report in the SMR the results for all monitoring specified in this MRP under sections III through V and VIII through IX. The Discharger shall submit monthly SMRs including the results of all required monitoring using USEPA-approved test methods or other test methods specified in this Order. If the Discharger monitors any pollutant more frequently than required by this Order, the results of this monitoring shall be included in the calculations and reporting of the data submitted in the SMR.



3. Monitoring periods and reporting for all required monitoring shall be completed according to the following schedule:

**Table E-10. Monitoring Periods and Reporting Schedule**

Sampling Frequency	Monitoring Period Begins On ...	Monitoring Period	SMR Due Date
Continuous	October 23, 2009	All	Submit with monthly SMR
Hourly	October 23, 2009	Hourly	Submit with monthly SMR
Daily	October 23, 2009	(Midnight through 11:59 PM) or any 24-hour period that reasonably represents a calendar day for purposes of sampling.	Submit with monthly SMR
Weekly	Sunday following permit effective date or on permit effective date if on a Sunday	Sunday through Saturday	Submit with monthly SMR
Monthly	First day of calendar month following permit effective date or on permit effective date if that date is first day of the month	1 <sup>st</sup> day of calendar month through last day of calendar month	First day of second calendar month following the month of sampling
Quarterly	Closest of January 1, April 1, July 1, or October 1 following (or on) permit effective date	January 1 through March 31 April 1 through June 30 July 1 through September 30 October 1 through December 31	Submit with monthly SMR (May 1 <sup>st</sup> , August 1 <sup>st</sup> , November 1 <sup>st</sup> , February 1 <sup>st</sup> )
Semiannually	Closest of April 1 or October 1 following (or on) permit effective date	October 1 through March 31, April 1 through September 31	Submit with monthly SMR (May 1 <sup>st</sup> , and November 1 <sup>st</sup> )
Annually	April 1 following (or on) permit effective date	April 1 through March 31	Submit with Annual Report February 1 <sup>st</sup>
Triennially (2010 and 2013)	October 23, 2009	Any date during the period of July through October, 2010, July through October 2013	Submit with Annual Report February 1 <sup>st</sup>

4. Reporting Protocols. The Discharger shall report with each sample result the applicable reported Minimum Level (ML) and the current Method Detection Limit (MDL), as determined by the procedure in Part 136.

The Discharger shall report the results of analytical determinations for the presence of chemical constituents in a sample using the following reporting protocols:

- Sample results greater than or equal to the reported ML shall be reported as measured by the laboratory (i.e., the measured chemical concentration in the sample).
- Sample results less than the reported ML, but greater than or equal to the laboratory's MDL, shall be reported as "Detected, but Not Quantified," or DNQ. The estimated chemical concentration of the sample shall also be reported.

For the purposes of data collection, the laboratory shall write the estimated chemical concentration next to DNQ as well as the words "Estimated"

Concentration" (may be shortened to "Est. Conc."). The laboratory may, if such information is available, include numerical estimates of the data quality for the reported result. Numerical estimates of data quality may be percent accuracy ( $\pm$  a percentage of the reported value), numerical ranges (low to high), or any other means considered appropriate by the laboratory.

- c. Sample results less than the laboratory's MDL shall be reported as "Not Detected," or ND.
  - d. Dischargers are to instruct laboratories to establish calibration standards so that the ML value (or its equivalent if there is differential treatment of samples relative to calibration standards) is the lowest calibration standard. At no time is the Discharger to use analytical data derived from *extrapolation* beyond the lowest point of the calibration curve.
5. The Discharger shall submit SMRs in accordance with the following requirements:
- a. The Discharger shall arrange all reported data in a tabular format. The data shall be summarized to clearly illustrate whether the facility is operating in compliance with interim and/or final effluent limitations. The Discharger is not required to duplicate the submittal of data that is entered in a tabular format within CIWQS. When electronic submittal of data is required and CIWQS does not provide for entry into a tabular format within the system, the Discharger shall electronically submit the data in a tabular format as an attachment.
  - b. The Discharger shall attach a cover letter to the SMR. The information contained in the cover letter shall clearly identify violations of the WDRs; discuss corrective actions taken or planned; and the proposed time schedule for corrective actions. Identified violations must include a description of the requirement that was violated and a description of the violation.
  - c. SMRs must be submitted to the Regional Water Board, signed and certified as required by the Standard Provisions (Attachment D), to the address listed below:

Central Coast Regional Water Quality Control Board  
895 Aerovista Place, Suite 101  
San Luis Obispo, California 93401
  - d. An Annual Report shall be due on February 1 following each calendar year and shall include:
    - All data required by this MRP for the corresponding monitoring period, including appropriate calculations to verify compliance with effluent limitations.
    - A discussion of any incident of non-compliance and corrective actions taken.

**C. Discharge Monitoring Reports (DMRs)**

1. As described in Section X.B.1 above, at any time during the term of this permit, the State or Regional Water Board may notify the Discharger to electronically submit SMRs that will satisfy federal requirements for submittal of Discharge Monitoring Reports (DMRs). Until such notification is given, the Discharger shall submit DMRs in accordance with the requirements described below.
2. DMRs must be signed and certified as required by the standard provisions (Attachment D). The Discharge shall submit the original DMR and one copy of the DMR to the address listed below.

Standard Mail	Fedex/UPS/Other Private Carriers
State Water Resources Control Board Division of Water Quality c/o DMR Processing Center PO Box 100 Sacramento, CA 95812-1000	State Water Resources Control Board Division of Water Quality c/o DMR Processing Center 1001 I Street, 15 <sup>th</sup> Floor Sacramento, CA 95814

3. All discharge monitoring results must be reported on the official USEPA pre-printed DMR forms (EPA Form 3320-1). Forms that are self-generated or modified cannot be accepted.

**D. Other Reports.** The Discharger shall report the results of any special monitoring, TREs, or other data or information that results from the Special Provisions, section VI.C, of the Order. The Discharger shall submit such reports with the first monthly SMR scheduled to be submitted on or immediately following the report due date.

**ATTACHMENT F – FACT SHEET****Table of Contents**

Attachment F – Fact Sheet .....	F-3
I. Permit Information.....	F-3
II. Facility Description.....	F-4
A. Description of Wastewater and Biosolids Treatment or Controls .....	F-4
B. Discharge Points and Receiving Waters .....	F-5
C. Summary of Existing Requirements and Effluent Characterization .....	F-5
D. Compliance Summary .....	F-6
E. Planned Changes.....	F-6
III. Applicable Plans, Policies, and Regulations .....	F-7
A. Legal Authorities .....	F-7
B. California Environmental Quality Act (CEQA) .....	F-7
C. State and Federal Regulations, Policies, and Plans.....	F-7
D. Impaired Water Bodies on CWA 303 (d) List.....	F-8
E. Other Plans, Policies and Regulations .....	F-9
IV. Rationale For Effluent Limitations and Discharge Specifications .....	F-9
A. Discharge Prohibitions .....	F-10
B. Technology-Based Effluent Limitations .....	F-11
1. Scope and Authority .....	F-11
2. Applicable Technology-Based Effluent Limitations.....	F-11
C. Water Quality-Based Effluent Limitations (WQBELs).....	F-12
1. Scope and Authority .....	F-12
2. Applicable Beneficial Uses and Water Quality Criteria and Objectives .....	F-13
3. Determining the Need for WQBELs .....	F-13
4. WQBEL Calculations.....	F-19
5. Whole Effluent Toxicity (WET) .....	F-19
D. Final Effluent Limitations .....	F-20
E. Interim Effluent Limitations .....	F-21
F. Land Discharge Specifications .....	F-21
G. Reclamation Specifications .....	F-21
V. Rationale for Receiving Water Limitations .....	F-21
A. Surface Water .....	F-21
B. Groundwater .....	F-21
VI. Rationale for Monitoring and Reporting Requirements .....	F-21
A. Influent Monitoring.....	F-21
B. Effluent Monitoring .....	F-22
C. Whole Effluent Toxicity Testing Requirements.....	F-22
D. Receiving Water Monitoring .....	F-22
1. Surface Water .....	F-22
2. Groundwater .....	F-23
E. Other Monitoring Requirements .....	F-23
VII. Rationale for Provisions .....	F-23
A. Standard Provisions .....	F-23
B. Special Provisions .....	F-24



1. Reopener Provisions .....	F-24
2. Special Studies and Additional Monitoring Requirements .....	F-24
3. Best Management Practices and Pollution Prevention .....	F-24
4. Construction, Operation, and Maintenance Specifications .....	F-24
5. Special Provisions for Municipal Facilities (POTWs Only) .....	F-24
6. Other Special Provisions .....	F-25
7. Compliance Schedules .....	F-25
VIII. Public Participation .....	F-25
A. Notification of Interested Parties .....	F-26
B. Written Comments .....	F-26
C. Public Hearing .....	F-28
D. Waste Discharge Requirements Petitions .....	F-28
E. Information and Copying .....	F-29
F. Register of Interested Persons .....	F-29
G. Additional Information .....	F-29

### List of Tables

Table F-1. Facility Information .....	F-3
Table F-2. Historic Effluent Limitations, Discharge Point 001 .....	F-5
Table F-3. Effluent Characterization – 2006-2008 .....	F-6
Table F-4. Secondary Treatment Requirements .....	F-11
Table F-5. Summary of Technology-Based Effluent Limitations .....	F-12
Table F-6. RPA Results .....	F-16
Table F-7. Background Concentrations—Ocean Plan .....	F-19

**ATTACHMENT F – FACT SHEET**

As described in section II of the Order, this Fact Sheet includes the legal requirements and technical rationale that serve as the basis for the requirements of this Order.

This Order has been prepared under a standardized format to accommodate a broad range of discharge requirements for dischargers in California. Only those sections or subsections of this Order that are specifically identified as “not applicable” have been determined not to apply to this Discharger. Sections or subsections of this Order not specifically identified as “not applicable” are fully applicable to this Discharger.

**I. PERMIT INFORMATION**

The following table summarizes administrative information related to the facility.

**Table F-1. Facility Information**

<b>WDID</b>	3 400111001
<b>Discharger</b>	South San Luis Obispo County Sanitation District
<b>Name of Facility</b>	Wastewater Treatment Facility
<b>Facility Address</b>	1600 Aloha Place
	Oceano, CA 93445-9735
	San Luis Obispo County
<b>Facility Contact, Title and Phone</b>	Jeff Appleton, Superintendent, 805-489-6666
<b>Authorized Person to Sign and Submit Reports</b>	Thomas K. Zehnder, Wallace Group, 805-544-4011
<b>Mailing Address</b>	PO Box 339, Oceano, CA 93445
<b>Billing Address</b>	Wallace Group, 612 Clarion Court, San Luis Obispo, CA 93401
<b>Type of Facility</b>	POTW
<b>Major or Minor Facility</b>	Major
<b>Threat to Water Quality</b>	II
<b>Complexity</b>	A
<b>Pretreatment Program</b>	N
<b>Reclamation Requirements</b>	NA
<b>Facility Permitted Flow</b>	5.0 MGD
<b>Facility Design Flow</b>	5.0 MGD
<b>Watershed</b>	Arroyo Grande Creek
<b>Receiving Waters</b>	Pacific Ocean
<b>Receiving Water Type</b>	Ocean Water

- A. The South San Luis Obispo County Sanitation District operates a wastewater collection, treatment, and disposal facility, which provides service to the Cities of Arroyo Grande and Grover Beach, and the Oceano Community Services District. The Cities of Arroyo Grande and Grover Beach, and the Oceano Community Services District retain ownership and direct responsibility for wastewater collection and transport systems up to the point of discharge into interceptors owned and operated by the Discharger.

For the purposes of this Order, references to the “discharger” or “permittee” in applicable federal and state laws, regulations, plans, or policy are held to be equivalent to references to the Discharger, South San Luis Obispo County Sanitation District.

- B.** The facility discharges wastewater to the Pacific Ocean, waters of the United States, and is currently regulated by Order No. R3-2004-0050, which was adopted on September 10, 2004, and expires on September 10, 2009. The terms and conditions of the current Order will be automatically continued and remain in effect until new Waste Discharge Requirements and a National Pollutant Discharge Elimination System (NPDES) permit are adopted pursuant to this Order.
- C.** The Discharger filed a Report of Waste Discharge and submitted an application for renewal of its Waste Discharge Requirements (WDRs) and NPDES permit on April 10, 2009. A site visit was conducted on April 24, 2009, to observe operations and collect additional data to develop permit limitations and conditions.

## **II. FACILITY DESCRIPTION**

### **A. Description of Wastewater and Biosolids Treatment or Controls**

The District’s wastewater treatment system currently serves a population of approximately 37,648 from the Cities of Arroyo Grande and Grover Beach and the Oceano Community Services District (2007 census). Residential, commercial, and industrial wastewater is conveyed to the South San Luis Obispo County Sanitation District wastewater treatment facility, which has a design dry weather treatment capacity of 5.0 MGD (monthly average flow) and a peak wet weather treatment capacity of 9.0 MGD.

Influent flow, measured by Parshall flume, averages 2.88 MGD as an average annual daily flow, with a peak hourly wet weather flow of 8.03 MGD (source: Discharger’s website at <http://sslocsd.org>). Wastewater is mechanically screened and pumped to two identical primary clarifiers – one constructed in 1965 and the other in 1990. Each primary clarifier is 55 feet in diameter with a side wall depth of 9 feet, thereby providing a combined volume of 320,625 gallons. At average flow rates, the combined overflow rate from the clarifiers is 610 gallons per day per square foot (GPD/SF) with a detention time of 2.65 hours.

Secondary treatment is achieved via a single, fixed film reactor which was constructed in 1986. The reactor is 117 feet in diameter with a plastic media depth of 12 feet. In the late 1990s, the District determined that proliferation of snails and filter flies within the media was causing a significant decline in reactor performance. This situation has been addressed by altering (slowing) the speed of the wastewater distribution arm above the reactor media as needed. The change in distribution of wastewater causes a slight flushing effect. Two to three times per year, pH of wastewater entering the reactor is also elevated, causing some direct toxicity to snails and filter flies and their larval stages and causing an increase in ammonia present in the more toxic unionized form. pH is subsequently lowered using citric acid following the reactor.

The secondary clarifier, which follows the fixed film reactor in the treatment scheme, was constructed in 1986 and is 97 feet in diameter with a side wall depth of 12 feet,

thereby providing a total volume of 665,000 gallons. At average flows, the overflow rate from the clarifier is approximately 393 GPD/SF with a detention time of 5.5 hours. Secondary treated wastewater is chlorinated within a chlorine contact chamber and subsequently dechlorinated prior to discharge through the ocean outfall line, which is a joint outfall also accommodating discharges from the municipal wastewater treatment plant of the City of Pismo Beach. The combined discharge occurs approximately 4,400 feet offshore at a depth of 55 feet. The wastewater treatment plant accepts small volumes of brines, which are introduced to the plant outfall following chlorination/dechlorination steps. In 2008, the facility accepted approximately 325,000 gallons of water softener regenerant brine waste from one hauler. Sludge/biosolids are anaerobically digested, dewatered via a centrifuge and/or drying beds, and hauled off-site to a composting facility.

## B. Discharge Points and Receiving Waters

Discharge from the Wastewater Treatment Facility at Discharge Point 001 occurs through a 4400-foot outfall/diffuser system that terminates at a depth of approximately 55 feet in the Pacific Ocean at 35° 06' 04" N. latitude and 120° 38' 46" W. longitude.

Discharges through Discharge Point 001 consist of secondary treated wastewater and/or brine wastes, as described above. The minimum probable initial dilution for Discharge Point 001 is 165 to 1, a figure that has been used by Central Coast Water Board staff to determine the need for water quality based effluent limitations, and, if necessary, to calculate those limitations.

## C. Summary of Existing Requirements and Effluent Characterization

Effluent limitations contained in the existing Order for discharges from Discharge Point 001 and representative monitoring data for Monitoring Location EFF-001, for the term of the previous Order, are presented in the following tables.

**Table F-2. Historic Effluent Limitations, Discharge Point 001**

Parameter	Units	Effluent Limitations		
		Average Monthly	Average Weekly	Daily Maximum
BOD <sub>5</sub>	mg/L	40	60	90
TSS	mg/L	40	60	90
BOD <sub>5</sub> and TSS	percent	Removal by treatment shall not be less than 80 percent		
Oil & Grease	mg/L	25	40	75
Settleable Solids	mL/L/hr	1.0	1.5	3.0
Turbidity	NTUs	75	100	225
pH	pH Units	6.0 – 9.0		
Fecal Coliform	MPN/100 mL		(7-sample median) 200	2000
Flow	MGD	Daily dry weather flow shall not exceed a monthly average of 5.0 MGD		
Ocean Plan Table B Pollutants	varies	Effluent limitations were established for Table B pollutants based upon water quality objectives established in the Ocean Plan (2001) and a minimum initial dilution of 165:1.		



**Table F-3. Effluent Characterization – 2006-2008**

Parameter	Units	Monthly Average	Daily Maximum
Effluent Flow	MGD	2.70	6.1
BOD <sub>5</sub>	mg/L	22.25	51.5
TSS	mg/L	19.95	43.10
Oil & Grease	mg/L	0.71	18
Temperature	° F	69-75	76 - 78
pH	pH units	–	7.3 - 7.4
Fecal Coliform	MPN/100 mL	4.5	102.5
Settleable Solids	mLs/L/Hr	0.11	0.2
Ammonia	mg/L N	7.3	8.8
Turbidity	NTU	13.57	37
Total Residual Chlorine	mg/L	0.16	1.31

**D. Compliance Summary.** During the existing permit period, the Discharger has maintained an excellent compliance record, with the following exceptions.

April 7, 2004 - Effluent monitoring detected mercury concentrations significantly above effluent limits. Sample results showed 220 parts per billion (ppb); while effluent limits are 66.32 ppb, 26.48 ppb and 6.56 ppb (instantaneous maximum, daily maximum and 6-month median respectively). The 2004 sample result was reported in the Discharger's self monitoring report, but was not noted as a violation and no follow-up sampling was performed. No source for the mercury violation is known, and it should be noted that other effluent sample results show mercury levels at or below 0.2 ppb, well below effluent limits. The validity of the 2004 data is unknown.

May 28, 2009 – Effluent pH violation occurred due to acid treatment of the fixed film reactor. During the future periodic maintenance activity, automatic monitoring will be used to ensure adequate buffering with citric acid.

May 30, 2009 – Average Suspended Solids exceeded the effluent limit by 1 mg/L, due to very high influent concentrations (twice normal range). Investigation into the source of such concentrated influent continues.

**E. Planned Changes.** Addition of a second Secondary Clarifier (87' diameter, 10' below grade) and an Aeration Tank (124' by 40' dual basin, 18' deep) is planned during the timeframe of this permit. These additions to the secondary treatment process will improve the facility's ability to handle anticipated increased strength (BOD and TSS) of wastewater due to water conservation efforts of the Member Agencies. These changes will also provide redundancy in the secondary equivalent biological treatment process in the event of an emergency shutdown, mechanical failure, or routine maintenance.

### III. APPLICABLE PLANS, POLICIES, AND REGULATIONS

The requirements contained in the proposed Order are based on the requirements and authorities described in this section.

- A. Legal Authorities.** This Order is issued pursuant to CWA section 402 and implementing regulations adopted by the USEPA and chapter 5.5, division 7 of the California Water Code (commencing with section 13370). It shall serve as an NPDES permit for point source discharges from this facility to surface waters. This Order also serves as Waste Discharge Requirements (WDRs) pursuant to article 4, chapter 4, division 7 of the Water Code (commencing with section 13260).
- B. California Environmental Quality Act (CEQA).** Pursuant to Water Code section 13389, this action to adopt an NPDES permit is exempt from the provisions of CEQA, Public Resources Code sections 21100 - through 21177.
- C. State and Federal Regulations, Policies, and Plans**
  - 1. Water Quality Control Plans.** The Central Coast Water Board has adopted a *Water Quality Control Plan for the Central Coast Region* (the Basin Plan) that designates beneficial uses, establishes water quality objectives, and contains implementation programs and policies to achieve those objectives for receiving waters within the Region. To address ocean waters, the Basin Plan incorporates by reference the *Water Quality Control Plan for Ocean Waters of California* (the Ocean Plan), which was adopted in 1972 and amended in 1978, 1983, 1988, 1990, 1997, 2000, and 2005. The most recent amendment to the Ocean Plan was adopted by the State Water Resources Control Board (the State Water Board) on April 21, 2005 and became effective on February 14, 2006.

The Basin Plan implements State Water Board Resolution No. 88-63, which establishes State policy that all waters, with certain exceptions, should be considered suitable or potentially suitable for municipal or domestic supply (MUN). Because of very high levels of total dissolved solids (TDS) in the Pacific Ocean, the receiving waters for discharges from the South San Luis Obispo County Sanitation District's Wastewater Treatment Facility meet an exception to Resolution No. 88-63, which precludes waters with TDS levels greater than 3,000 mg/L from the MUN designation. Beneficial uses established by the Basin Plan and the Ocean Plan for the Pacific Ocean are described in section II. H and I of the Order.

Requirements of this Order implement the Basin Plan and Ocean Plan.

- 2. Thermal Plan.** The State Water Board adopted a *Water Quality Control Plan for Control of Temperature in the Coastal and Interstate Water and Enclosed Bays and Estuaries of California* (Thermal Plan) on May 18, 1972, and amended this plan on September 18, 1975. This plan contains the following temperature objective for existing discharges to enclosed bays and coastal waters of California which is applicable to this Discharger.

*Elevated temperature waste discharges shall comply with limitations necessary to assure protection of beneficial uses.*

The Ocean Plan defines elevated temperature wastes as:

*Liquid, solid, or gaseous material discharged at a temperature higher than the natural temperature of receiving water.*

3. **California Ocean Plan.** The State Water Board adopted the *Water Quality Control Plan for Ocean Waters of California, California Ocean Plan* (Ocean Plan) in 1972 and amended it in 1978, 1983, 1988, 1990, 1997, 2000, and 2005. The State Water Board adopted the latest amendment on April 21, 2005 and it became effective on February 14, 2006. The Ocean Plan is applicable, in its entirety, to point source discharges to the Pacific Ocean.
  4. **Alaska Rule.** On March 30, 2000, USEPA revised its regulation that specifies when new and revised state and tribal water quality standards become effective for CWA purposes. [65 Fed. Reg. 24641 (April 27, 2000), codified at 40 CFR 131.21] Under the revised regulation (also known as the Alaska Rule), new and revised standards submitted to USEPA after May 30, 2000 must be approved by USEPA before being used for CWA purposes. The final rule also provides that standards already in effect and submitted to USEPA by May 30, 2000, may be used for CWA purposes, whether or not approved by USEPA.
  5. **Antidegradation Policy.** NPDES regulations at 40 CFR 131.12 require that State water quality standards include an antidegradation policy consistent with the federal policy. The State Water Board established California's antidegradation policy in State Water Board Resolution No. 68-16, which incorporates the federal antidegradation policy where the federal policy applies under federal law. Resolution No. 68-16 requires that the existing quality of waters be maintained unless degradation is justified based on specific findings. The Regional Water Board's Basin Plan implements and incorporates by reference both the State and federal antidegradation policies. The permitted discharge must be consistent with the antidegradation provisions of 40 CFR 131.12 and State Water Board Resolution No. 68-16.
  6. **Anti-Backsliding Requirements.** CWA Sections 402 (c) (2) and 303 (d) (4) and NPDES regulations at 40 CFR 122.44 (l) prohibit backsliding in NPDES permits. These anti-backsliding provisions require effluent limitations in a reissued permit to be as stringent as those in the previous permit, with some exceptions where limitations may be relaxed.
- D. Impaired Water Bodies on CWA 303 (d) List.** CWA section 303 (d) requires states to identify specific water bodies where water quality standards are not expected to be met after implementation of technology-based effluent limitations on point sources. For all 303 (d) listed water bodies and pollutants, the Regional Water Board must develop and implement TMDLs (Total Maximum Daily Loads) that will specify WLAs (Waste Load Allocations) for point sources and Load Allocations for non-point sources.



The State's 2006 303 (d) list of impaired water bodies, which was approved by USEPA in June 2007, identifies the Pacific Ocean at Pismo Beach as impaired by "indicator bacteria". The outfall for this discharge is located approximately 4,400 feet offshore and south of Pismo Beach.

#### **E. Other Plans, Policies and Regulations**

- 1. Discharges of Storm Water.** Storm water flows from the wastewater treatment process areas are directed to the headworks and discharged with treated wastewater. These storm water flows constitute all industrial storm water at this facility and, consequently, this permit regulates all industrial storm water discharges at this facility along with wastewater discharges.
- 2. Statewide General Waste Discharge Requirements for Sanitary Sewer Systems (State Water Board Order No. 2006-0003-DWQ).** This General Permit, adopted on May 2, 2006, is applicable to all "federal and state agencies, municipalities, counties, districts, and other public entities that own or operate sanitary sewer systems greater than one mile in length that collect and/or convey untreated or partially treated wastewater to a publicly owned treatment facility in the State of California." The purpose of the General Permit is to promote the proper and efficient management, operation, and maintenance of sanitary sewer systems and to minimize the occurrences and impacts of sanitary sewer overflows. The Order requires the Discharger to seek coverage under the General Permit and comply with its requirements. Sewage spill reporting requirements of the previous permit have not been retained in this Order as coverage under the General Permit requires similar reporting by the Discharger.

#### **IV. RATIONALE FOR EFFLUENT LIMITATIONS AND DISCHARGE SPECIFICATIONS**

The CWA requires point source dischargers to control the amount of conventional, non-conventional, and toxic pollutants that are discharged into the waters of the United States. The control of pollutants discharged is established through effluent limitations and other requirements in NPDES permits. NPDES regulations establish two principal bases for effluent limitations. At 40 CFR 122.44 (a) permits are required to include applicable technology-based limitations and standards; and at 40 CFR 122.44 (d) permits are required to include water quality-based effluent limitations (WQBELs) to attain and maintain applicable numeric and narrative water quality criteria to protect the beneficial uses of the receiving water. When numeric water quality objectives have not been established, but a discharge has the reasonable potential to cause or contribute to an excursion above a narrative criterion, WQBELs may be established using one or more of three methods described at 40 CFR 122.44 (d) - 1) WQBELs may be established using a calculated water quality criterion derived from a proposed State criterion or an explicit State policy or regulation interpreting its narrative criterion; 2) WQBELs may be established on a case-by-case basis using U.S. EPA criteria guidance published under CWA Section 304 (a); or 3) WQBELs may be established using an indicator parameter for the pollutant of concern.



**A. Discharge Prohibitions**

1. Discharge Prohibition III.A. (Discharge to the Pacific Ocean at a location other than as described by this Order at 35° 06' 04" N. Latitude, 120° 38' 46" W. Longitude is prohibited.) This prohibition is retained from the previous permit.
2. Discharge Prohibition III.B. (Discharges of any waste in any manner other than as described by this Order are prohibited.) Because limitations and conditions of the Order have been prepared based on specific information provided by the Discharger and specific wastes described by the Discharger, the limitations and conditions of the Order do not adequately address waste streams not contemplated during drafting of the Order. To prevent the discharge of such waste streams that may be inadequately regulated, the Order prohibits the discharge of any waste that was not described by the Regional Water Board during the process of permit reissuance.
3. Discharge Prohibition III.C. (The average dry weather monthly rate of discharge to the Pacific Ocean shall not exceed 5.0 MGD.) This flow limitation is retained from the previous permit and reflects the design treatment capacity of the South San Luis Obispo County Sanitation District Wastewater Treatment Facility. The prohibition ensures that the influent flow will not exceed the treatment plant's design capacity.
4. Discharge Prohibition III.D. (Wastes shall not be discharged to State Water Quality Protection Areas, described as Areas of Special Biological Significance by the Ocean Plan (2005), except in accordance with Chapter III.E of the Ocean Plan.) This prohibition restates a discharge prohibition established in Chapter III.E of the Ocean Plan.
5. Discharge Prohibition III.E. (The discharge of any radiological, chemical, or biological warfare agent or high level radioactive waste to the Ocean is prohibited.) This prohibition restates a discharge prohibition established in Chapter III.H of the Ocean Plan.
6. Discharge Prohibition III.F. (Federal law prohibits the discharge of sludge by pipeline to the Ocean. The discharge of municipal or industrial waste sludge directly to the Ocean or into a waste stream that discharges to the Ocean is prohibited. The discharge of sludge or digester supernatant, without further treatment, directly to the Ocean or to a waste stream that discharges to the Ocean, is prohibited.) This prohibition restates a discharge prohibition established in Chapter III.H of the Ocean Plan.
7. Discharge Prohibition III.G. (The overflow or bypass of wastewater from the Discharger's collection, treatment, or disposal facilities and the subsequent discharge of untreated or partially treated wastewater, except as provided for in Attachment D, Standard Provision I.G (Bypass), is prohibited.) The discharge of untreated or partially treated wastewater from the Discharger's collection, treatment, or disposal facilities represents an unauthorized bypass pursuant to 40 CFR 122.41 (m) or an unauthorized discharge, which poses a threat to human health and/or aquatic life, and therefore, is explicitly prohibited by the Order.

**B. Technology-Based Effluent Limitations**

- 1. Scope and Authority.** NPDES regulations at 40 CFR 122.44(a) require that permits include applicable technology-based limitations and standards. Where the USEPA has not yet developed technology based standards for a particular industry or a particular pollutant, CWA Section 402(a)(1) and USEPA regulations at 40 CFR 125.3 authorize the use of best professional judgment (BPJ) to derive technology-based effluent limitations on a case-by-case basis. When BPJ is used, the permit writer must consider specific factors outlined at 40 CFR 125.3, those factors are described below.

This Order includes limitations based on the minimum level of effluent quality attainable by secondary treatment, as established at 40 CFR 133. The Secondary Treatment Regulation includes the following limitations applicable to all publicly owned treatment works (POTWs).

**Table F-4. Secondary Treatment Requirements**

Parameter	Effluent Limitation		
	30-Day Avg	7-Day Avg	Percent Removal
BOD <sub>5</sub>	30 mg/L	45 mg/L	85
<sup>(1)</sup> CBOD <sub>5</sub>	25 mg/L	40 mg/L	85
TSS	30 mg/L	45 mg/L	85
pH	6.0 – 9.0		---

<sup>(1)</sup> At the option of the permitting authority, effluent limitations for CBOD<sub>5</sub> may be substituted for those limitations specified for BOD<sub>5</sub>.

In addition, the State Water Board, in Table A of the Ocean Plan, has established technology-based requirements, applicable to all POTWs, for oil and grease, suspended and settleable solids, turbidity, and pH.

- 2. Applicable Technology-Based Effluent Limitations.** Federal regulation 40 CFR Part 133.105 (d) provides for Alternative State Requirements that modify BOD<sub>5</sub> and TSS limitations and percent removal requirements for trickling filter wastewater treatment facilities. This facility's Fixed Film Reactor is considered to be a trickling filter treatment unit. These alternative limits must be based on performance consistently achievable by a representative sample of properly operated and maintained eligible facilities in a State or appropriate contiguous geographical area.

In the 1980s, the Regional Water Board adopted maximum alternate permit limits for BOD<sub>5</sub> and suspended solids of 45 mg/L (30-day average) and 65 mg/L (7-day average) as a temporary measure until plant performance data were available as a basis for setting limits. The minimum allowable removal efficiency of 75% was incorporated into the Discharger's permit at that time consistent with the California Ocean Plan. In 1994, the Discharger's permit was reissued with alternate BOD<sub>5</sub> and TSS limits of 45, and 40 mg/L, respectively, and suspended solids removal efficiency of 80%.

During design of the existing treatment facilities, USEPA indicated that trickling filters on the Central Coast of California should be capable of meeting BOD<sub>5</sub> and TSS limits of 35 mg/L (30-day average); however, the Regional Water Board determined that due to the length, depth and design of the outfall structure, limits of 40 mg/L would be acceptable at that time. Based upon performance of other trickling filter facilities, Discharger performance, and USEPA expectations regarding trickling filters, limits of 40 mg/L for BOD<sub>5</sub> and TSS were included in the previous Order. These limits are retained by this Order and are achievable by the facility without impacts to water quality. The following table summarizes technology-based effluent limitations established by the Order.

**Table F-5. Summary of Technology-Based Effluent Limitations**

Parameter	Units	Effluent Limitations		
		Average Monthly	Average Weekly	Maximum Daily
BOD <sub>5</sub> <sup>[1]</sup>	mg/L	40	60	90
	lbs/day	1668	2502	3753
TSS <sup>[1]</sup>	mg/L	40	60	90
	lbs/day	1668	2502	3753
Settleable Solids	mL/L/hr	1.0	1.5	3.0
Turbidity	NTUs	75	100	225
Oil & Grease	mg/L	25	40	75
	lbs/day	1042	1668	3127
pH	pH units	6.0 – 9.0 at all times		

<sup>[1]</sup> The average monthly percent removal of BOD<sub>5</sub> and TSS shall not be less than 80 percent.

All technology-based limitations are retained from the previous permit and are required by NPDES regulations at 40 CFR 133 and/or Table A of the Basin Plan. Mass-based limitations for BOD<sub>5</sub>, TSS, and oil and grease are based on a discharge rate of 5.0 MGD, the design treatment capacity of the Wastewater Treatment Facility.

### **C. Water Quality-Based Effluent Limitations (WQBELs)**

- 1. Scope and Authority.** NPDES regulations at 40 CFR 122.44(d) require that permits include limitations more stringent than applicable federal technology-based requirements where necessary to achieve applicable water quality standards, including numeric and narrative objectives within a standard.

The process for determining “reasonable potential” and calculating WQBELs, when necessary, is intended to protect the designated uses of receiving waters as specified in the Basin and Ocean Plans, and achieve applicable water quality objectives and criteria that are contained in the Basin Plan and in other applicable State and federal rules, plans, and policies, including applicable water quality criteria from the Ocean Plan.



Where reasonable potential has been established for a pollutant, but there is no numeric criterion or objective for the pollutant, WQBELs must be established in accordance with the requirements of 40 CFR 122.44(d)(1)(vi), using (1) USEPA criteria guidance under CWA section 304(a), supplemented where necessary by other relevant information; (2) an indicator parameter for the pollutant of concern; or (3) a calculated numeric water quality criterion, such as a proposed state criterion or policy interpreting the state's narrative criterion, supplemented with other relevant information.

**2. Applicable Beneficial Uses and Water Quality Criteria and Objectives.**

Beneficial uses for ocean waters of the Central Coast Region are established by the Basin Plan and Ocean Plan and are described by Section II. (Findings) H and I of the Order.

Water quality criteria applicable to ocean waters of the Region are established by the Ocean Plan, which includes water quality objectives for bacterial characteristics, physical characteristics, chemical characteristics, biological characteristics, and radioactivity. The water quality objectives from the Ocean Plan are incorporated as receiving water limitations into this Order. In addition, Table B of the Ocean Plan contains numeric water quality objectives for 83 toxic pollutants for the protection of marine aquatic life and human health. Pursuant to NPDES regulations at 40 CFR 122.44(d)(1), and in accordance with procedures established by the Ocean Plan (2005), the Regional Water Board has performed a reasonable potential analysis (RPA) to determine the need for effluent limitations for the Table B toxic pollutants.

- 3. Determining the Need for WQBELs.** Procedures for performing a Reasonable Potential Analysis (RPA) for ocean dischargers are described in Section III.C and Appendix VI of the Ocean Plan. In general, the procedure is a statistical method that projects an effluent data set while taking into account the averaging period of water quality objectives, the long term variability of pollutants in the effluent, limitations associated with sparse data sets, and uncertainty associated with censored data sets. The procedure assumes a lognormal distribution of the effluent data set, and compares the 95<sup>th</sup> percentile concentration at 95 percent confidence of each Table B pollutant, accounting for dilution, to the applicable water quality criterion. The RPA results in one of three following endpoints.

- Endpoint 1 – There is “reasonable potential.” An effluent limitation must be established for the pollutant. Effluent monitoring for the pollutant, consistent with the monitoring frequency in Appendix III of the Ocean Plan is required.
- Endpoint 2 - There is no “reasonable potential.” A WQBEL is not required for the pollutant. Appendix III monitoring is not required for the pollutant; the Regional Water Board, however may require occasional monitoring for the pollutant or for whole effluent toxicity as appropriate.



- Endpoint 3 - The RPA is inconclusive. Monitoring for the pollutant or whole effluent toxicity testing consistent with the monitoring frequency in Appendix III [Ocean Plan] is required. Existing effluent limitations shall remain in the permit; or if the previous permit did not include limitations, the permit must include a reopener clause to allow for subsequent modification of the permit to include effluent limitations if monitoring establishes that the discharge causes, has the reasonable potential to cause or contribute to excursions above Table B water quality objectives.

The State Water Resources Control Board has developed a reasonable potential calculator, which is available on its website. The calculator (RPcalc 2.0) was used in the development of this Order and considers several pathways in the determination of reasonable potential.

a. First Path

If available information about the receiving water or the discharge supports a finding of reasonable potential without analysis of effluent data, the Regional Water Board may decide that WQBELs are necessary after a review of such information. Such information may include: the facility or discharge type, solids loading, lack of dilution, history of compliance problems, potential toxic effects, fish tissue data, 303(d) status of the receiving water, or the presence of threatened or endangered species or their critical habitat, or other information.

b. Second Path

If any pollutant concentration, adjusted to account for dilution, is greater than the most stringent applicable water quality objective, there is reasonable potential for that pollutant.

c. Third Path

If the effluent data contains three or more detected and quantified values (i.e., values that are at or above the ML), and all values in the data set are at or above the ML, a parametric RPA is conducted to project the range of possible effluent values. The 95<sup>th</sup> percentile concentration is determined at 95 percent confidence for each pollutant, and compared to the most stringent applicable water quality objective to determine reasonable potential. A parametric analysis assumes that the range of possible effluent values is distributed lognormally. If the 95<sup>th</sup> percentile value is greater than the most stringent applicable water quality objective, there is reasonable potential for that pollutant.

d. Fourth Path

If the effluent data contains three or more detected and quantified values (i.e., values that are at or above the ML), but at least one value in the data set is less than the ML, a parametric RPA is conducted according to the following steps.

- (1) If the number of censored values (those expressed as a "less than" value) account for less than 80 percent of the total number of effluent values, calculate the  $M_L$  (the mean of the natural log of transformed data) and  $S_L$  (the standard deviation of the natural log of transformed data) and conduct a parametric RPA, as described above for the Third Path.
- (2) If the number of censored values account for 80 percent or more of the total number of effluent values, conduct a non-parametric RPA, as described below for the Fifth Path. (A non-parametric analysis becomes necessary when the effluent data are limited, and no assumptions can be made regarding its possible distribution.)

e. Fifth Path

A non-parametric RPA is conducted when the effluent data set contains less than three detected and quantified values, or when the effluent data set contains three or more detected and quantified values but the number of censored values accounts for 80 percent or more of the total number of effluent values. A non-parametric analysis is conducted by ordering the data, comparing each result to the applicable water quality objective, and accounting for ties. The sample number is reduced by one for each tie, when the dilution-adjusted method detection limit (MDL) is greater than the water quality objective. If the adjusted sample number, after accounting for ties, is greater than 15, the pollutant has no reasonable potential to exceed the water quality objective. If the sample number is 15 or less, the RPA is inconclusive, monitoring is required, and any existing effluent limits in the expiring permit are retained.

Here, an RPA was conducted using effluent monitoring data generated in five monitoring events between 2004 and 2008. Results from the RPA have been used to determine the need for effluent limitations for Table B pollutants. The following table presents the results of the RPA, performed in accordance with procedures described by the Ocean Plan. Reasonable potential was found by Endpoint 1 for bis(2-ethylhexyl)phthalate, TCDD equivalents, and cyanide. The RPA endpoint for each Table B pollutant is identified. As shown in the following table, the RPA commonly leads to Endpoint 3, which, as described previously is an inconclusive result. Following a finding of Endpoint 3, existing effluent limitations are retained by the permit; or if the previous permit did not include limitations, a reopener clause must be established by the new permit to allow for inclusion of effluent limitations at a later time if monitoring establishes that the discharge causes, has the reasonable potential to cause or contribute to excursions above Table B water quality objectives.

Because of the ongoing use of chlorine (sodium hypochlorite) at the facility and the several operating variables that impact its use, the Central Coast Water Board staff have determined that treated wastewater from the facility has a reasonable potential to cause or contribute to exceedances of applicable water quality criteria for chlorine. Such a determination is consistent with the RPA procedure of the Ocean Plan which requires consideration of all available information, including the "potential toxic

impact of the discharge" to determine if WQBELs are necessary, notwithstanding the statistical procedure with which the RPA is conducted for most pollutants.

**Table F-6. RPA Results**

<b>Table B Pollutant</b>	<b>Most Stringent WQO (µg/L)</b>	<b>No. of Samples</b>	<b>No. of Non-Detects</b>	<b>Max Effluent Conc. (µg/L)</b>	<b>RPA Result, Comments</b>
<b>Objectives for Protection of Marine Aquatic Life</b>					
Ammonia (as N)	99600	11	0	40000	Endpoint 2 – Effluent limitation not required
Arsenic	833	11	5	13.0	Endpoint 2 – Effluent limitation not required
Cadmium	166	11	8	1.00	Endpoint 2 – Effluent limitation not required
Chlorinated Phenolics	166	9	9	ND	Endpoint 3 – RPA is inconclusive. Less than 3 detects or greater than 80% ND
Chromium (VI)	332	11	2	13	Endpoint 2 – Effluent limitation not required
Copper	168	9	0	67	Endpoint 2 – Effluent limitation not required
Cyanide	166	9	2	120	Endpoint 1 – Effluent limitation required
Endosulfan (total)	1.49	11	11	ND	Endpoint 3 – RPA is inconclusive. Less than 3 detects or greater than 80% ND
Endrin	0.332	11	11	ND	Endpoint 3 – RPA is inconclusive. Less than 3 detects or greater than 80% ND
HCH	0.664	0	No Data	No Data	Endpoint 3 – RPA is inconclusive. Less than 3 detects or greater than 80% ND
Lead	332	9	3	1.1	Endpoint 2 – Effluent limitation not required
Mercury	6.56	11	9	0.14	Endpoint 3 – RPA is inconclusive. Less than 3 detects or greater than 80% ND
Nickel	830	11	4	41	Endpoint 2 – Effluent limitation not required
Non-chlorinated Phenolics	4980	9	8	1.1	Endpoint 3 – RPA is inconclusive. Less than 3 detects or greater than 80% ND
Selenium	2490	11	3	2.8	Endpoint 2 – Effluent limitation not required
Silver	89.8	11	9	0.28	Endpoint 3 – RPA is inconclusive. Less than 3 detects or greater than 80% ND
Zinc	2000	5	0	110	Endpoint 2 – Effluent limitation not required
<b>Objectives for Protection of Human Health - Noncarcinogens</b>					
1,1,1-Trichloroethane	89640000	5	5	ND	Endpoint 3 – RPA is inconclusive. Less than 3 detects or greater than 80% ND
2,4-Dinitrophenol	664	5	5	ND	Endpoint 3 – RPA is inconclusive. Less than 3 detects or greater than 80% ND
2-Methyl-4,6-Dinitrophenol	36520	5	5	ND	Endpoint 3 – RPA is inconclusive. Less than 3 detects or greater than 80% ND
Acrolein	36520	5	5	ND	Endpoint 3 – RPA is inconclusive. Less than 3 detects or greater than 80% ND
Antimony	199200	5	2	0.6	Endpoint 3 – RPA is inconclusive. Less than 3 detects or greater than 80% ND
Bis(2-Chloroethoxy)Methane	730	5	5	ND	Endpoint 3 – RPA is inconclusive. Less than 3 detects or greater than 80% ND
Bis(2-Chloroisopropyl)Ether	199200	5	5	ND	Endpoint 3 – RPA is inconclusive. Less than 3 detects or greater than 80% ND
Chlorobenzene	94620	5	5	ND	Endpoint 3 – RPA is inconclusive. Less than 3 detects or greater than 80% ND
Chromium*3	31540000	0	No Data	No Data	Endpoint 3 – RPA is inconclusive. Less than 3 detects or greater than 80% ND



<b>Table B Pollutant</b>	<b>Most Stringent WQO (µg/L)</b>	<b>No. of Samples</b>	<b>No. of Non-Detects</b>	<b>Max Effluent Conc. (µg/L)</b>	<b>RPA Result, Comments</b>
Dichlorobenzenes	846600	5	5	ND	Endpoint 3 – RPA is inconclusive. Less than 3 detects or greater than 80% ND
Diethyl Phthalate	5478000	4	4	ND	Endpoint 3 – RPA is inconclusive. Less than 3 detects or greater than 80% ND
Dimethyl Phthalate	136120000	5	5	ND	Endpoint 3 – RPA is inconclusive. Less than 3 detects or greater than 80% ND
Di-n-Butyl Phthalate	581000	5	3	2.5	Endpoint 3 – RPA is inconclusive. Less than 3 detects or greater than 80% ND
Ethylbenzene	680600	5	5	ND	Endpoint 3 – RPA is inconclusive. Less than 3 detects or greater than 80% ND
Fluoranthene	2490	5	5	ND	Endpoint 3 – RPA is inconclusive. Less than 3 detects or greater than 80% ND
Hexachlorocyclopentadiene	9628	5	5	ND	Endpoint 3 – RPA is inconclusive. Less than 3 detects or greater than 80% ND
Nitrobenzene	8134	5	5	ND	Endpoint 3 – RPA is inconclusive. Less than 3 detects or greater than 80% ND
Thallium	332	5	5	20	Endpoint 3 – RPA is inconclusive. Less than 3 detects or greater than 80% ND
Toluene	14110000	5	5	ND	Endpoint 3 – RPA is inconclusive. Less than 3 detects or greater than 80% ND
Tributyltin	0.2324	5	5	ND	Endpoint 3 – RPA is inconclusive. Less than 3 detects or greater than 80% ND
<b>Objectives for Protection of Human Health - Carcinogens</b>					
1,1,2,2-Tetrachloroethane	382	5	5	ND	Endpoint 3 – RPA is inconclusive. Less than 3 detects or greater than 80% ND
1,1,2-Trichloroethane	1560	5	5	ND	Endpoint 3 – RPA is inconclusive. Less than 3 detects or greater than 80% ND
1,1-Dichloroethylene	149	5	5	ND	Endpoint 3 – RPA is inconclusive. Less than 3 detects or greater than 80% ND
1,2-Dichloroethane	4648	5	5	ND	Endpoint 3 – RPA is inconclusive. Less than 3 detects or greater than 80% ND
1,2-Diphenylhydrazine	26.6	5	5	ND	Endpoint 3 – RPA is inconclusive. Less than 3 detects or greater than 80% ND
1,3-Dichloropropylene	1477	5	5	ND	Endpoint 3 – RPA is inconclusive. Less than 3 detects or greater than 80% ND
1,4-Dichlorobenzene	2988	5	5	ND	Endpoint 3 – RPA is inconclusive. Less than 3 detects or greater than 80% ND
TCDD Equivalents	6.5E-07	5	1	0.000000461	Endpoint 1 – Effluent limitation is required
2,4,6-Trichlorophenol	48.1	5	5	ND	Endpoint 3 – RPA is inconclusive. Less than 3 detects or greater than 80% ND
2,4-Dinitrotoluene	432	5	5	ND	Endpoint 3 – RPA is inconclusive. Less than 3 detects or greater than 80% ND
3,3'-Dichlorobenzidine	1.34	5	5	ND	Endpoint 3 – RPA is inconclusive. Less than 3 detects or greater than 80% ND
Acrylonitrile	16.6	5	5	ND	Endpoint 3 – RPA is inconclusive. Less than 3 detects or greater than 80% ND
Aldrin	0.00365	5	5	ND	Endpoint 3 – RPA is inconclusive. Less than 3 detects or greater than 80% ND
Benzene	979	5	5	ND	Endpoint 3 – RPA is inconclusive. Less than 3 detects or greater than 80% ND
Benidine	0.0115	5	5	ND	Endpoint 3 – RPA is inconclusive. Less than 3 detects or greater than 80% ND
Beryllium	5.48	5	5	ND	Endpoint 3 – RPA is inconclusive. Less than 3 detects or greater than 80% ND



<b>Table B Pollutant</b>	<b>Most Stringent WQO (µg/L)</b>	<b>No. of Samples</b>	<b>No. of Non-Detects</b>	<b>Max Effluent Conc. (µg/L)</b>	<b>RPA Result, Comments</b>
Bis(2-Chloroethyl)Ether	7.47	5	5	ND	Endpoint 3 -- RPA is inconclusive. Less than 3 detects or greater than 80% ND
Bis(2-Ethylhexyl)Phthalate	581	5	2	130	Endpoint 1 -- Effluent limitation required
Carbon Tetrachloride	149	5	5	ND	Endpoint 3 -- RPA is inconclusive. Less than 3 detects or greater than 80% ND
Chlordane	0.0038	5	5	ND	Endpoint 3 -- RPA is inconclusive. Less than 3 detects or greater than 80% ND
Chlorodibromomethane	1428	5	4	0.2	Endpoint 3 -- RPA is inconclusive. Less than 3 detects or greater than 80% ND
Chloroform	21580	5	1	4.1	Endpoint 2 -- Effluent limitation not required
DDT (total)	0.02822	5	5	ND	Endpoint 3 -- RPA is inconclusive. Less than 3 detects or greater than 80% ND
Dichlorobromomethane	1029	5	2	0.7	Endpoint 2 -- Effluent limitation not required
Dieldrin	0.0066	5	5	ND	Endpoint 3 -- RPA is inconclusive. Less than 3 detects or greater than 80% ND
Halomethanes	21580	5	3	3.2	Endpoint 3 -- RPA is inconclusive. Less than 3 detects or greater than 80% ND
Heptachlor	0.0083	5	5	ND	Endpoint 3 -- RPA is inconclusive. Less than 3 detects or greater than 80% ND
Heptachlor Epoxide	0.0033	5	5	ND	Endpoint 3 -- RPA is inconclusive. Less than 3 detects or greater than 80% ND
Hexachlorobenzene	0.0349	5	5	ND	Endpoint 3 -- RPA is inconclusive. Less than 3 detects or greater than 80% ND
Hexachlorobutadiene	2324	5	5	ND	Endpoint 3 -- RPA is inconclusive. Less than 3 detects or greater than 80% ND
Hexachloroethane	415	5	5	ND	Endpoint 3 -- RPA is inconclusive. Less than 3 detects or greater than 80% ND
Isophorone	121180	5	5	ND	Endpoint 3 -- RPA is inconclusive. Less than 3 detects or greater than 80% ND
Methylene Chloride	74700	5	5	ND	Endpoint 3 -- RPA is inconclusive. Less than 3 detects or greater than 80% ND
N-Nitrosodimethylamine	1212	5	5	ND	Endpoint 3 -- RPA is inconclusive. Less than 3 detects or greater than 80% ND
N-Nitrosodi-n-Propylamine	63.1	5	5	ND	Endpoint 3 -- RPA is inconclusive. Less than 3 detects or greater than 80% ND
N-Nitrosodiphenylamine	415	5	5	ND	Endpoint 3 -- RPA is inconclusive. Less than 3 detects or greater than 80% ND
PAHs (total)	1.46	5	5	ND	Endpoint 3 -- RPA is inconclusive. Less than 3 detects or greater than 80% ND
PCBs	0.00315	5	5	ND	Endpoint 3 -- RPA is inconclusive. Less than 3 detects or greater than 80% ND
Tetrachloroethylene	332	5	5	ND	Endpoint 3 -- RPA is inconclusive. Less than 3 detects or greater than 80% ND
Toxaphene	0.0349	5	5	ND	Endpoint 3 -- RPA is inconclusive. Less than 3 detects or greater than 80% ND
Trichloroethylene	4482	5	5	ND	Endpoint 3 -- RPA is inconclusive. Less than 3 detects or greater than 80% ND
Vinyl Chloride	5976	5	5	ND	Endpoint 3 -- RPA is inconclusive. Less than 3 detects or greater than 80% ND

ND indicates that the pollutant was not detected.

Minimum probable initial dilution for this Discharger is 165 : 1; WQOs presented above are adjusted for dilution.

Effluent data used for this RPA are from eleven monitoring events between 2004 to 2008.

All units are µg/L.

- 4. WQBEL Calculations.** Based on results of the RPAs, performed in accordance with Ocean Plan methods for discharges to the Pacific Ocean, the Central Coast Water Board is retaining or establishing WQBELs for all Ocean Plan Table B pollutants. Based upon available monitoring data, effluent limits are not required to be specified for arsenic, cadmium, chromium (VI), copper, lead, nickel, selenium, chloroform, zinc, dichlorobromomethane, and ammonia. However, based upon limited available data and the fact that water quality objectives are applicable to the discharge regardless of whether they are specified in the permit, applicable limitations for all Table B constituents are listed. As described by Section III. C of the Ocean Plan, effluent limits for Table B pollutants are calculated according to the following equation.

$$C_e = C_o + D_m (C_o - C_s)$$

Where ...

- $C_e$  = the effluent limitation ( $\mu\text{g/L}$ )
- $C_o$  = the concentration (the water quality objective) to be met at the completion of initial dilution ( $\mu\text{g/L}$ ).
- $C_s$  = background seawater concentration ( $\mu\text{g/L}$ )
- $D_m$  = minimum probable initial dilution expressed as parts seawater per part wastewater (here,  $D_m = 165$ )

For the Discharger,  $D_m$  is unchanged from Order No. R3-2004-0050. Initial dilution is the process that results in the rapid and irreversible turbulent mixing of wastewater with ocean water around the point of discharge. As site-specific water quality data are not available, in accordance with Table B implementing procedures,  $C_s$  equals zero for all pollutants, except the following.

**Table F-7. Background Concentrations—Ocean Plan**

Pollutant	Background Seawater Concentration
Arsenic	3 $\mu\text{g/L}$
Copper	2 $\mu\text{g/L}$
Mercury	0.0005 $\mu\text{g/L}$
Silver	0.16 $\mu\text{g/L}$
Zinc	8 $\mu\text{g/L}$

All effluent limitations are retained from the previous Order, except for silver and benzidine limits, which are revised to correct errors in the current permit. Effluent limitations for the Table B pollutants are presented in Section IV.A.1 of this Order.

- 5. Whole Effluent Toxicity (WET).** Whole effluent toxicity (WET) limitations protect receiving water quality from the aggregate toxic effect of a mixture of pollutants in the effluent. WET tests measure the degree of response of exposed aquatic test organisms to an effluent. The WET approach allows for protection of the narrative "no toxics in toxic amounts" criterion while implementing numeric criteria for toxicity. There are two types of WET tests - acute and chronic. An acute toxicity test is conducted over a short time period and measures mortality. A chronic toxicity test is

conducted over a longer period of time and may measure mortality, reproduction, and growth.

Central Coast Water Board staff have determined that treated wastewater from the Sanitation District has a reasonable potential to cause or contribute to acute and/or chronic toxicity in the discharge. Such a determination is consistent with the RPA procedure of the Ocean Plan which requires consideration of all available information, including the "potential toxic impact of the discharge" to determine if WQBELs are necessary, notwithstanding the statistical procedure with which the RPA is conducted for most pollutants. Because the cumulative effects of various pollutants present at low levels in the discharge are unknown, acute and chronic toxicity limitations are retained from the previous permit.

The Discharger must also maintain a Toxicity Reduction Evaluation (TRE) Workplan, which describes steps that the Discharger intends to follow in the event that acute and/or chronic toxicity limitations are exceeded. When monitoring measures WET in the effluent above the limitations established by the Order, the Discharger must resample, if the discharge is continuing, and retest. The Water Board Executive Officer will then determine whether to initiate enforcement action, whether to require the Discharger to implement a TRE or to implement other measures.

**D. Final Effluent Limitations.** Final, technology-based and water quality-based effluent limitations established by the Order are discussed in the preceding sections of the Fact Sheet.

- 1. Satisfaction of Anti-Backsliding Requirements.** The Order retains effluent limitations established by the previous permit for BOD<sub>5</sub>, TSS, oil and grease, settleable solids, turbidity, and pH, which are based on Table A of the Ocean Plan. The Order also retains effluent limitations from the previous permit for Ocean Plan Table B toxic pollutants. The effluent limitations for silver and benzidine have been revised to correct a prior calculation error. Other changes in WQBELs established by this Order reflect the updated list of Table B pollutants contained in the 2005 Ocean Plan.
- 2. Satisfaction of Antidegradation Policy.** Provisions of the Order are consistent with applicable anti-degradation policy expressed by NPDES regulations at 40 CFR 131.12 and by State Water Board Resolution No. 68-16. The Order does not authorize increases in discharge rates or pollutant loadings, and its limitations and conditions otherwise ensure maintenance of the existing quality of receiving waters.
- 3. Stringency of Requirements for Individual Pollutants.** This Order contains both technology-based and water quality-based effluent limitations for individual pollutants. The technology-based effluent limitations consist of restrictions on BOD<sub>5</sub>; TSS; settleable solids; turbidity; oil and grease; and pH. Restrictions on these pollutants are discussed in section IV.B of the Fact Sheet. This Order's technology-based pollutant restrictions implement the minimum, applicable federal technology-based requirements. In addition, this Order contains effluent limitations more stringent than the minimum, federal technology-based requirements that are



necessary to meet water quality standards. These limitations are not more stringent than required by the CWA.

Final, technology and water quality based effluent limitations are summarized in sections IV.B and C of this Fact Sheet.

- E. Interim Effluent Limitations.** The Order does not establish interim effluent limitations or schedules for compliance with final limitations.
- F. Land Discharge Specifications.** This section of the standardized permit form is not applicable to this Discharger.
- G. Reclamation Specifications.** The Order does not address use of reclaimed wastewater except to require compliance with applicable State and local requirements regarding the production and use of reclaimed wastewater, including those requirements established by the California Department of Public Health at title 22, sections 60301- 60357 of the California Code of Regulations, Water Recycling Criteria, if applicable.

## **V. RATIONALE FOR RECEIVING WATER LIMITATIONS**

- A. Surface Water.** Receiving water quality is a result of many factors, some unrelated to the discharge. This Order considers these factors and is designed to minimize the influence of the discharge on the receiving water. Receiving water limitations within the proposed Order generally include the receiving water limitations of the previous Order; however, these limitations have been supplemented and modified to reflect all applicable, general water quality objectives of the Ocean Plan (2005). In particular, receiving water limitations for bacteria have been modified to accurately reflect the updated Ocean Plan.
- B. Groundwater.** Groundwater limitations established by the Order include general objectives for ground water established by the Basin Plan for the Central Coast Region.

## **VI. RATIONALE FOR MONITORING AND REPORTING REQUIREMENTS**

NPDES regulations at 40 CFR 122.48 require that all NPDES permits specify requirements for recording and reporting monitoring results. Water Code sections 13267 and 13383 also authorize the Regional Water Board to require technical and monitoring reports. Rationale for the monitoring and reporting requirements contained in the Monitoring and Reporting Program (MRP), which is presented as Attachment E of this Order, is presented below.

- A. Influent Monitoring.** In addition to influent flow monitoring, monitoring for BOD<sub>5</sub> and TSS is required to determine compliance with the Order's 80 percent removal requirement for those pollutants.



**B. Effluent Monitoring.** Effluent monitoring requirements of the previous permit for Discharge Point 001 are retained in this Order, with the following exceptions/changes.

- Monitoring frequencies for influent and effluent BOD and TSS are reduced from every six days to weekly. Past monitoring has demonstrated these constituents do not significantly vary on a day-of-the-week basis, which was the basis for the six-day schedule. The regular weekly schedule will enable the District to improve staff scheduling and convenience without reducing valuable information obtained from the monitoring.
- Monitoring frequencies for total coliform bacteria, temperature, pH, settleable solids, oil and grease, chronic toxicity, ammonia, and Ocean Plan metals are reduced in this permit. Past monitoring has demonstrated consistent concentrations of these constituents that can be adequately characterized by less frequent monitoring. Less frequent monitoring of these constituents will provide for cost savings for the District without significantly diminishing the value of compliance assessment data.
- The MRP specifies annual effluent monitoring for constituents limited by the Ocean Plan Table B. Based upon several years of consistent compliance with discharge limitations, the semi-annual monitoring frequency specified in the existing permit for Ocean Plan Metals, Cyanide, Phenolic Compounds, Endosulfan, Endrin, HCH, and Radionuclides is reduced to annual monitoring. Monitoring for all other Table B toxic pollutants is required one time per year in April, as required in the previous Order and by the Ocean Plan (Appendix III). Monitoring data will provide for on-going characterization of the discharge and compliance evaluation with Table B toxic pollutants.

**C. Whole Effluent Toxicity Testing Requirements.** Whole effluent toxicity (WET) limitations protect receiving water quality from the aggregate toxic effect of a mixture of pollutants in the effluent. Acute toxicity testing measures mortality in 100 percent effluent over a short test period, and chronic toxicity testing is conducted over a longer period of time and may measure mortality, reproduction, and/or growth. This Order retains limitations and monitoring requirements for acute and chronic toxicity for Discharge Point 001 from the previous permit.

**D. Receiving Water Monitoring**

1. **Surface Water.** Shoreline water monitoring and shellfish tissue bacterial monitoring specified in section VII.A of the MRP have been conditionally waived by the Executive Officer. If operational changes, plant upsets or effluent violations occur, then the listed receiving water monitoring must resume.

Benthic sediment and biota monitoring requirements are retained from the previous permit. The benthic sediment monitoring is conducted jointly with the City of Pismo Beach Wastewater Treatment Facility. The Central Coast Water Board has imposed identical requirements in this Order and the City of Pismo Beach Order so that such monitoring can be coordinated between the two agencies, minimizing redundant effort and expense.

2. **Groundwater.** Groundwater monitoring requirements are not established by the Order.

#### **E. Other Monitoring Requirements**

1. **Biosolids/Sludge Monitoring.** Biosolids monitoring is required in this Order. The requirements are retained from the previous Order; however, the date of sampling is not specified so that the Discharger may coordinate with pretreatment monitoring requirements.
2. **Pretreatment Monitoring.** Pretreatment monitoring requirements are retained from the previous Order.
3. **Outfall Inspection.** The Order retains the requirement of the previous permit to conduct triennial visual inspections of the outfall and diffuser system and provide reports of those inspections to the Central Coast Water Board regarding the system's physical integrity.
4. **Brine Monitoring.** The MRP has established separate monitoring requirements for the discharge of brine waste. The Discharger requested that brine monitoring be conducted separately from secondary effluent monitoring, because the brine waste is mixed with the secondary effluent discharge after the final effluent monitoring location (EFF-001). The addition of the brine waste at a point before this final monitoring location interferes with numerous effluent testing results. The Regional Water Board has therefore granted the request to conduct separate brine monitoring. The requirements to also maintain logs that describe and quantify brine waste on an annual basis are established by the MRP to better characterize the composition of final combined effluent.

#### **VII. RATIONALE FOR PROVISIONS**

- A. **Standard Provisions.** Standard Provisions, which apply to all NPDES permits in accordance with 40 CFR 122.41, and additional conditions applicable to specified categories of permits in accordance with 40 CFR 122.42, are provided in Attachment D to the Order.

NPDES regulations at 40 CFR 122.41(a)(1) and (b - n) establish conditions that apply to all state-issued NPDES permits. These conditions must be incorporated into the permits either expressly or by reference. If incorporated by reference, a specific citation to the regulations must be included in the Order. 40 CFR 123.25(a)(12) allows the State to omit or modify conditions to impose more stringent requirements. In accordance with 40 CFR 123.25, this Order omits federal conditions that address enforcement authority specified in 40 CFR 122.41(j)(5) and (k)(2), because the enforcement authority under the Water Code is more stringent. In lieu of these conditions, this Order incorporates by reference Water Code section 13387(e).

**B. Special Provisions**

- 1. Reopener Provisions.** The Order may be modified in accordance with the requirements set forth at 40 CFR 122 and 124, to include appropriate conditions or limits based on newly available information, or to implement any, new State water quality objectives that are approved by the U.S. EPA. As effluent is further characterized through additional monitoring, and if a need for additional effluent limitations becomes apparent after additional effluent characterization, the Order will be reopened to incorporate such limitations.
- 2. Special Studies and Additional Monitoring Requirements**
  - a. Toxicity Reduction Requirements.** The requirement to perform a Toxicity Reduction Evaluation if the acute or chronic toxicity limitation is exceeded is retained from Order No. R3-2004-0050. When toxicity monitoring measures acute or chronic toxicity in the effluent above the limitation established by the Order, the Discharger is required to resample and retest, if the discharge is continuing. When all monitoring results are available, the Executive Officer can determine whether to initiate enforcement action, whether to require the Discharger to implement toxicity reduction evaluation (TRE) requirements, or whether other measures are warranted.
- 3. Best Management Practices and Pollution Prevention**
  - a. Pollutant Minimization Program.** The 2005 Ocean Plan establishes guidelines for the Pollutant Minimization Program (PMP). At the time of the proposed adoption of this Order no known evidence was available that would require the Discharger to immediately develop and conduct a PMP. The Central Coast Water Board will notify the Discharger in writing if such a program becomes necessary. The 2005 Ocean Plan PMP language is included to provide guidance in the event that a PMP must be developed and implemented by the Discharger.
- 4. Construction, Operation, and Maintenance Specifications.** This section of the standardized permit template is not applicable.
- 5. Special Provisions for Municipal Facilities (POTWs Only)**
  - a. Biosolids Management.** Provisions regarding sludge handling and disposal ensure that such activity will comply with all applicable regulations.

40 CFR Part 503 sets forth USEPA's final rule for the use and disposal of biosolids, or sewage sludge, and governs the final use or disposal of biosolids. The intent of this federal program is to ensure that sewage sludge is used or disposed of in a way that protects both human health and the environment.

USEPA's regulations require that producers of sewage sludge meet certain reporting, handling, and disposal requirements. As the USEPA has not delegated the authority to implement the sludge program to the State of California, the enforcement of sludge requirements that apply to the Discharger



remains under USEPA's jurisdiction at this time. USEPA, not the Regional Water Board, will oversee compliance with 40 CFR Part 503.

40 CFR Part 503.4 (Relationship to other regulations) states that the disposal of sewage sludge in a municipal solid waste landfill unit, as defined in 40 CFR 258.2, that complies with the requirements in 40 CFR part 258 constitutes compliance with section 405(d) of the CWA. Any person who prepares sewage sludge that is disposed in a municipal solid waste landfill unit must ensure that the sewage sludge meets the applicable requirements of 40 CFR Part 503.

## **6. Other Special Provisions**

- a. Discharges of Storm Water.** Storm water flows from the wastewater treatment process areas are directed to the headworks and discharged with treated wastewater. These storm water flows constitute all industrial storm water at this facility and, consequently, this permit regulates all industrial storm water discharges at this facility along with wastewater discharges.
- b. Sanitary Sewer System Requirements.** The Order requires coverage by and compliance with applicable provisions of General Waste Discharge Requirements for Sanitary Sewer Systems (State Water Board Order No. 2006-0003-DWQ). This General Permit, adopted on May 2, 2006, is applicable to all "federal and state agencies, municipalities, counties, districts, and other public entities that own or operate sanitary sewer systems greater than one mile in length that collect and/or convey untreated or partially treated wastewater to a publicly owned treatment facility in the State of California." The purpose of the General Permit is to promote the proper and efficient management, operation, and maintenance of sanitary sewer systems and to minimize the occurrences and impacts of sanitary sewer overflows.

- 7. Compliance Schedules.** The Order does not establish interim effluent limitations and schedules of compliance with final limitations.

## **VIII. PUBLIC PARTICIPATION**

The Central Coast Water Quality Control Board is considering the issuance of waste discharge requirements (WDRs) that will serve as a National Pollutant Discharge Elimination System (NPDES) permit for the South San Luis Obispo County Sanitation District Wastewater Treatment Facility. As a step in the WDR adoption process, the Central Coast Water Board staff has developed tentative WDRs. The Central Coast Water Board encourages public participation in the WDR adoption process.



- A. Notification of Interested Parties.** The Central Coast Water Board has notified the Discharger and interested agencies and persons of its intent to prescribe waste discharge requirements for the discharge and has provided them with an opportunity to submit their written comments and recommendations. Notification was provided through the publication in the local newspaper (The San Luis Obispo Tribune) on July 17, 2009, and posting on the Central Coast Water Board's website.
- B. Written Comments.** Central Coast Water Board staff determinations are tentative. Interested persons were invited to submit written comments concerning these tentative WDRs. Comments must be submitted either in person or by mail to the Executive Office at the Central Coast Water Board at the address above on the cover page of this Order. During the public comment period, a single letter was received regarding the proposed requirements.

**South San Luis Obispo County Sanitation District** – The Discharger submitted minor editorial comments and corrections, which have been incorporated into the proposed Order, as well as the following comments.

1. The date on which the permit becomes effective should be changed from October 23, 2009, to January 1, 2010, to allow time for the District to implement new monitoring and reporting requirements.

Staff Response: The draft proposed monitoring and reporting requirements were provided to the Discharger in June 2009. As described in this Fact Sheet, proposed monitoring and reporting requirements call for less frequent constituent monitoring, and reporting at the same frequency as the existing permit. Therefore, delayed permit implementation to accommodate new monitoring and reporting requirements does not appear warranted. No change is recommended to the proposed permit.

2. The proposed permit requires implementation of a Toxicity Reduction Evaluation if the discharge consistently exceeds effluent toxicity limits. The Discharger requests clarification regarding how many toxicity exceedances will be used as a threshold for implementing the Toxicity Reduction Evaluation.

Staff Response: The proposed permit carries over the existing requirement to implement a Toxicity Reduction Evaluation. The language mirrors the Ocean Plan requirement. Specific details are not included as they would vary depending upon the constituents and magnitude of effluent violations. Procedures for implementing a Toxicity Reduction Evaluation are described in the proposed permit (Attachment A – Definitions); however, to some degree similar procedures would be implemented in response to any violation. Once a violation is identified, the Discharger is required to identify the cause, corrective actions, and implementation schedule (Attachment D - Standard Provisions). A Toxicity Reduction Evaluation is essentially an expanded response to those effluent violations that are not readily eliminated through the standard corrective measures (equipment repair, process adjustments, etc.) With this in mind, the requirement is intentionally silent regarding the specific number of violations that would trigger implementation of a Toxicity Reduction Evaluation. The Toxicity Reduction Evaluation should be implemented when

standard corrective actions do not achieve the goal of consistent compliance with effluent limitations. No change is recommended to the proposed permit.

3. The permit should clearly state that businesses discharging brine to the ocean outfall are not considered "indirect dischargers" subject to the prohibitions at I.A.5 (Attachment D-1).

Staff Response: Standard Provision 1.A.5 states: *Introduction of pollutants into the collection, treatment, or disposal system by an "indirect discharger" that (a) Inhibit or disrupt the treatment process, system operation, or the eventual use or disposal of sludge; or (b) Flow through the system to the receiving water untreated; and (c) Cause or "significantly contribute" to a violation of any requirement of this Order, is prohibited.* The proposed permit allows the Discharger to continue to accept brine waste into the ocean outfall. During the past permit cycle the Discharger developed a brine management plan that calls for brine to be discharged downstream from treatment processes (to prevent disruption of biological treatment processes) and monitoring brine separately from effluent. The Discharger's brine management plan calls for characterization of brine (through monitoring) to ensure that such discharges do not cause or contribute to discharge violations. This permit requires the Discharger to continue brine monitoring (page E-13) to ensure that brine accepted into the outfall does not contribute to discharge violations. Businesses discharging brine to the Discharger's outfall are a type (if atypical) of indirect discharger. Staff added the following sentence to the proposed permit after circulation of the draft: *Any significant changes in brine characteristics (from those presented in the Discharger's brine management plan) or potential impacts to combined effluent quality shall be summarized.* No additional change is recommended.

4. The District requests that the sampling frequency for cyanide, bis(2-ethylhexyl)phthalate and TCDD Equivalents remain as annually.

Staff Response: The draft permit circulated for public comment presented quarterly monitoring frequency for these constituents that displayed "reasonable potential" to be present in the effluent. However, past monitoring data indicates that effluent concentrations have not exceeded discharge limits and are typically less than half the discharge limit. Accordingly, monitoring for these constituents on an annual basis is expected to provide for adequate characterization of the effluent and compliance evaluation. It should be noted that annual monitoring for these constituents will allow the Discharger to perform the analysis along with the rest of the Ocean Plan Table B constituents (a cost savings) and will be consistent with monitoring required of the City of Pismo Beach (co-discharger through the same ocean outfall). Annual monitoring represents a reduction from the semi-annual monitoring of cyanide required in the existing permit. Annual monitoring frequency is consistent with the Ocean Plan requirements. The proposed order is revised to reflect annual monitoring of cyanide, bis(2-ethylhexyl)phthalate and TCDD Equivalents along with the other Ocean Plan Metals and Table B constituents.

5. The District requests that shoreline receiving water monitoring requirements (Attachment E, VIII.A) include a statement to the effect that "Shoreline and shellfish

monitoring has been waived by the Executive Officer.” Also, the District requests guidance regarding the statement that “The following receiving water monitoring shall be performed if operational changes, plant upsets, or effluent violations occur.”

Staff Response: The only shoreline and shellfish monitoring proposed is to be implemented in response to operational changes, plant upset, or effluent violations. This monitoring requirement is carried over from the existing permit. A clarifying phrase is added to indicate that only those changes, upsets or violations that are likely to increase bacterial concentrations in the surf zone will trigger shoreline bacterial monitoring. The additional language clarifies that surf zone monitoring is not required if a process change or effluent violation that is unlikely to impact bacteria occurs. No further changes are recommended.

6. The District plans to upgrade its treatment facility by adding an additional secondary clarifier and an aeration tank. Description of these projects should be included in the “Planned Changes” of the Fact Sheet (page F-6).

Staff Response: Description of these facility improvements is included.

- C. **Public Hearing.** The Central Coast Water Board held a public hearing on the tentative WDRs during its regular Water Board meeting on the following date and time and at the following location:

Date: **October 23, 2009**

Time: **8:30am**

Location: **Santa Barbara County Offices, Supervisors' Hearing Room, 4<sup>th</sup> Floor  
105 East Anapamu Street  
Santa Barbara, CA 93101**

Interested persons were invited to attend. At the public hearing, the Central Coast Water Board heard testimony, if any, pertinent to the discharge, WDRs, and permit.

- D. **Waste Discharge Requirements Petitions.** Any aggrieved person may petition the State Water Resources Control Board to review the decision of the Regional Water Board regarding the final WDRs. The petition must be submitted within 30 days of the Regional Water Board's action to the following address:

State Water Resources Control Board  
Office of Chief Counsel  
P.O. Box 100, 1001 I Street  
Sacramento, CA 95812-0100

- E. Information and Copying.** The Report of Waste Discharge (ROWD), related documents, tentative effluent limitations and special provisions, comments received, and other information are on file and may be inspected at the address above at any time between 8:00 a.m. and 5:00 p.m., Monday through Friday. Copying of documents may be arranged through the Central Coast Water Board by calling (805) 549-3147.
- F. Register of Interested Persons.** Any person interested in being placed on the mailing list for information regarding the WDRs and NPDES permit should contact the Central Coast Water Board, reference this facility, and provide a name, address, and phone number.
- G. Additional Information.** Requests for additional information or questions regarding this Order should be directed to Sorrel Marks at (805) 549-3695 or [SMarks@waterboards.ca.gov](mailto:SMarks@waterboards.ca.gov).

S:\NPDES\NPDES Facilities\San Luis Obispo Co\South SLO Co\current permit\09-0046 final.doc



**Attachment - 4**  
**Authorizing Resolution/Ordinance**

**AUTHORIZING RESOLUTION/ORDINANCE**

**RESOLUTION NO. XX-16**

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT  
PLEDGE OF REVENUES AND FUNDS FOR A STATE REVOLVING FUND  
PLANNING LOAN FOR THE WASTEWATER TREATMENT PLANT  
REDUNDANCY PROJECT  
FROM THE STATE WATER RESOURCES CONTROL BOARD**

**WHEREAS**, the South San Luis Obispo County Sanitation District (District) is actively pursuing development of improvements at their Wastewater Treatment Plant (WWTP) to improve reliability and allow existing process units to be taken out of service for repairs or maintenance; and

**WHEREAS**, the State of California State Water Resources Control Board (SWRCB) has State Revolving Fund (SRF) loan funding available for the planning, procurement, and design of the Project; and

**WHEREAS**, it is in the public interest to pursue planning loan funding for the Project; and

**WHEREAS**, the District's authorized representative is submitting an SRF Loan Application to the SWRCB to request such funding as necessary to fund planning and design efforts for the WWTP Redundancy Project, resulting in a planning loan agreement with the SWRCB for project financing; and

**WHEREAS**, the SWRCB requires the District to provide commitment to maintain revenues and funds to satisfy the repayment obligation for such planning loan agreement to fund planning and design efforts for the Project.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the South San Luis Obispo County Sanitation District, as follows:

1. The District hereby dedicates and pledges **Net Revenues of the XXX Fund and the XXXX Fund** to payment of any and all Clean Water State Revolving Fund and/or Water Recycling Funding Program financing for the WWTP Redundancy Project, CWSRF #XXXX.
2. The District commits to collecting such revenues and maintaining such fund(s) throughout the term of such financing and until the District has satisfied its repayment obligation thereunder unless modification or change is approved in writing by the State Water Resources Control Board.
3. So long as the financing agreement(s) are outstanding, the District's pledge hereunder shall constitute a lien in favor of the State Water Resources Control Board on the foregoing fund(s) and revenues(s) without any further action necessary. So long as the financing agreement(s) are outstanding, the District commits to maintaining the fund(s) and revenues(s) at levels sufficient to meet its

obligations under the financing agreement(s).

**PASSED AND ADOPTED** by the Board of Directors of the South San Luis Obispo County Sanitation District at a regular meeting thereof held on the 15th day of June, 2016 by the following vote:

AYES:

NOES:

ABSENT:

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XXXXXXX

ATTEST:

---

XXXXXXX

**RESOLUTION NO. XX-16**

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT  
AUTHORIZING THE DISTRICT ADMINISTRATOR TO APPLY FOR A  
STATE REVOLVING FUND PLANNING LOAN FOR THE WASTEWATER TREATMENT PLANT  
REDUNDANCY PROJECT FROM THE STATE WATER RESOURCES CONTROL BOARD**

**WHEREAS**, there is active pursuit in development of improvements at their Wastewater Treatment Plant (WWTP) to improve reliability and allow existing process units to be taken out of service for repairs or maintenance, it is resolved by the Board of Directors of the South San Luis Obispo County Sanitation District (District), as follows:

**NOW, THEREFORE, BE IT RESOLVED** that the District Administrator (the “Authorized Representative”) or designee is hereby authorized and directed to sign and file, for and on behalf of the District, a Financial Assistance Application for a financing agreement from the State Water Resources Control Board for the planning, design, and construction of the SSLOCSD Redundancy Project (the “Project”).

**NOW, THEREFORE, BE IT RESOLVED** that the Authorized Representative, or his/her designee, is designated to provide the assurances, certifications, and commitments required for the financial assistance agreement from the State Water Resources Control Board and any amendments or changes thereto.

**NOW, THEREFORE, BE IT RESOLVED** that the Authorized Representative, or his/her designee, is designated to represent the District in carrying out the District’s responsibilities under the financing agreement, including certifying disbursement requests on behalf of the District and compliance with applicable state and federal laws.

**PASSED AND ADOPTED** with the following certification: “I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the South San Luis Obispo County Sanitation District held on 15th day of June, 2016.

AYES:  
NOES:  
ABSENT:

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XXXXXXX

ATTEST:

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XXXXXXX



# **Attachment - 6**

## **Audited Financial Statements**

**SOUTH SAN LUIS OBISPO COUNTY  
SANITATION DISTRICT**

**FINANCIAL STATEMENTS**  
June 30, 2015

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT**  
**TABLE OF CONTENTS**  
June 30, 2015

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Independent Auditors' Report.....	1
Management's Discussion and Analysis .....	3
<b>BASIC FINANCIAL STATEMENTS</b>	
Statement of Net Position – Proprietary Fund.....	5
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund .....	6
Statement of Cash Flows – Proprietary Fund.....	7
Notes to Basic Financial Statements .....	9
Required Supplementary Information:	
Schedule of Proportionate Share of Net Pension Liability .....	21
Schedule of Contributions.....	22

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
South San Luis Obispo County Sanitation District  
Oceano, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the South San Luis Obispo County Sanitation District (District) as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the South San Luis Obispo County Sanitation District, as of June 30, 2015, and the respective changes in financial position and cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.



### ***Emphasis of Matter***

As discussed in note 2 to the basic financial statements effective July 1, 2013, the South San Luis Obispo County Sanitation District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 4, the schedule of Proportionate Share of Net Pension Liability on page 21, and the schedule of Contributions on page 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, of the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2016, on our consideration of the South San Luis Obispo County Sanitation District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Moss, Remy & Haugheim LLP*

Santa Maria, CA  
January 11, 2016

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT**

POST OFFICE BOX 339

1600 ALOHA PLACE

OCEANO, CA 93475

**Management's Discussion and Analysis**

**Fiscal Year Ending June 30, 2015**

The following is a discussion of the consolidated financial condition and the results of operations of the South San Luis Obispo County Sanitation District (the District) for the fiscal year ending June 30, 2015. This discussion refers to and is qualified by information contained in the financial statements and in the notes to the financial statements. Thus, it should be read together with these statements in the Audit Report. The financial audit of the South San Luis Obispo County Sanitation District has been performed by Moss, Levy & Hartzheim, CPAs, in accordance with U.S. generally accepted auditing standards.

**Overall Performance**

South San Luis Obispo Sanitation District realized an overall increase of cash and cash equivalents of \$968,159. However, the District realized a decrease in Net Position of \$207,839 from the previous year. This decrease can be mainly attributed to a loss on disposal of assets of \$494,844 for FYE 2015. Another contributor to the overall decrease in net assets is the addition of a new line item in the "long term liability" section of this financial statement. The new item is "Net pension liability". This item shows an additional liability of \$556,113 when compared to last years, financial statement. The District realized a net operating income of \$42,352 in FYE 2015. This is a marked improvement from the net operating loss of \$621,441 in FYE 2014, and a net operating loss of \$1,322,049 in FYE 2013.

Total District Operating Revenues for FYE 2015 were \$3,398,643. This is an increase of \$253,329 when compared to the previous year. The increase is due primarily to an increase in brine disposal service request.

Total District Operating expenses showed a decrease of \$410,464 from the previous year. With the exclusion of depreciation expense, operating expenses were \$2,481,913 in FYE 2015. This is slightly higher than the operating expense of \$2,415,261 in FYE 2014. Overall spending has been very consistent over the past two years.

**Business-Type Activities**

Wastewater Treatment is the primary business-type activity of the South San Luis Obispo County Sanitation District. The Operating Fund provides for revenues and expenses and is a self-supporting fund.

Comparative Revenue from Sewer Service Fees  
Fiscal Year Ending 2013 – 2015

	FYE 2013	FYE 2014	FYE 2015
Sewer Service Fees	\$3,071,262	\$3,145,314	\$3,398,643

**Comparative Total Operating Expenses**

FYE 2013	FYE 2014	FYE 2015
\$4,393,311	\$3,766,755	\$3,356,291

**Summary**

The South San Luis Obispo Sanitation District has improved its fiscal performance this fiscal period. The change in net assets for FYE 2015 was a negative \$207,839, as compared to a negative \$460,183 in FYE 2014. That is an improvement of over 50% in net asset change. The District did realize a total cash increase of \$968,159 in its cash and cash equivalents when compared to FYE 2014. This continues a trend of positive gains in District cash and cash equivalents over the past few years. The District continues to improve its cash balance standing to prepare for upcoming Capital Improvements Projects. The cash balance at the end of FYE 2015 is \$5,554,693. One should bear in mind however, that this District did experience a net operating loss of \$207,839 for FYE 2015 when including depreciation losses. While cash balance has increased significantly, the District's net assets have decreased.

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT**  
**STATEMENT OF NET POSITION - PROPRIETARY FUND**  
June 30, 2015

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**ASSETS**

Current Assets:

Cash and investments	\$ 5,554,693
Accounts receivable	505,716
Prepaid expenses	<u>28,090</u>
Total current assets	<u>6,088,499</u>

Noncurrent Assets:

Deposits	10,992
Capital assets	
Land	431,425
Construction in progress	102,787
Property, plant & equipment	22,387,764
Accumulated depreciation	<u>(14,777,416)</u>
Total noncurrent assets	<u>8,155,552</u>

Total assets	<u>14,244,051</u>
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**Deferred Outflows of Resources**

Deferred pensions	<u>51,868</u>
Total deferred outflows of resources	<u>51,868</u>

**LIABILITIES**

Current Liabilities:

Accounts payable	133,352
Accrued liabilities	31,801
Accrued interest payable	4,009
Settlement payable	1,109,813
Loan payable, current portion	<u>64,867</u>
Total current liabilities	<u>1,343,842</u>

Long-Term Liabilities:

Loan payable, less current portion	140,270
Compensated absences	52,330
Net pension liability	556,113
Other post employment benefits	<u>731,192</u>
Total long term liabilities	<u>1,479,905</u>

Total liabilities	<u>2,823,747</u>
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**Deferred Inflows of Resources**

Deferred pensions	<u>198,116</u>
Total deferred inflows of resources	<u>198,116</u>

**NET POSITION**

Net investment in capital assets	7,939,423
Restricted for capital expansion	4,113,230
Unrestricted	<u>(778,597)</u>
Total net position	<u>\$ 11,274,056</u>

The notes to basic financial statements are an integral part of this statement.



**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -**  
**PROPRIETARY FUND**  
For the Fiscal Year Ended June 30, 2015

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**Operating Revenues:**

Sewer services fees	\$ 3,398,643
Total operating revenues	<u>3,398,643</u>

**Operating Expenses:**

Gross wages	630,374
Payroll taxes and benefits	50,476
Employee benefits	313,348
Retirement contribution	53,878
OPEB expense	119,959
Uniforms	14,007
Repairs and maintenance	315,516
Equipment rental	5,444
Insurance	28,550
Depreciation	874,378
Communications	11,724
Utilities	190,141
Property tax	21,674
Special services	192,295
Office and supplies	12,380
Fuel and oil	9,358
Membership, permits, and license fees	70,194
Legal	131,828
Accounting	13,584
Plant chemicals, lab, and analysis	210,228
Environmental regulation fees	18,408
Solids handling	52,251
Small tools	<u>16,296</u>
Total operating expenses	<u>3,356,291</u>
Net operating income	<u>42,352</u>

**Non-Operating Revenues (Expenses):**

Governmental agencies	6,134
Loss on disposal of assets	(494,844)
Interest income	15,041
Lease income	28,145
Interest expense	<u>(12,002)</u>
Total non-operating revenues (expenses)	<u>(457,526)</u>

**Capital Contributions:**

Connection fees	<u>207,335</u>
Change in net position	<u>(207,839)</u>

**Net Position:**

Net position, beginning of fiscal year	13,068,224
Prior period adjustment	<u>(1,586,329)</u>
Net position, beginning of fiscal year- restated	<u>11,481,895</u>
Net position, end of fiscal year	<u>\$ 11,274,056</u>

The notes to basic financial statements are an integral part of this statement.

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND**  
For the Fiscal Year Ended June 30, 2015

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from customers	\$ 3,301,030
Payments to vendors	(1,793,616)
Payments to employees	<u>(518,601)</u>
Net cash provided by operating activities	<u>988,813</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Cash received from other governmental agencies	6,134
Lease income	<u>28,145</u>
Net cash provided by noncapital financing activities	<u>34,279</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Capital contributions	207,335
Acquisition and construction of capital assets	(202,514)
Payments of capital debt	(61,591)
Interest paid on capital debt	<u>(13,204)</u>
Net cash used by capital and related financing activities	<u>(69,974)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest received	<u>15,041</u>
Net cash provided by investing activities	<u>15,041</u>
Net change in cash and cash equivalents	968,159
Cash and cash equivalents, July 1, 2014	<u>4,586,534</u>
Cash and cash equivalents, June 30, 2015	<u>\$ 5,554,693</u>

The notes to basic financial statements are an integral part of this statement.

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND (Continued)**  
For the Fiscal Year Ended June 30, 2015

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**Reconciliation of operating income to net cash provided**

**by operating activities:**

Operating income	\$ 42,352
Adjustments to reconcile operating income to net cash used by operating activities:	
Depreciation	874,378
Change in assets, deferred outflows, liabilities, and deferred inflows:	
Accounts receivable	(102,989)
Prepaid expenses	9,073
Deposits	(3,697)
Deferred outflows of resources	(1,490)
Accounts payable	57,923
Accrued liabilities	7,582
Compensated absences	3,083
OPEB liability	119,959
Net pension liability	(215,477)
Deferred inflows of resources	<u>198,116</u>

Net cash provided by operating activities	<u><u>\$ 988,813</u></u>
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The notes to basic financial statements are an integral part of this statement.

**NOTE 1 - REPORTING ENTITY**

The reporting entity is the South San Luis Obispo County Sanitation District. The District is responsible for trunk main and sewer pipes from the Cities of Arroyo Grande, Grover Beach, and the Oceano Community Services District. The District is governed by a three-member body, known as the District Board, who are appointed by the respective member agencies on a yearly basis. The District Board includes one representative from each of its Member Agencies, specifically, the City of Arroyo Grande, City of Grover Beach and the Oceano Community Services District. The District provides wastewater disposal services.

There are no component units included in this report which meet the criteria of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statements No. 39 and No. 61.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- A. Accounting Policies - The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are generally followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

- B. Accounting Method - The District is organized as an Enterprise Fund and follows the accrual method of accounting, whereby revenues are recorded as earned, and expenses are recorded when incurred.

- C. Fund Financial Statements – The fund financial statements provide information about the District's proprietary fund.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

- D. Proprietary Fund Type

**Enterprise Fund**

Enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

- E. Cash and Cash Equivalents - For purposes of the statement of cash flows, cash and cash equivalents include restricted and unrestricted cash and restricted and unrestricted certificates of deposit with original maturities of three months or less.
- F. Property, Plant, and Equipment – Capital assets purchased by the District are recorded at cost. Contributed or donated capital assets are recorded at fair value when acquired.
- G. Depreciation – Capital assets owned by the District are depreciated over their estimated useful lives (ranging from 5-40 years) under the straight-line method of depreciation.



**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- H. Receivables - The District did not experience bad debt losses; accordingly, no adjustment has been made for doubtful accounts, and accounts receivable is shown at the adjusted value.
- I. Encumbrances - Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not utilized by the District.
- J. Compensated Absences - Accumulated unpaid employee vacation and sick leave benefits are recognized as liabilities of the District. The amounts are included in current liabilities.
- K. Restricted Assets - Restricted assets are financial resources segregated for a special purpose such as construction of improvements and financing of debt obligations. These assets are for the benefit of a distinct group and as such are legally or contractually restricted.
- L. Use of Estimates  
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the AICPA, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.
- M. Net Position  
GASB Statement No. 63, requires that the difference between assets added to the deferred outflows of resources and liabilities be added to the deferred inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.  
  
Net position that is net investment in capital assets consist of capital assets, net of accumulated depreciation, and reduced by the outstanding principal of related debt. Restricted net position is the portion of net position that has external constraints placed on them by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions, or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted net position.
- N. Pensions  
For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South San Luis Obispo County Sanitation District's Public Employee's Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.
- O. Deferred Outflows and Inflows of Resources  
Pursuant to GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*," and GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*," the District recognizes deferred outflows and inflows of resources.  
  
In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. The District has one item which qualifies for reporting in this category; refer to Note 7 for a detailed listing of the deferred outflows of resources the District has reported.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

O. Deferred Outflows and Inflows of Resources (Continued)

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the District that is applicable to a future reporting period. The District has one item which qualifies for reporting in this category; refer to Note 7 for a detailed listing of the deferred inflows of resources the District has reported.

P. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 68

For the fiscal year ended June 30, 2015, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions." This Statement is effective for periods beginning after June 15, 2014. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement replaces the requirements of GASB Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers" as well as the requirements of GASB Statement No. 50, "Pension Disclosures." This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to pensions. Implementation of the GASB Statement No. 68 and the impact on the District's financial statements are explained in Note 7 - Pension Plans and Note 11 - Prior Period Adjustment.

Governmental Accounting Standards Board Statement No. 71

For the fiscal year ended June 30, 2015, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date." This Statement is effective for periods beginning after June 15, 2014. The objective of this Statement is to address an issue regarding application of the transition of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions." The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This statement will eliminate the source of potential significant understatement of restated beginning net position and expense in the first year of implementation of GASB Statement No. 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. Implementation of the GASB Statement No. 71 and the impact on the District's financial statements are explained in Note 7 - Pension Plans and Note 11 - Prior Period Adjustment.

**NOTE 3 - CASH AND INVESTMENTS**

Investments are carried at fair value in accordance with GASB Statement No. 31. On June 30, 2015 the District had the following cash and investments on hand:

Cash on hand	\$	9,038
Cash in Bank		46,219
Cash and investments with County Treasurer		3,088,606
Local Agency Investment Fund (LAIF)		<u>2,410,830</u>
Total cash and investment	\$	<u><u>5,554,693</u></u>

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

Investments Authorized by the California Government Code

The table below identifies the investment types that are authorized for the District by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
Federal Agency Securities	N/A	None	None
Bankers' Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase and Reverse Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	5 years	15%	10%
Money Market Mutual Funds	N/A	None	None
Mortgage Pass-Through Securities	N/A	20%	None
County Pooled Investment Fund	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
State Registered Warrants, Notes, or Bonds	5 years	None	None
Notes and Bonds of other Local California Agencies	5 years	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

<u>Investment Type</u>	<u>Remaining Maturity (in Months)</u>				
	<u>Carrying Amount</u>	<u>12 Months or Less</u>	<u>13 - 24 Months</u>	<u>25 - 60 Months</u>	<u>More than 60 Months</u>
San Luis Obispo Investment Pool	\$ 3,088,606	\$ 3,088,606	\$ -	\$ -	\$ -
State Investment Pool (LAIF)	2,410,830	2,410,830			
	<u>\$ 5,499,436</u>	<u>\$ 5,499,436</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code and the District's investment policy, and the actual rating as of fiscal year end for each investment type.

Investment Type	Carrying Amount	Minimum Legal Rating	Rating as of Fiscal Year End			
			AAA	Aa	Baa	Not Rated
San Luis Obispo Investment Pool	\$ 3,088,606	N/A	\$ -	\$ -	\$ -	\$ 3,088,606
State Investment Pool (LAIF)	2,410,830	N/A				2,410,830
	<u>\$ 5,499,436</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,499,436</u>

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent 5% or more of total District investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2015, none of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

Investment in State Pool (LAIF)

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.



**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE 4 - SCHEDULE OF CAPITAL ASSETS**

A schedule of changes in capital assets and depreciation for the fiscal year ended June 30, 2015, is shown below:

	Balance July 1, 2014	Additions	Deletions	Prior Period Adjustment	Balance June 30, 2015
Land	\$ 431,425	\$ -	\$ -	\$ -	\$ 431,425
Construction in Progress	541,691	55,940	(494,844)		102,787
Property, Plant, & Equipment	26,668,462	146,574	(27,668)	(4,399,604)	22,387,764
Total capital assets	27,641,578	202,514	(522,512)	(4,399,604)	22,921,976
Less Accumulated Depreciation	(17,465,192)	(874,378)	27,668	3,534,486	(14,777,416)
Net capital assets	<u>\$ 10,176,386</u>	<u>\$ (671,864)</u>	<u>\$ (494,844)</u>	<u>\$ (865,118)</u>	<u>\$ 8,144,560</u>

**NOTE 5 – LOAN PAYABLE**

On October 19, 2009, the District received a loan from Municipal Finance Corporation in the amount of \$483,159. The purpose of the loan was to install a new electrical generator system. The District will make semi-annual payments under the loan agreement of \$37,398 through August 16, 2017. The interest rate for the loan is 5.25%. Future debt service payments are as follows:

Fiscal Year Ended June 30	Principal	Interest	Total
2016	\$ 64,867	\$ 9,930	\$ 74,797
2017	68,318	6,479	74,797
2018	71,952	2,845	74,797
	<u>\$ 205,137</u>	<u>\$ 19,254</u>	<u>\$ 224,391</u>

**NOTE 6 – LONG-TERM DEBT**

The changes in long-term debt at June 30, 2015, are as follows:

	Balance July 1, 2014	Additions	Retirements	Prior Period Adjustment	Balance June 30, 2015	Due within One year
Compensated Absences	\$ 49,247	\$ 28,830	\$ (25,747)	\$	\$ 52,330	\$ -
Loan Payable	266,728		(61,591)		205,137	64,867
OPEB	611,233	155,233	(35,274)		731,192	
Net Pension Liability		322,293	(537,770)	771,590	556,113	
Total	<u>\$ 927,208</u>	<u>\$ 506,356</u>	<u>\$ (660,382)</u>	<u>\$ 771,590</u>	<u>\$ 1,544,772</u>	<u>\$ 64,867</u>

**NOTE 7 – DEFINED BENEFIT PENSION PLAN**

**A. General Information about the Pension Plans**

*Plan Descriptions*

All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

*Benefits Provided*

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for nonduty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
Benefit formula	2.0% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-63	52-67
Monthly benefits, as a % of eligible compensation	1.09% to 2.42%	1.0% to 2.5%
Required employee contribution rates	7.00%	7.00%
Required employer contribution rates	13.187%	6.800%

*Contributions*

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Contributions to the pension plan from the District were \$50,379 for the fiscal year ended June 30, 2015.

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2015

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**NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)**

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

At June 30, 2015, the District reported a liability of \$556,113 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, actuarially determined. At June 30, 2014, the District's proportion was 0.02250%, which decreased by 0.00105% from June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$29,572. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 48,422	\$ -
Differences between expected and actual experience		
Changes in assumptions		
Net difference between projected and actual earnings on retirement plan investments		196,215
Adjustment due to differences in proportions	3,446	1,901
	<u>\$ 51,868</u>	<u>\$ 198,116</u>

\$48,442 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expenses as follows:

Fiscal Year Ended June 30	Amount
2016	\$ (48,502)
2017	(48,502)
2018	(48,613)
2019	(49,053)

**NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)**

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

*Actuarial Assumptions*

The total pension liability in the June 30, 2013 actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.5% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

- (1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table please refer to the 2014 experience study report.

*Discount Rate*

The discount rate used to measure the total pension liability was 7.50%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly high Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.



**NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)**

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits were calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10(a)</u>	<u>Real Return Years 11+(b)</u>
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	<u>100%</u>		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

*Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5 percent) or 1- percentage point higher (8.5 percent) than the current rate:

	<u>1% Decrease 6.50%</u>	<u>Discount Rate 7.50%</u>	<u>1% Increase 8.50%</u>
District's proportionate share of the net pension plan liability	\$ 1,008,853	\$ 556,113	\$ 180,383

**NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)**

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**C. Payable to the Pension Plan**

At June 30, 2015, the District had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2015.

**NOTE 8 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

Plan Description

The District provides post-retirement health benefits to all retirees who retire from the System and have reached the minimum age of 50.

Funding Policy

The District is required to contribute the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of the GASB Statement No. 45. The System used the alternative measurement method as allowed under GASB Statement No. 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Annual OPEB Cost and Net OPEB Obligation/(Asset)

The following table shows the components of the District's Annual OPEB Cost for the fiscal year ended June 30, 2015, the amount actually contributed to the plan (including administrative costs), and changes in the System's Net OPEB Obligation/(Asset):

	<u>Fiscal Year Ending June 30, 2015</u>
Annual Required Contributions	\$ 130,783
Interest on Net OPEB Obligation/(Asset)	24,449
Annual OPEB Cost/Expense	155,232
Contributions made	35,273
Increase in Net OPEB Obligations/(Asset)	119,959
Net OPEB Obligations/(Assets) - beginning of fiscal year	611,233
Net OPEB Obligations/(Assets) - end of fiscal year	<u>\$ 731,192</u>

The District's Annual OPEB cost, the percentage of Annual OPEB Cost contributed to the plan, and the Net OPEB Obligation (Asset) are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Contribution</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
June 30, 2013	\$ 161,749	\$ 22,163	14%	\$ 491,448
June 30, 2014	\$ 150,441	\$ 30,656	20%	\$ 611,233
June 30, 2015	\$ 155,232	\$ 35,273	23%	\$ 731,192

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2015

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**NOTE 8 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

Annual OPEB Cost and Net OPEB Obligation/(Asset) (Continued)

The funded status of the plan was as follows:

Valuation Date	Value of Assets	Projected Unit Credit Actuarial Accrued Liabilities	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UUAL as a Percentage of Covered Payroll
June 30, 2012	\$ -	\$ 798,486	\$ 798,486	0%	\$ 438,683	182%
June 30, 2013	\$ -	\$ 1,017,897	\$ 1,017,897	0%	\$ 405,804	251%
June 30, 2014	\$ -	\$ 1,295,363	\$ 1,295,363	0%	\$ 366,444	353%

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in accrued liabilities and the value of assets, consistent with the long-term perspective of the calculations.

The District did not pre-fund retiree healthcare costs nor establish an irrevocable trust for retiree healthcare costs. The decision not to use an irrevocable trust was made because of the current national and state economic issues and the possibility that the funds may be required to provide current services.

**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

According to the District's staff and attorney, no contingent liabilities are outstanding and no lawsuits are pending of any real financial consequence.

**NOTE 10 – SETTLEMENT PAYABLE**

On October 3, 2012, the District was levied a penalty of \$1,109,813 from the Regional Water Control Board for a sewage spill in December 2010. As of June 30, 2015, the balance was \$1,109,813.

**NOTE 11 – PRIOR PERIOD ADJUSTMENT**

A prior period adjustment of \$(1,586,329) was made which affects the statement of net position- Proprietary fund. The prior period adjustment was to record the net pension liability of \$(771,590), deferred outflow of resources of \$50,379, correction of capital assets of \$(4,399,604), and accumulated depreciation of capital assets of \$3,534,486.

## **REQUIRED SUPPLEMENTARY INFORMATION**



**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
 Last 10 Years\*  
 As of June 30, 2015

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The following table provides required supplementary information regarding the District's Pension Plan.

	<u>2015</u>
Proportion of the net pension liability	0.0225%
Proportionate share of the net pension liability	\$ 556,113
Covered- employee payroll	\$ 496,070
Proportionate share of the net pension liability as percentage of covered-employee payroll	112.1%
Plan's total pension liability	\$ 13,110,948,452
Plan's fiduciary net position	\$ 10,639,461,174
Plan fiduciary net position as a percentage of the total pension liability	81.15%

\*- Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT****SCHEDULE OF CONTRIBUTIONS**

Last 10 Years\*

As of June 30, 2015

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The following table provides required supplementary information regarding the District's Pension Plan.

	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 48,422
Contribution in relation to the actuarially determined contributions	48,422
Contribution deficiency (excess)	<u>\$ -</u>
Covered- employee payroll	\$ 569,833
Contributions as a percentage of covered-employee payroll	8.50%

**Notes to Schedule**

Valuation Date: 6/30/2013

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Asset valuation method	5-year smoothed market
Amortization method	Level percentage of payroll, closed
Discount rate	7.50%
Price Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes inflation
Mortality	Derived using CalPERS' Membership data for all funds.
Post Retirement Benefit	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

\*- Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

**Attachment - 7**  
**Rate Adoption Resolution/Ordinance**

**ORDINANCE NO. 2016 – 01****AN ORDINANCE OF THE BOARD OF DIRECTORS OF SOUTH SAN LUIS OBISPO COUNTY  
SANITATION DISTRICT INCREASING CHARGES FOR WASTEWATER TREATMENT  
SERVICES AND FACILITIES**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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## Wastewater Treatment Rates

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

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

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

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

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


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

AYES: John Shoals, Matthew Guerrero, Jim Hill

NOES: ☒

ABSENT: ☒

ABSTENTIONS: ☒

  
John Shoals, Chairman

ATTEST:

  
Secretary

APPROVED AS TO FORM:

  
District Counsel

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



## **Wastewater Financial Plan & Rate Study**

**February 10, 2016**



**BARTLE WELLS ASSOCIATES**  
INDEPENDENT PUBLIC FINANCE ADVISORS



**BARTLE WELLS ASSOCIATES**  
INDEPENDENT PUBLIC FINANCE ADVISORS

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

February 10, 2016

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

Attn: John Clemons, District Administrator

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

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

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

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

Sincerely,

BARTLE WELLS ASSOCIATES

Alex T. Handlers, CIPMA  
Principal/Vice-President

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## Table of Contents

<b>1</b>	<b>Background .....</b>	<b>1</b>
<b>2</b>	<b>Financial Plan &amp; Rate Study Objectives.....</b>	<b>1</b>
<b>3</b>	<b>District Finances &amp; Rates .....</b>	<b>2</b>
<b>4</b>	<b>Financial Challenges .....</b>	<b>6</b>
4.1	Redundancy Project .....	6
4.2	Capital Needs and Repair & Replacement of Aging Facilities .....	8
4.3	Operating Cost Inflation .....	8
<b>5</b>	<b>Financial Projections.....</b>	<b>10</b>
5.1	Projections with SRF Loan Financing.....	11
5.2	Projections with Bond Financing.....	13
<b>6</b>	<b>Cost of Service Rate Realignment .....</b>	<b>15</b>
<b>7</b>	<b>Rate Projections .....</b>	<b>18</b>
7.1	Rate Projections with No Changes to Rate Structure .....	18
7.2	Rate Projections with Modified Rate Structure .....	21
7.3	Other Rate Observations.....	24
<b>8</b>	<b>Rate Recommendations.....</b>	<b>26</b>
<b>9</b>	<b>Compliance with Proposition 218 .....</b>	<b>27</b>
9.1	Compliance with the Substantive Provisions of Proposition 218 .....	27
9.2	Compliance with the Procedural Requirements of Proposition 218 .....	29
<b>10</b>	<b>Debt Financing Recommendations .....</b>	<b>30</b>

**Appendix A: Complete Set of Tables & Charts**

**Appendix B: Proposition 218 Notice of Public Hearing**

**Appendix C: California Sewer Rate Structures**

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

## **Wastewater Financial Plan & Rate Study**

### **Key Findings & Recommendations**

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## **1 Background**

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

## **2 Financial Plan & Rate Study Objectives**

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

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

### **3 District Finances & Rates**

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

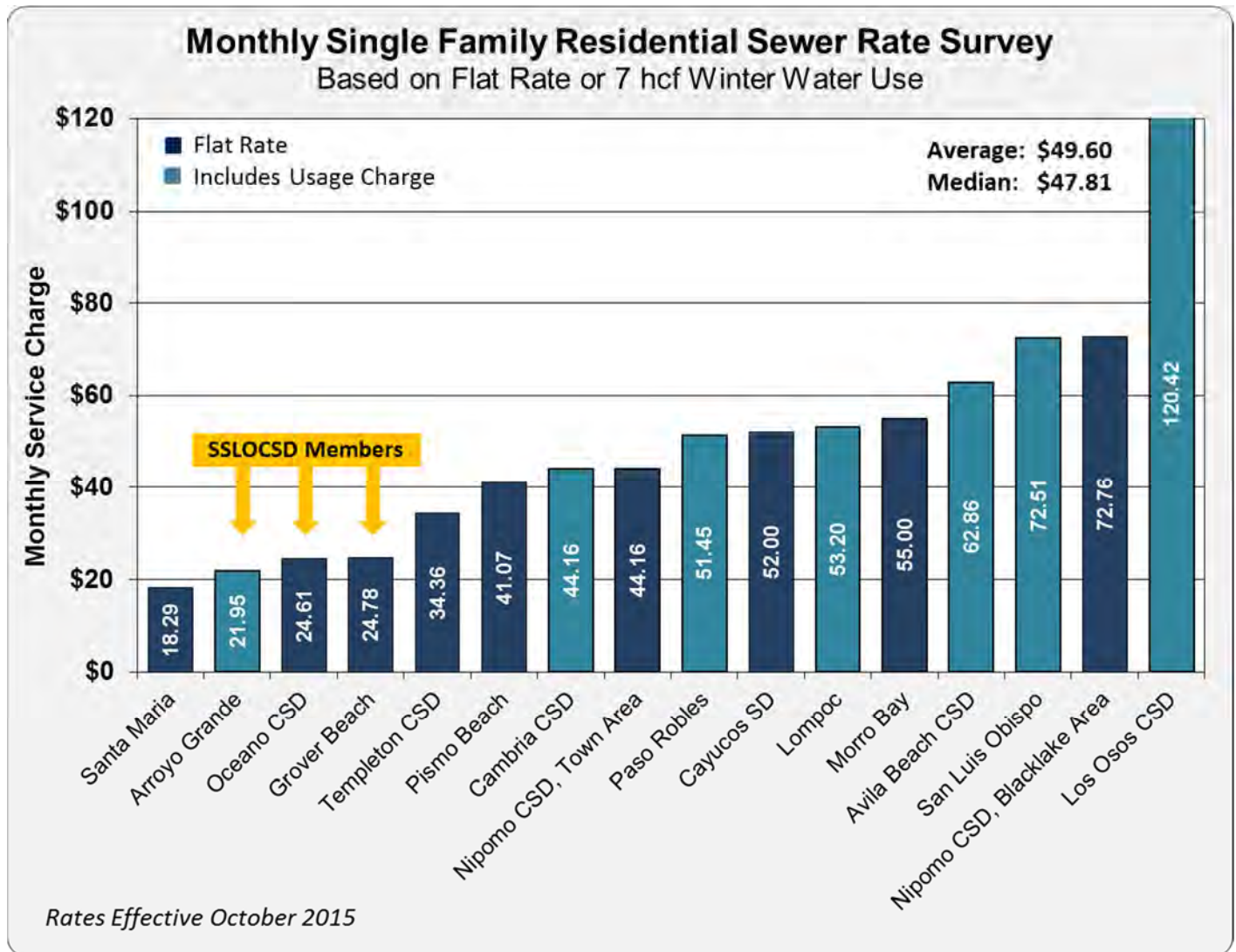
## Historical SSLOCSD Rates

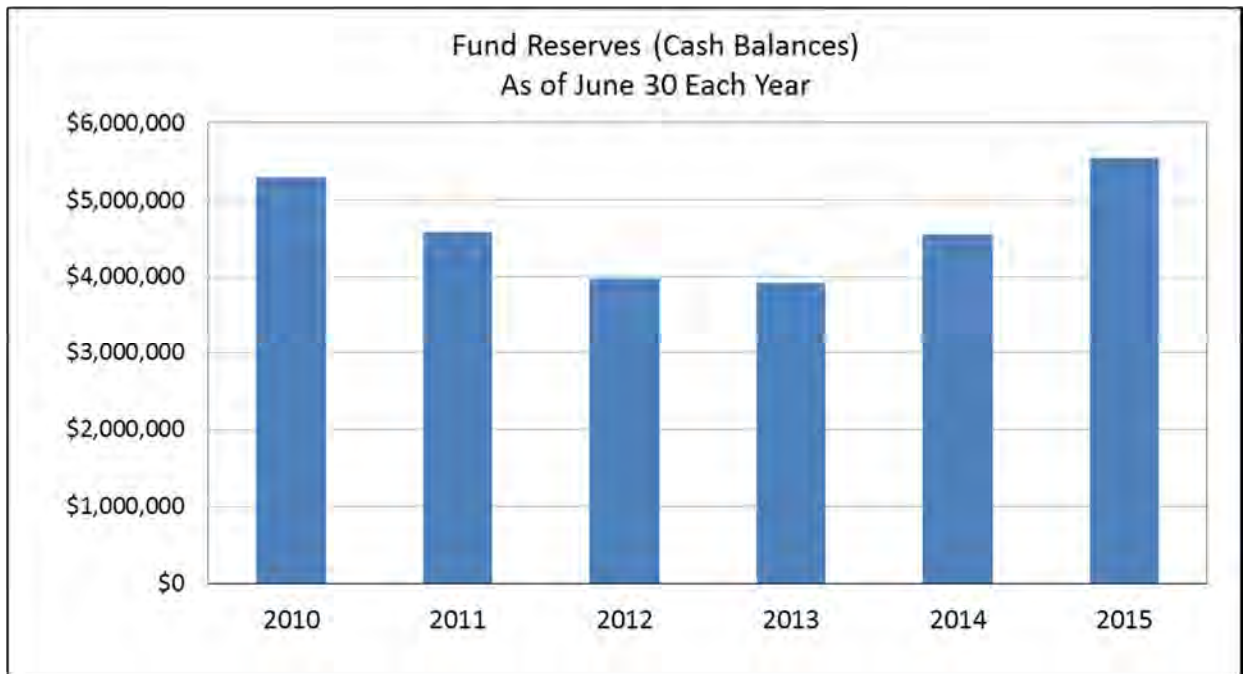
(Note: There have been no rate increases in over five years since May 1, 2010)

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

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

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





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



## 4 Financial Challenges

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

### 4.1 Redundancy Project

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

## Redundancy Project Cost Estimates (Current \$)

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### Project Cost Estimates

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

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

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

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

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

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

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## **4.2 Capital Needs and Repair & Replacement of Aging Facilities**

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

## **4.3 Operating Cost Inflation**

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

## 10-Year Capital Improvement Program

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

## 5 Financial Projections

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

### Key Assumptions

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



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

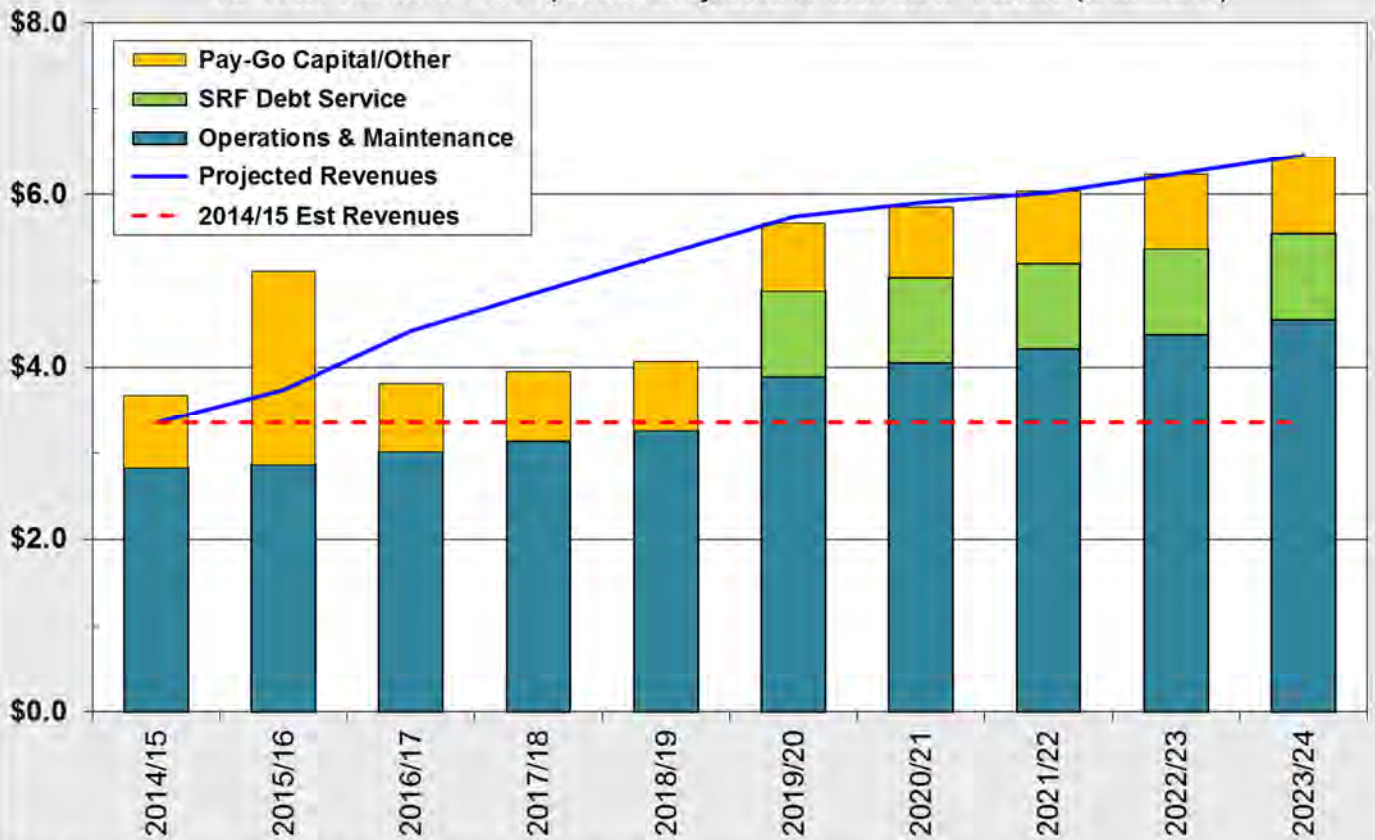
## 5.1 Projections with SRF Loan Financing

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

**Summary Financial Projections**  
**With SRF Loan Financing for the Redundancy Project**

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

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



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

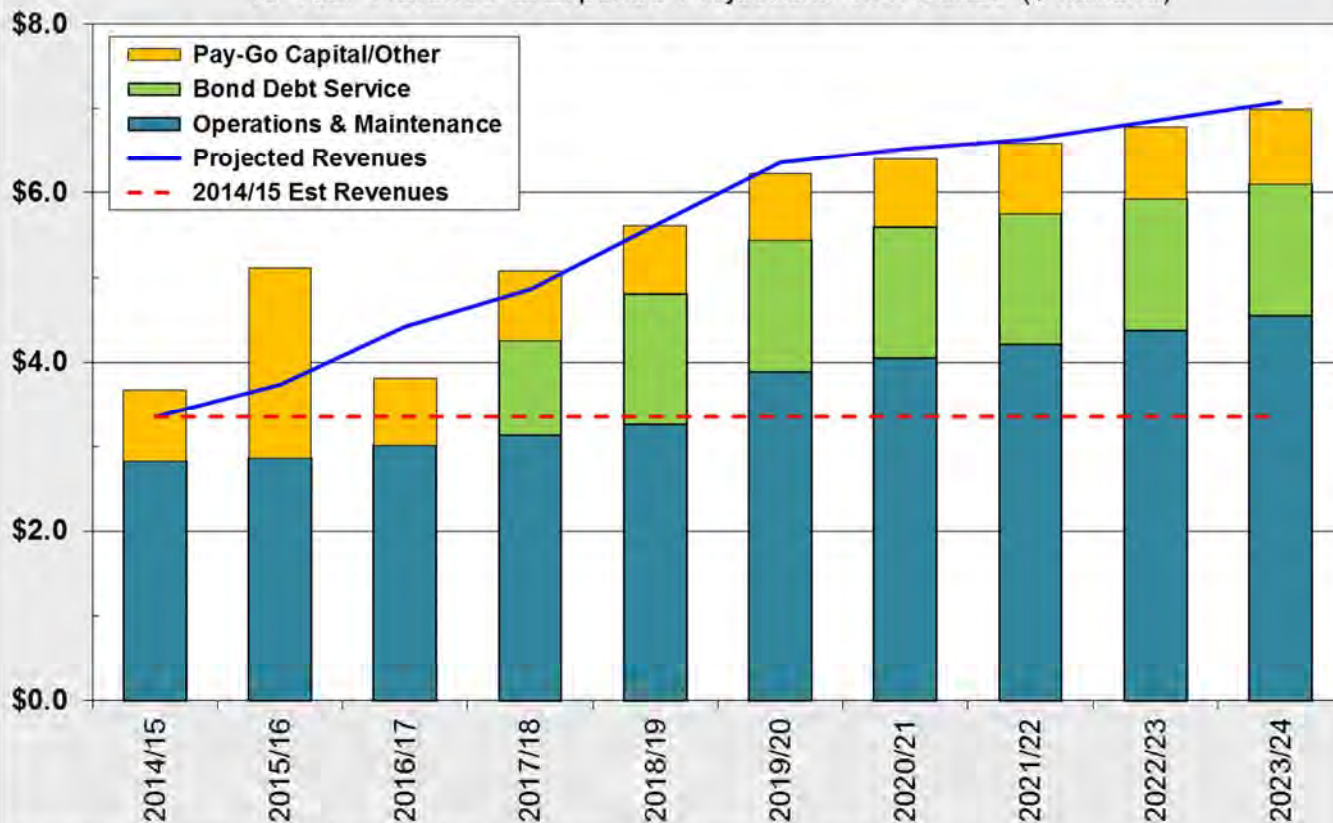
## 5.2 Projections with Bond Financing

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

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

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

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



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

## 6 Cost of Service Rate Realignment

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



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

## Revised Sewer Rates With Cost-of-Service Realignment

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

## 7 Rate Projections

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

### 7.1 Rate Projections with No Changes to Rate Structure

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

**Projected Rates with No Changes to Rate Structure**

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

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

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

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

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

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



## 7.2 Rate Projections with Modified Rate Structure

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

**Projected Rates with Rate Structure Realignment**

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

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

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

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

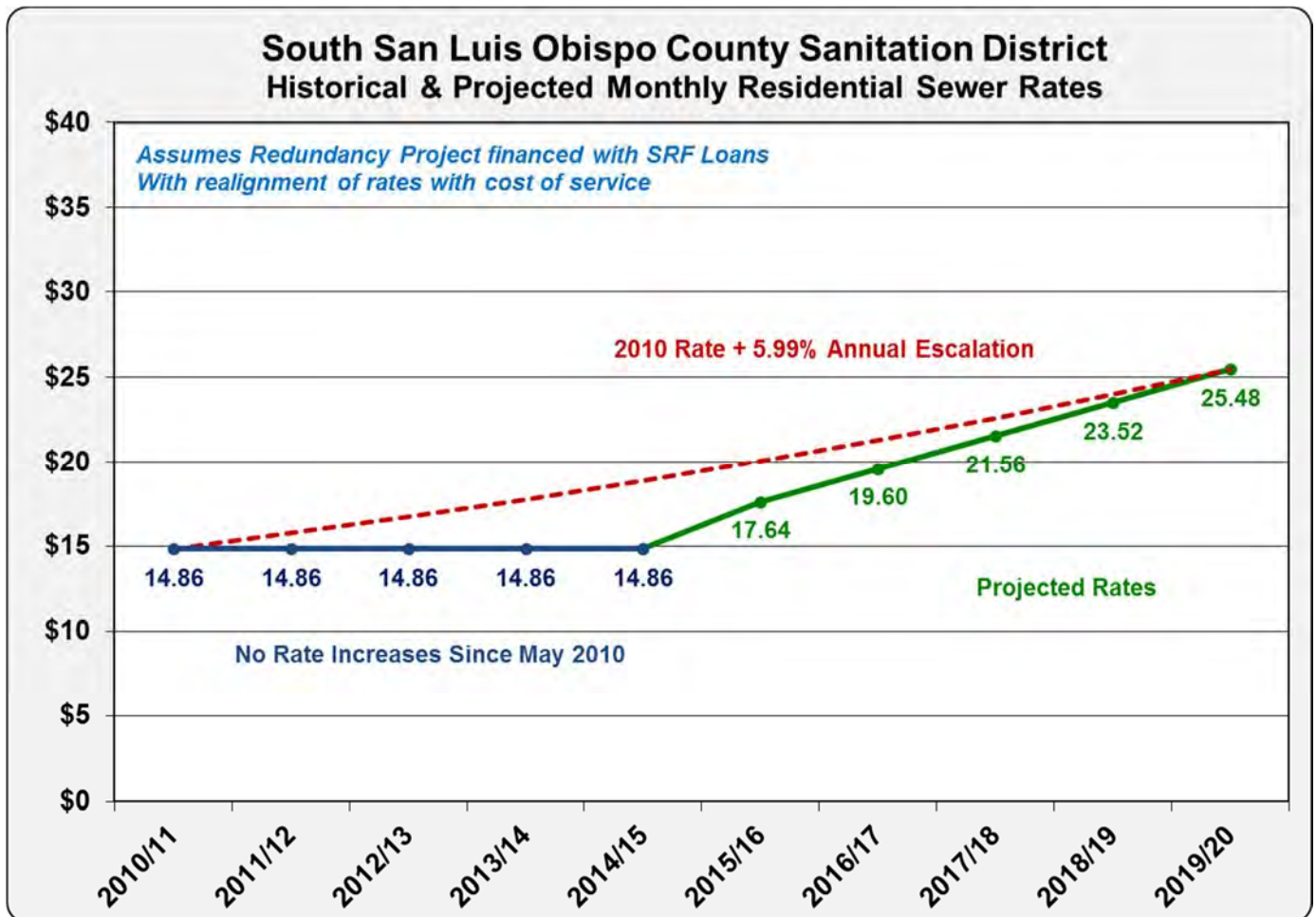
**Projected Rates 2B**  
**Revenue Bond Financing for Redundancy Project**  
**With Rate Structure Realignment**

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

### 7.3 Other Rate Observations

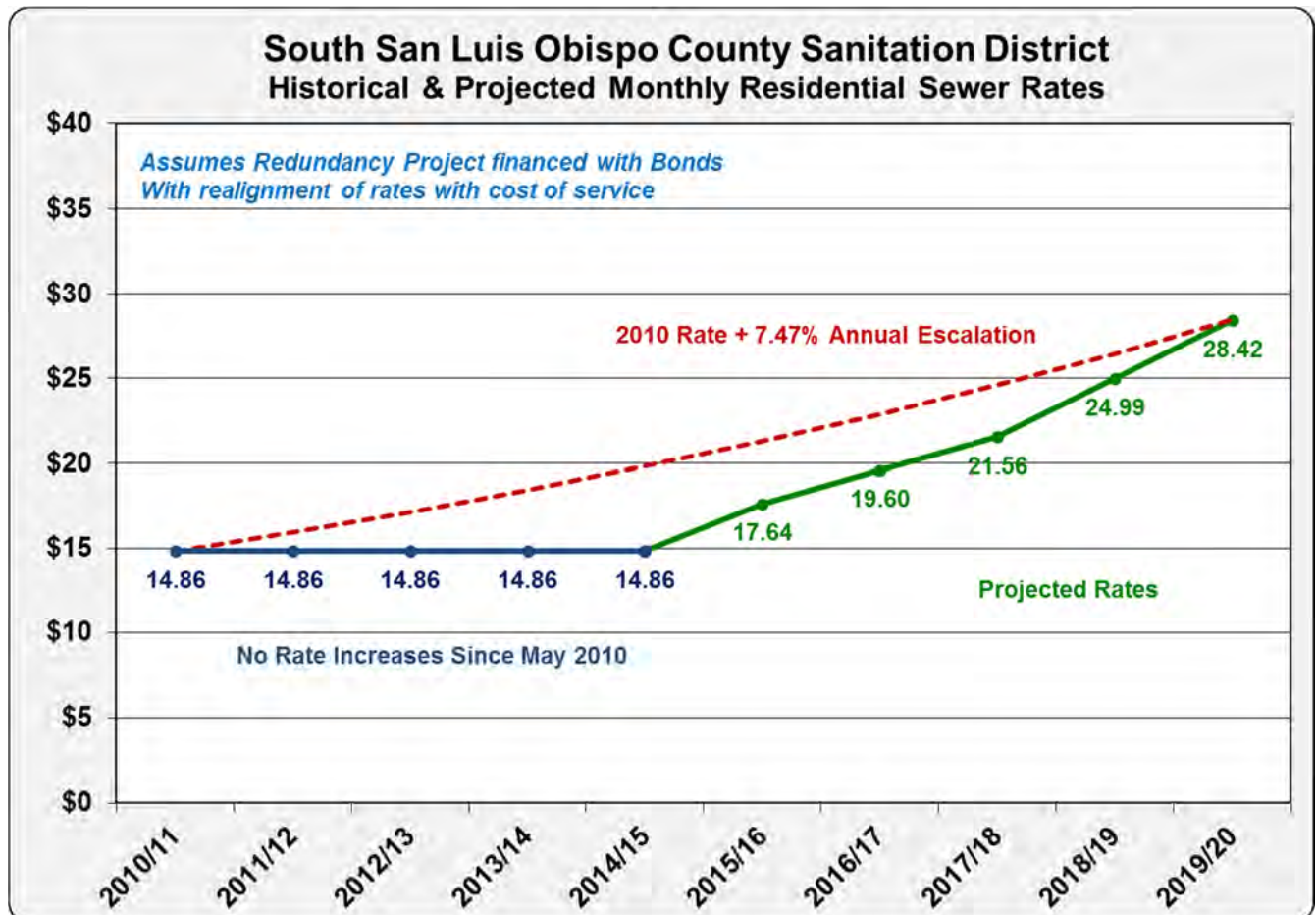
- Deferring or reducing rate increases in the near-term would result in the need for higher rate increases in future years (and vice versa)
- Each \$1 increase in the monthly residential rate generates a little over \$200,000 of additional revenues.
- The financial projections also indicate the need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

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





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



## 8 Rate Recommendations

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

## 9 Compliance with Proposition 218

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

### 9.1 Compliance with the Substantive Provisions of Proposition 218

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

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

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

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

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

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

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

## **9.2 Compliance with the Procedural Requirements of Proposition 218**

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

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

## 10 Debt Financing Recommendations

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



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

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

## **Complete Set of Tables & Charts**

Table 1

## South San Luis Obispo County Sanitation District

## Wastewater Rate Study

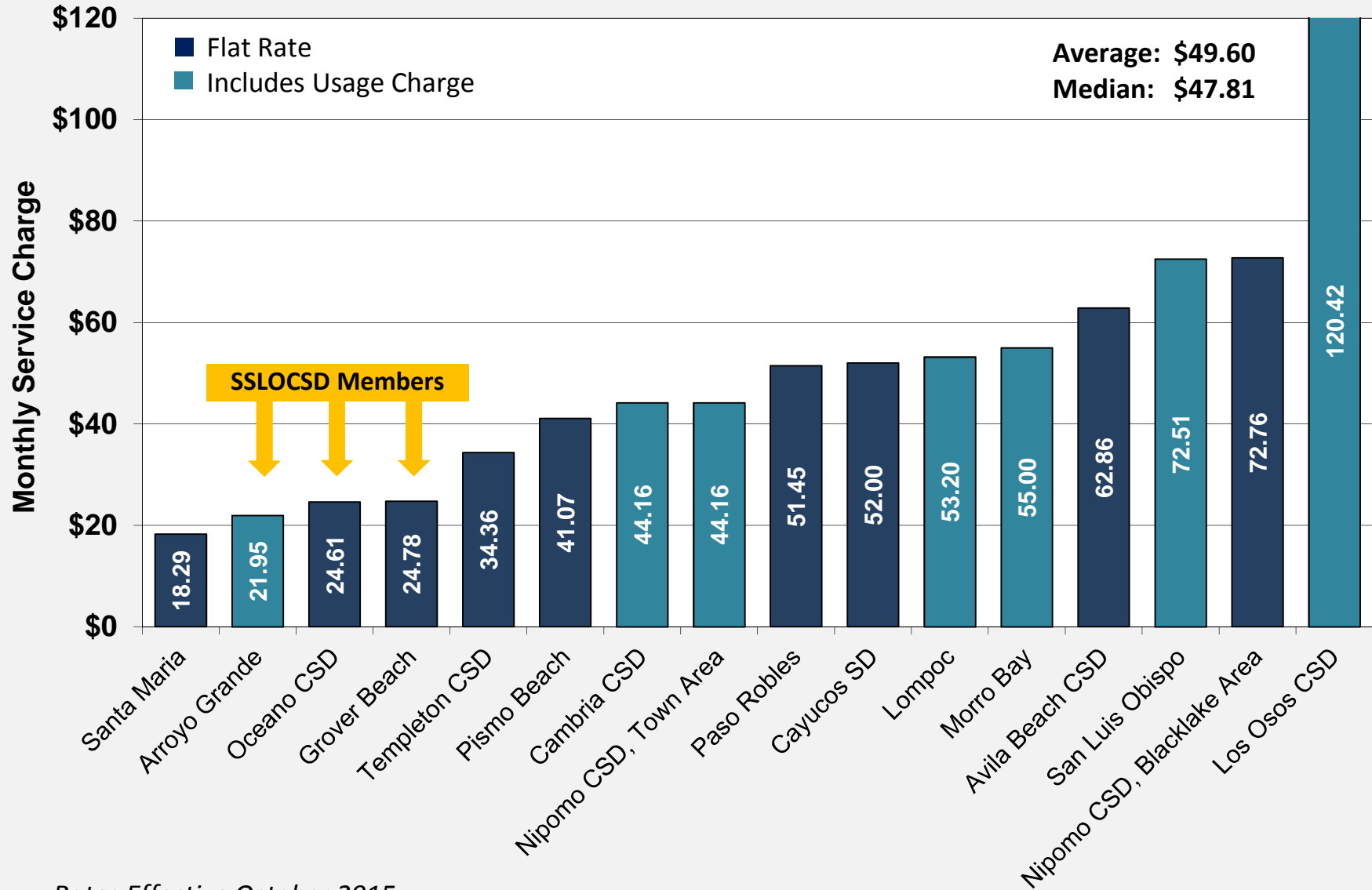
## Historical Wastewater Rates

*No rate increases since May 2010*

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

# Monthly Single Family Residential Sewer Rate Survey

Based on Flat Rate or 7 hcf Winter Water Use



Rates Effective October 2015

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

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



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

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

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

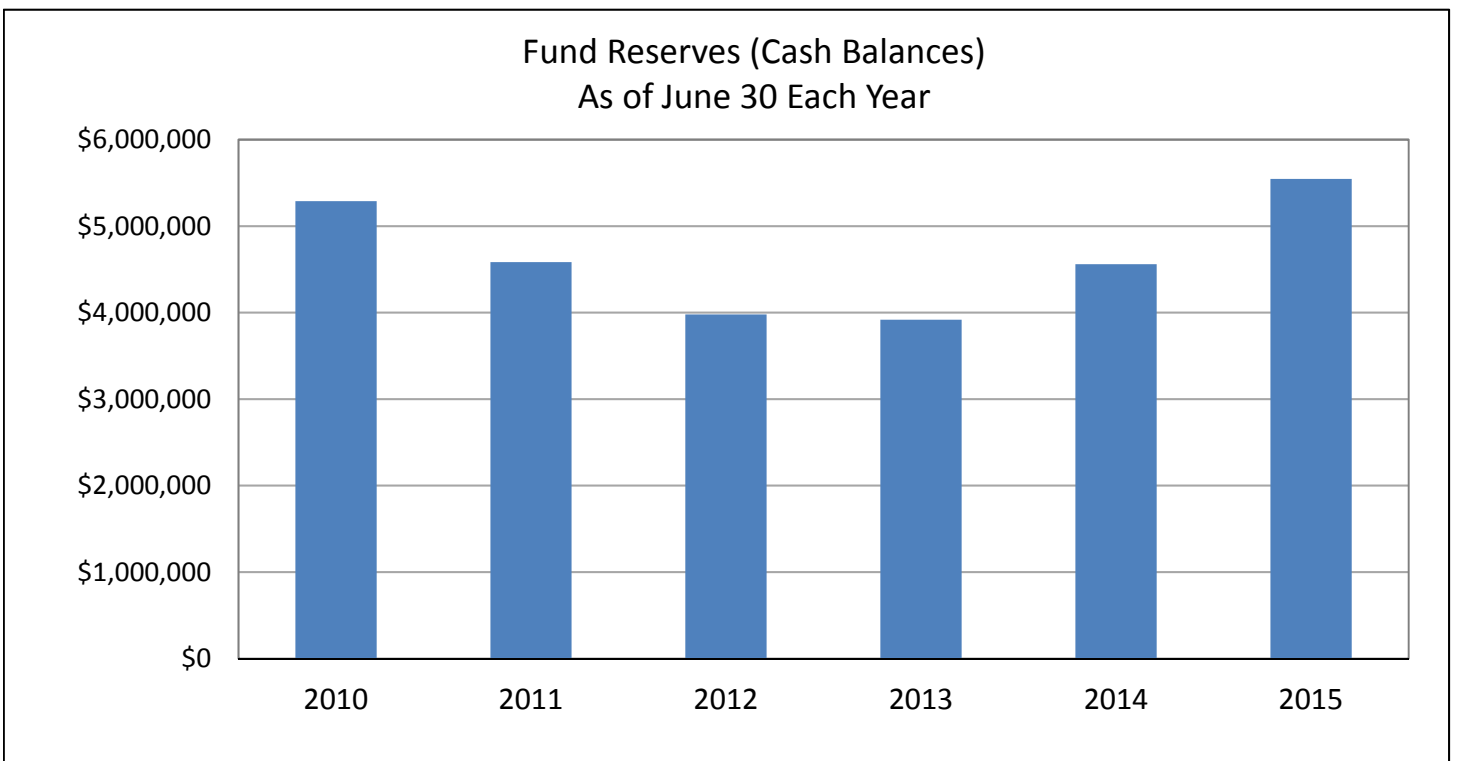


Table 4  
South San Luis Obispo County Sanitation District  
Wastewater Rate Study  
Historical & Budgeted Revenues

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

Source: South San Luis Obispo County Sanitation District Budgets.

Note: Excludes interfund transfers.

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

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

Source: South San Luis Obispo County Sanitation District Budgets.

Note: Excludes interfund transfers.

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

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

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

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

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



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

Per \$10 Million of Project Funding

	Future SRF Est. at 3.0%
<b>Funding Target</b>	\$10,000,000
<b>SRF Loan Amount</b>	
Eligible Project Costs <sup>1</sup>	10,000,000
Accrued Interest During Construction <sup>2</sup>	<u>300,000</u>
Total Loan Amount	10,300,000
<b>Loan Terms</b>	
Term (years)	30
Interest Rate <sup>3</sup>	3.00%
<b>Annual Loan Payment<sup>4</sup></b>	525,000
<b>Reserve Fund Requirement<sup>5</sup></b>	
Equal to Annual Debt Service	525,000

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

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

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

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

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

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

Per \$10 Million of Project Funding

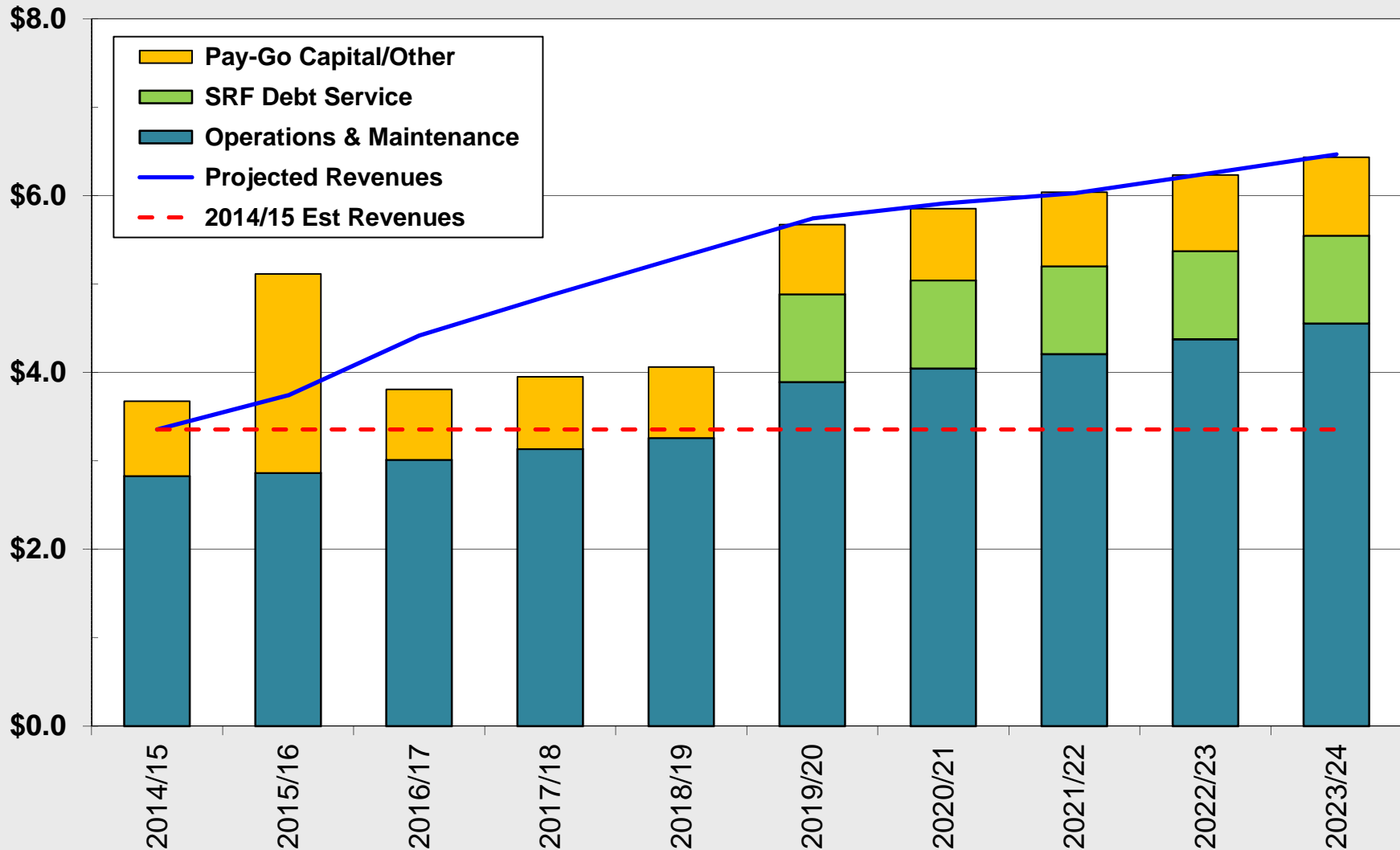
	Assumptions	25-Year Bonds	30-Year Bonds
<b>Funding Target</b>		\$10,000,000	\$10,000,000
<b>Total Debt Issue</b>		\$11,050,000	\$11,025,000
<b>Proceeds</b>		\$10,000,000	\$10,000,000
<b>Issuance Costs &amp; Reserve Requirement</b>			
Underwriter Discount	1.00%	\$110,500	\$110,300
Issuance Costs		150,000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

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

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

# South San Luis Obispo County Sanitation District

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



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

Excludes interfund transfers that are not expenditures.

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

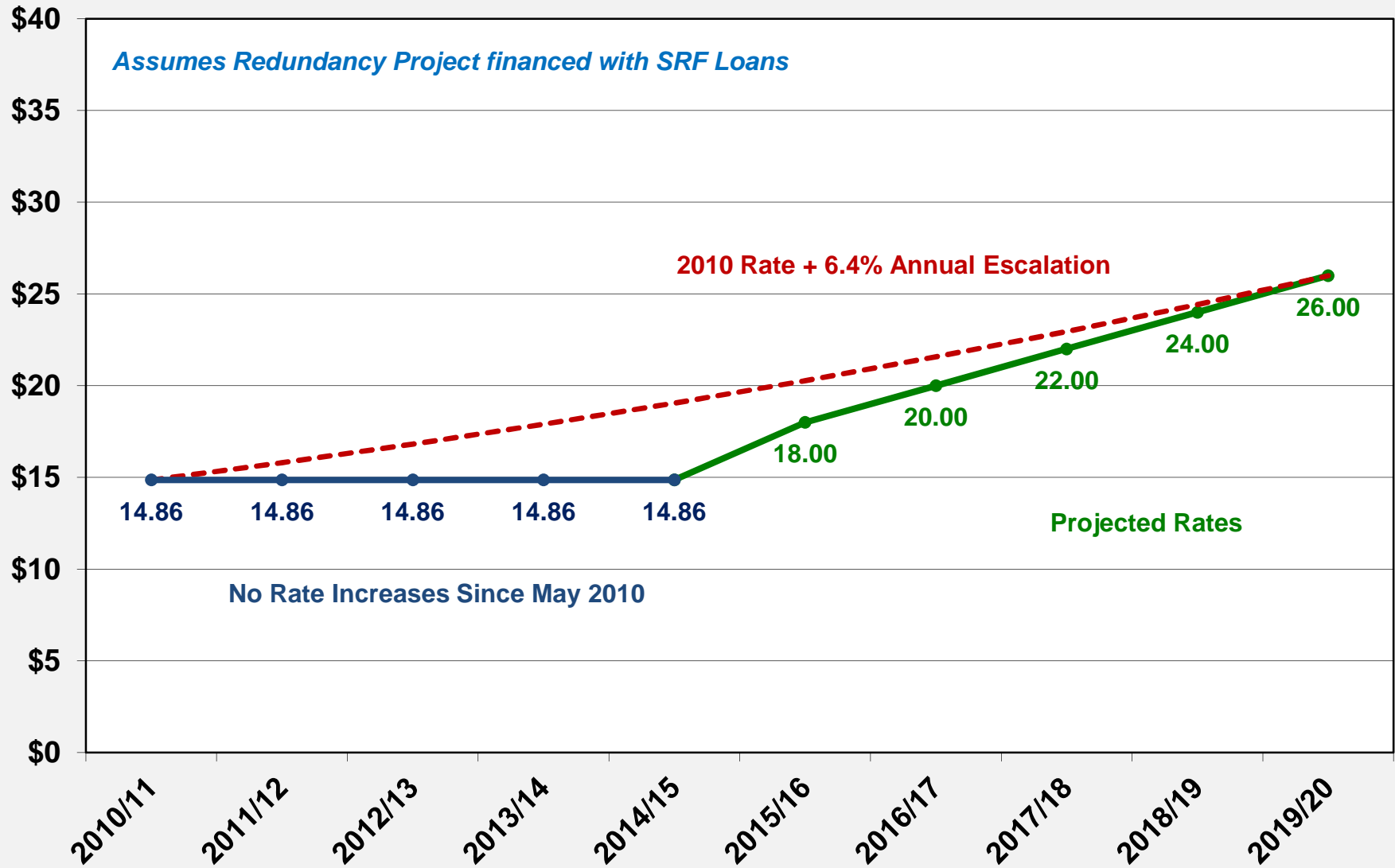




Table 11  
South San Luis Obispo County Sanitation District  
Wastewater Rate Study  
Projected Rates with Across-the-Board Increases

Assumes no rate structure modifications  
With SRF Financing

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

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

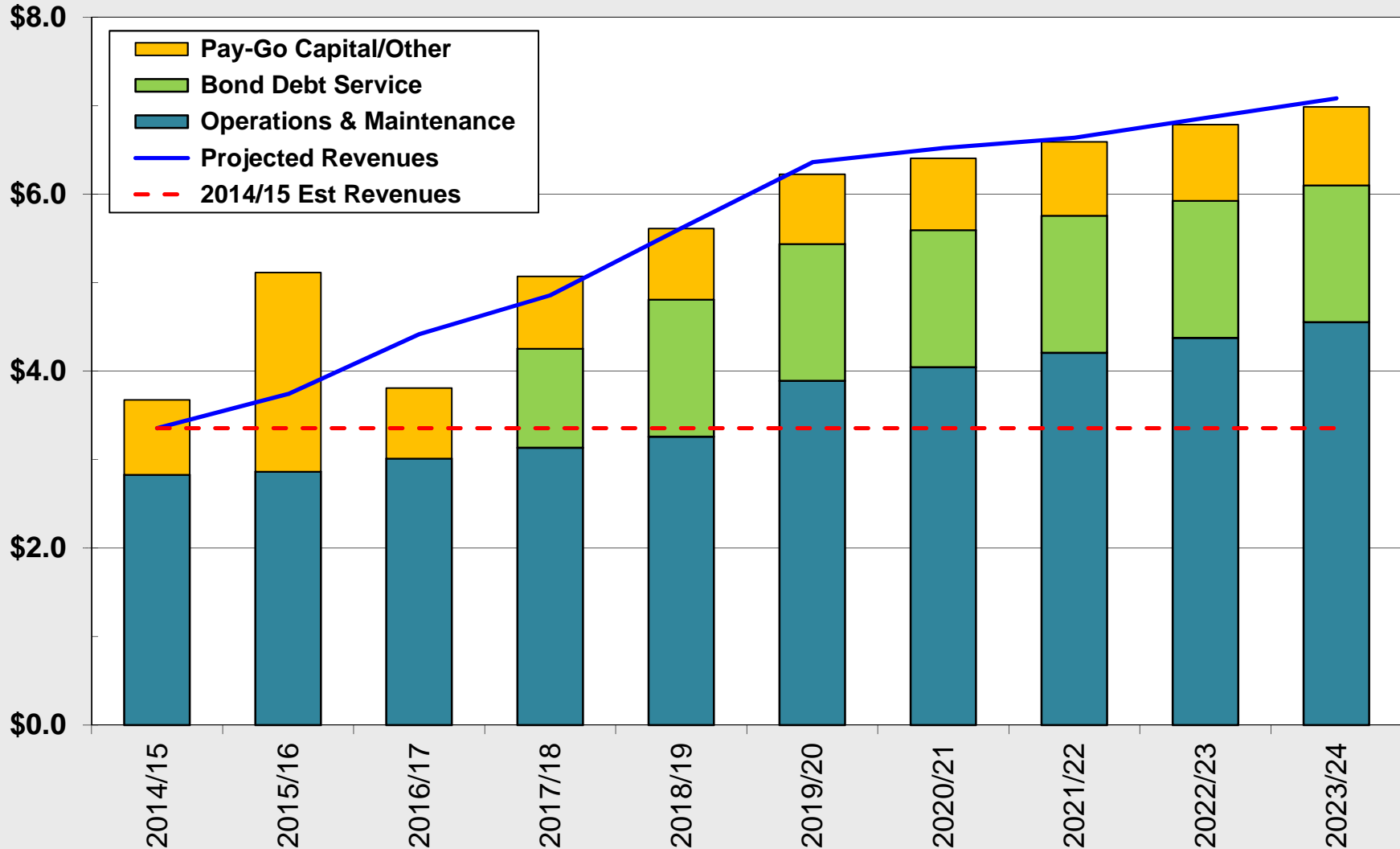
Table 10B - South San Luis Obispo CSD Wastewater Cash Flow Projections (Bonds)

Years 6 - 10

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

## South San Luis Obispo County Sanitation District

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



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

Excludes interfund transfers that are not expenditures.

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

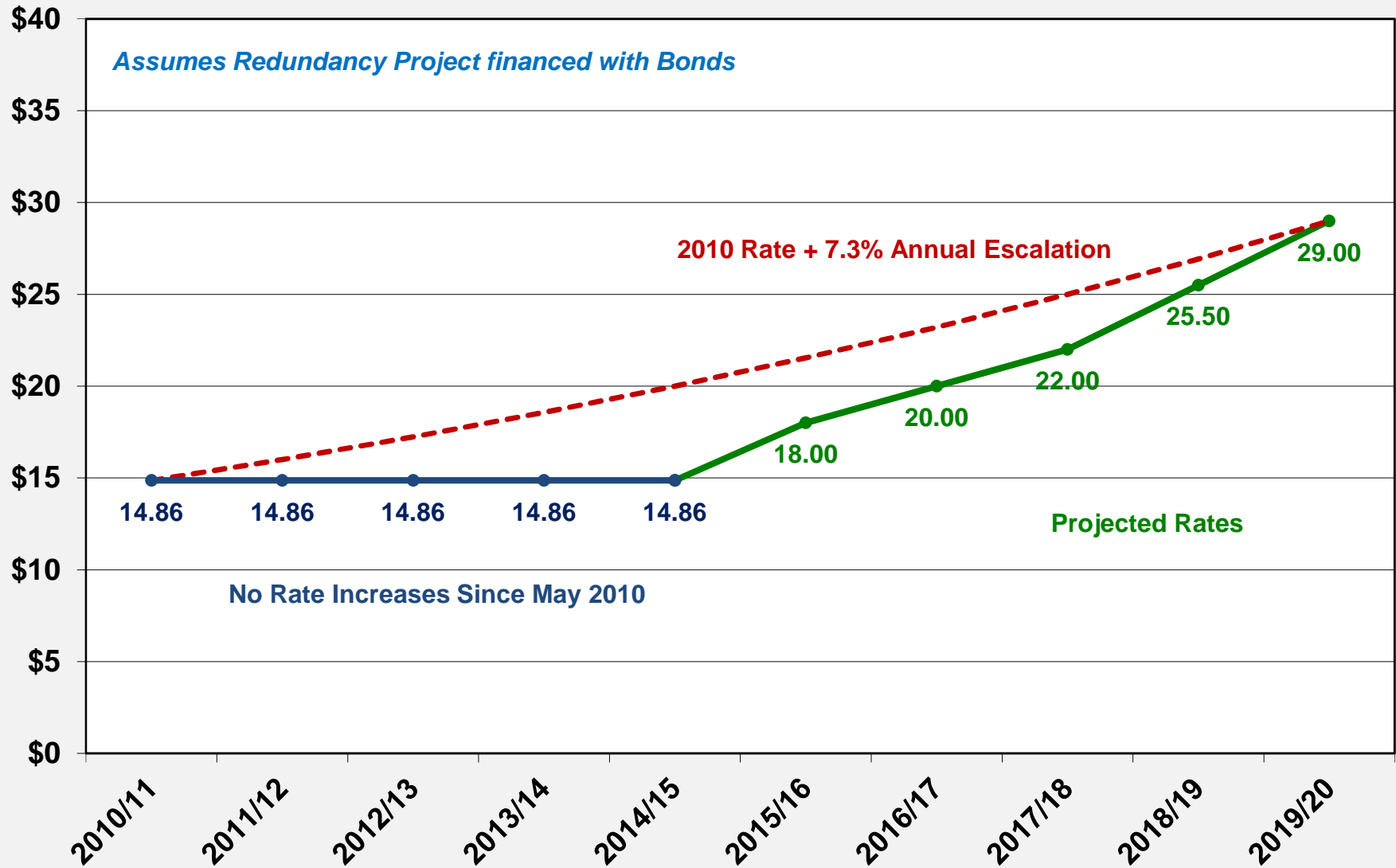


Table 11B  
South San Luis Obispo County Sanitation District  
Wastewater Rate Study  
Projected Rates with Across-the-Board Increases

Assumes no rate structure modifications  
*With Bond Financing*

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



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

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

Table 13

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

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

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

Table 14

## South San Luis Obispo County Sanitation District

## Rates &amp; Revenue-Neutral Impacts with Updated Flow &amp; Strength Assignments

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

Table 15

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

With Rate Structure Modifications  
With SRF Financing

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

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

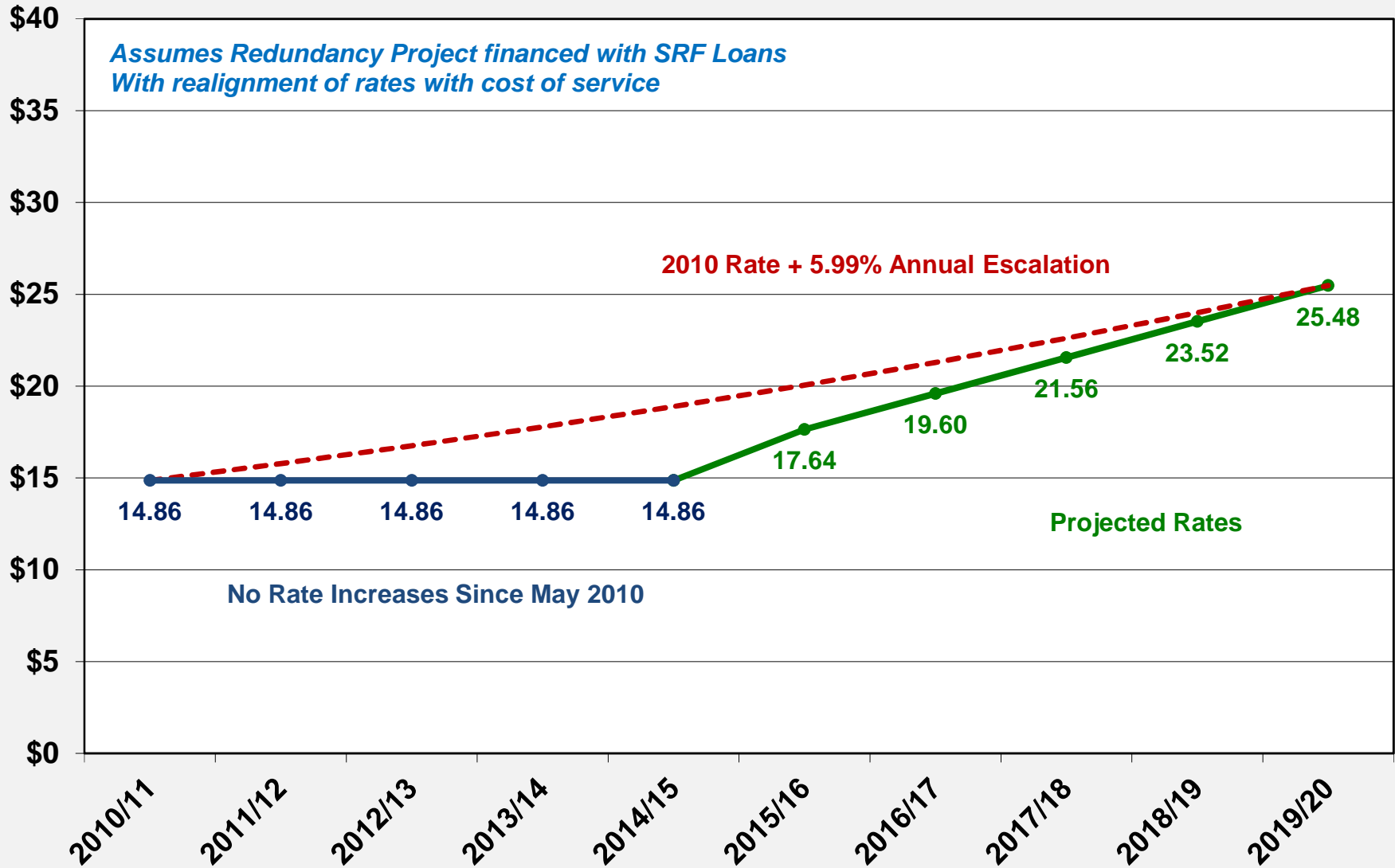


Table 15B

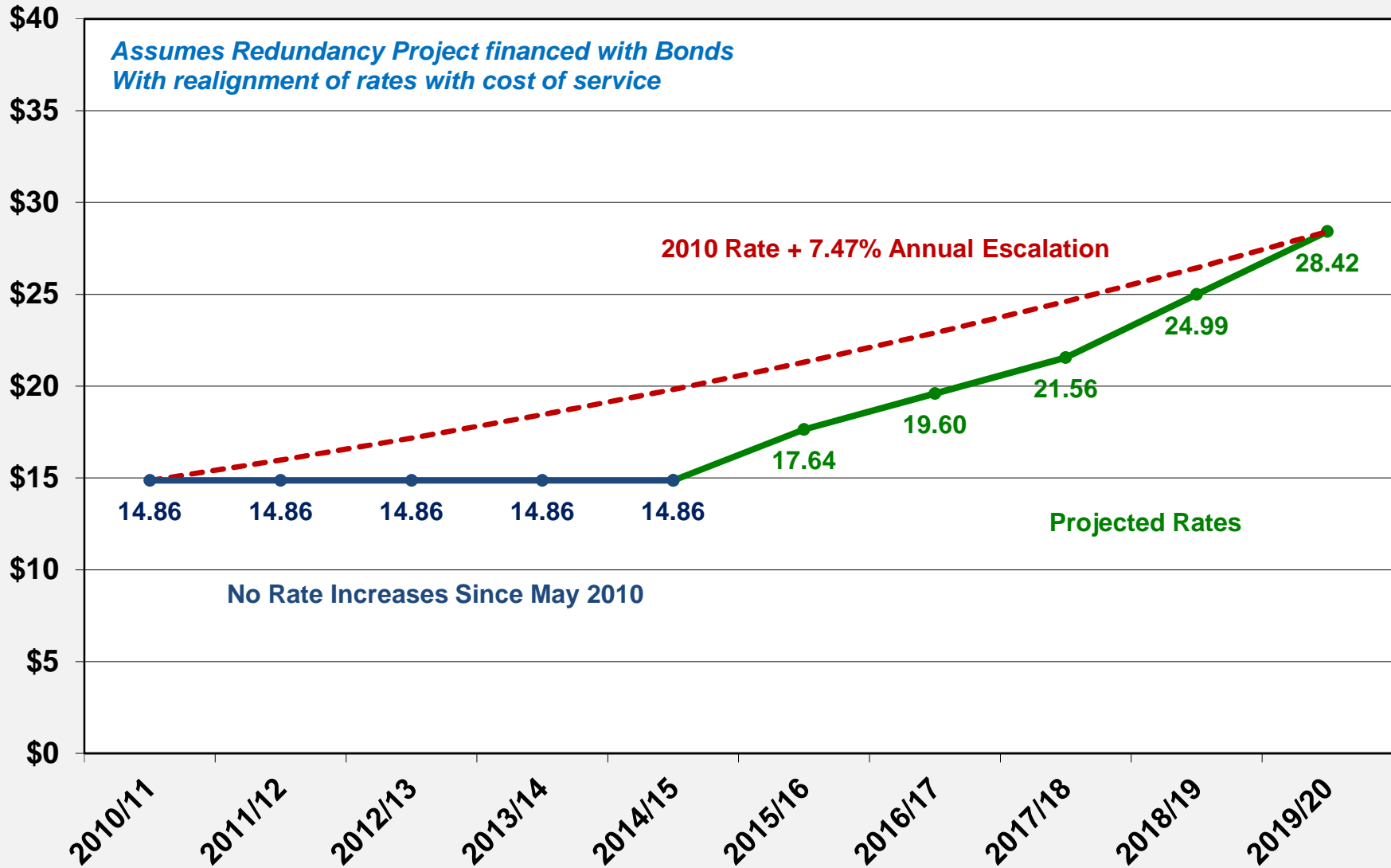
South San Luis Obispo County Sanitation District  
Wastewater Rate Study  
Projected Rates with Rate Structure Modifications

With Rate Structure Modifications  
With Bond Financing

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



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



# **Appendix B**

## **Proposition 218 Notice of Public Hearing**



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

December 30, 2015

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

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

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

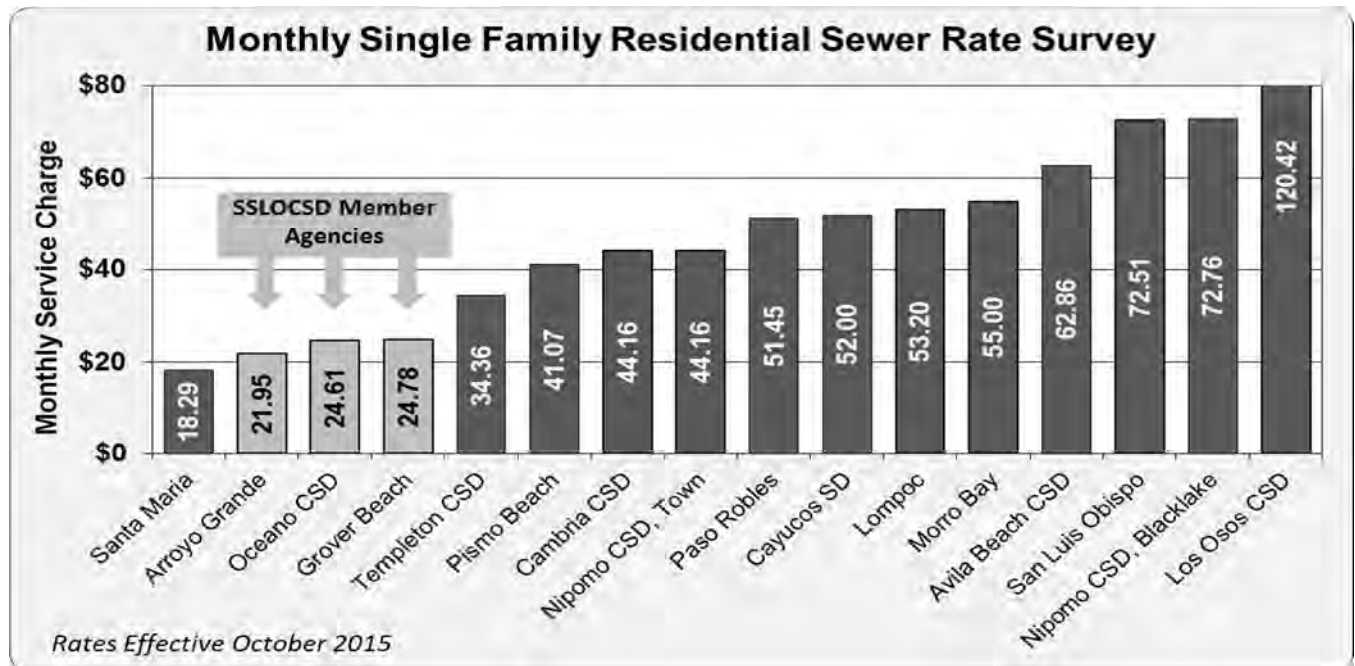
	Current	Proposed Monthly Service Charges Effective On or After:				
		March 1* 2016	July 1 2016	July 1 2017	July 1 2018	July 1 2019
a. Residences & Apartments	\$14.86	\$17.64	\$19.60	\$21.56	\$23.52	\$25.48
b. Hotel Units with Kitchens	15.71	15.43	17.14	18.85	20.56	22.27
c. Hotel Units without Kitchens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

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

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

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

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



### **WHY ARE RATE INCREASES NEEDED?**

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

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

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

# **Appendix C**

## **California Sewer Rate Structures**



## California Sewer Rate Structures

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

### Residential Sewer Rate Structures

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

### Commercial Sewer Rate Structures

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



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

### **Fixed & Variable Rates**

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

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

## Wastewater Flow & Strength Estimates

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

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