



SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

Post Office Box 339, Oceano, California 93475-0339

1600 Aloha Oceano, California 93445-9735

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

www.sslocsd.org

AGENDA

BOARD OF DIRECTORS MEETING

City of Arroyo Grande, City Council Chambers

215 East Branch Street

Arroyo Grande, California 93420

Wednesday, July 15, 2015 at 6:00 P.M.

Board Members

Jim Hill, Chair

John Shoals, Vice Chair

Matthew Guerrero, Director

Agencies

City of Arroyo Grande

City of Grover Beach

Oceano Community Services District

Alternate Board Members

Mary Lucey, Director

Tim Brown, Director

Barbara Nicolls, Director

Oceano Community Services District

City of Arroyo Grande

City of Grover Beach

1. CALL TO ORDER AND ROLL CALL

2. PUBLIC COMMENTS ON ITEMS NOT APPEARING ON AGENDA

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

- Direct Staff to assist or coordinate with you.
- It may be the desire of the Board to place your issue or matter on a future Board meeting agenda.

Please adhere to the following procedures when addressing the Board:

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

Any writing or document pertaining to an open-session item on this agenda which is distributed to a majority of the Board after the posting of this agenda will be available for public inspection at the time the subject writing or document is distributed. The writing or document will be available for public review in the offices of the Oceano CSD, a member agency located at 1655 Front Street, Oceano, California. Consistent with the Americans with Disabilities Act (ADA) and California Government Code §54954.2, requests for disability related modification or accommodation, including auxiliary aids or services may be made by a person with a disability who requires

modification or accommodation in order to participate at the above referenced public meeting by contacting the District Manager or Bookkeeper/Secretary at (805) 481-6903.

3. CONSENT AGENDA

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

3A. Review and Approval of Minutes of July 01, 2015

3C. Review and Approval of Warrants

4. PLANT SUPERINTENDENT'S REPORT

5. BOARD ACTION ON INDIVIDUAL ITEMS:

A. Review of Emergency Action, in conformance with Public Contracts Code Section 22050, to Repair Pipeline from Headworks to Primary Clarifier; Recommendation to Approve

B. Approval of Short Term Agreement with Oceano Community Services District (OCSD) For Billing and Collection Services

6. MISCELLANEOUS ITEMS

6A. Miscellaneous Oral Communications

6B. Miscellaneous Written Communications

7. PUBLIC COMMENT ON CLOSED SESSION

8. CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION

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

South San Luis Obispo County Sanitation District v. State Water Resources Control Board (Superior Court of Sacramento) Case Number 34-2012-80001209-CU-WM-GDS)

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

9. RETURN TO OPEN SESSION; REPORT ON CLOSED SESSION

10. ADJOURNMENT

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

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

Minutes of the Meeting of Wednesday July 01, 2015
6:00 P.M.

1. CALL TO ORDER AND ROLL CALL

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

District Staff in Attendance: Shannon Sweeney, District Engineer; Jenna Shoaf, Interim District Counsel; John Clemons, Plant Superintendent; Amy Simpson, District Bookkeeper/Secretary.

2. PUBLIC COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA

Director Hill opened the public comment period.

Julie Tacker has concerns about the search for Legal Counsel. She feels there should have been disclosure regarding the relationship between Rick Sweet and Brownstein Hyatt Farber and Schreck. She feels there is a conflict between two firms that were given RFP's. These firms represent two member agencies. This would affect their ability to represent the District.

Beatrice Spencer said that the "scrutiny" is on all agencies. Change can be accomplished but all need to work together to make it happen.

An addition to the agenda was made under Govt. Code 54954.2(b)2. This will require 2/3 vote of the Board and a finding for the need for immediate action. This need also had to come after the agenda was posted. The Influent Pipeline Replacement report is the item.

Tim Brown and Patty Welsh both gave comment asking that this item not be added to this agenda.

Superintendent John Clemons gave background on urgency of the replacement project. The plant is currently running bypass lines and this is an emergency. The 30 inch pipe that runs through the plant has leaks. The District is currently using a 12 inch pipe for the bypass. The operators are operating 24 hours a day. It is costing roughly \$1000 a week to run the plant on bypass lines.

Jim Garing of Garing Taylor and Associates was present to answer all questions. He mentioned that time is of the essence. It will take at least 3 to 5 weeks to receive the materials.

Tim Brown, Mark London and Beatrice Spencer asked about getting other quotes for materials and if the size of the pipe would accommodate population growth.

Jim Garing had spoken with John Jenks, who built the original plant, to confirm 24" pipe is the correct size for build out. The bid is from a company that Jim Garing and Shannon Sweeney have known for years and has a great reputation for quality work.

- **Action:** 3-0 vote authorizing Option 3 + financing with funds from District's Replacement Fund 26.
 - **Option 3:** Replace entire pie with 24" HDPE pipe inside the existing 30"
(estimated cost: \$360,000.00)

Note: Because the Board voted to move ahead without letting the contract for public bidding, the action must be reviewed at every public meeting. Therefore, we should add this item to the agenda until the repair is completed.

3. **CONSENT AGENDA**

3A. Review and Approval of Minutes of June 17, 2015

3B. Review and Approval of Warrants

Julie Tacker asked about the Rules of Decorum being on the agenda. She believes that this was a work in progress by staff with no Board direction.

- **Action:** The Consent Agenda with the Revised Agenda and Revised Warrant Register was approved unanimously by roll call vote.

4. **PLANT SUPERINTENDENT'S REPORT**

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

5. **BOARD ACTION ON INDIVIDUAL ITEMS:**

5A. Consideration of Proposal from AGP Video Inc to Video Stream, Archive and Index SSLOCSD Board Meetings.

The Board considered a proposal from AGP Video Inc. to video stream, archive and index SSLOCSD Board meetings.

Debbie Peterson, Julie Tacker, Tim Brown, Andrea Seastrand, Patty Welsh and Beatrice Spencer all gave comment in favor of hiring AGP Video to record District meetings.

Nancy Castle from AGP video was present.

- **Action:** 3-0 vote to (1) direct Rick Sweet to execute agreement with AGP Video for video production service to stream, archive and index Board Meetings and (2) adjust the District budget by creating a new account entitled "Video Production" and authorize the transfer of \$20,000.00 from Workman's Compensation to this account.

5B. 2014 Audit 3rd Review and Request for Approval

The Board received clarification from Alex Hom of Moss Levy regarding LAIF which is a giant portfolio with many investments. He also clarified that there are no law suits the District expects to lose. These notes were not materially consequential.

Debbie Peterson distributed a handout from a comparable District that gave a good example of what depreciation should be. It also gave good account descriptions.

- **Action:** The Board approved the 2014 Audit.

5C. Wastewater Treatment Plant Replacement Schedule

Shannon Sweeney gave a report on the Replacement Schedule.

Patty Welsh, Debbie Peterson and Julie Tacker all gave public comment.

- **Action:** 3-0 vote to receive and file report
- **Note:** Board also directed staff to make sure that rate analysis considers pro forma from 2 years ago.
- Shannon Sweeney noted that this is not the entire list.

5D. Approval of Agreement for Recycled Water Planning Grant

Julie Tacker feels this is a water supply project. Suggests that there be a summit to talk about a regional approach to Recycled Water.

- **Action:** 3-0 vote to authorize Rick Sweet to enter into grant agreement.
- **Note:** Board commented that they thought WSC had agreed/offered to prepare grant at their own cost and directed staff to look into this.

5E. Out of Class Pay for FOG Services

Julie Tacker asked if this will affect the rate charged for the FOG service.

- **Action:** 3-0 vote to authorize stipend of up to 5% for qualified and certified staff member to perform District's environmental compliance/pre-treatment duties.

5F. Rules of Operation and Decorum for SSLOCSD Board Meetings

Julie Tacker, Tim Brown, Debbie Peterson, Andrea Seastrand, Lea Anne Aikens, Beatrice Spencer, Patty Welsh, April McLaughlin and Lynn Hill all opposed having a Decorum policy.

Lynn Hill recommends that the Board have five members.

- **Action:** 3-0 vote declining to adopt proposed Rules of Operation and Decorum.

5G. OCSD Billing Services

The Board considered interim options regarding OCSD's requested payment of billing services between July 1, 2015 and execution of a written agreement.

Tim Brown, Debbie Peterson, Julie Tacker, Beatrice Spencer, Patty Welsh all gave public comment. The option of going on County Tax role is the most popular.

- **Action:** 3-0 vote to authorize District legal counsel to begin investigation and analysis of all legally feasible options for customer billing, but to make no commitments for the interim period.

6. MISCELLANEOUS ITEMS

A. Miscellaneous Oral Communications

- Director Hill commented regarding concern that Wallace Group still owns SSLOCSD website.
 - **Action:** Directed staff to investigate whether Wallace Group still owned SSLOCSD website, and if so, to take action to fix this.
 - **Note:** Staff did mention that they are currently building a new website and will shut down the current website once all information is transferred and the new website is up and running.
- Director Hill reported on conversation with RWQCB Chair regarding accusation that “certain legal professionals” have mislead District about settlement offers.

B. Miscellaneous Written Communications.

No Comments

7. PUBLIC COMMENT ON CLOSED SESSION

Director Hill asked for public comment.

Julie Tacker is worried that special legal counsel gave bad legal advice. They may be culpable in loosing settlement. Wants to see initiation of litigation against Special attorneys.

Patty Welsh said attorneys are culpable and hopes Board demands to get money back.

Beatrice Spencer would like to go after the prior Board members for the money. She asked the Board to think of the rate payers when they go into closed session.

8. RETURN TO OPEN SESSION; REPORT ON CLOSED SESSION

- (1) Conference with Legal Counsel regarding Existing Litigation; Pursuant to Government Code Section 54956.9;b1; South San Luis Obispo County Sanitation District vs. State Water Resources Control Board

Case Number

34-2012-80001209-CU-WM-GDS

District vs SDRMA

- **Action:** The Board heard a report from Interim Legal Counsel and took no reportable action.

9. ADJOURNMENT

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

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

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
WARRANT REGISTER
07/15/2015 FY 2015/16

	BUDGET LINE ITEM		WARRANT NO.	ACCT	ACCT BRKDN	TOTAL
ABBA EMPLOYER SERVICES, INC.	TEMPORARY LABOR SERVICE	05/29/15 TO 06/28/15	071515-9562	6085	2,112.00	2,112.00
ABALONE COAST ANALYTICAL, INC	LAB	2548	63	8040	325.00	325.00
ALLIED ADMINISTRATORS	DENTAL	AUGUST	64	6025	961.03	961.03
ALLSTAR INDUSTRIAL SUPPLY	EQUIPMENT MAINTENANCE	1422	65	8030	534.01	534.01
AMERICAN INDUSTRIAL SUPPLY	EQUIPMENT MAINTENANCE	0282446-IN	66	8030	317.13	317.13
ARAMARK	UNIFORMS	06/26/15 07/03/15 07/10/15	66	7025	732.73	732.73
AUTOSYS, INC.	EQUIPMENT MAINTENANCE		67	8030	1,810.27	3,260.27
	SCADA			20-8010	1,450.00	
B&B STEEL & SUPPLY	EQUIPMENT MAINTENANCE	478676	68	8030	210.92	210.92
BROWNSTEIN HYATT FARBER SCHRECH	INTERIM COUNSEL	30-Jun-15	69	7071	13,376.76	13,376.76
BURKE AND PACE OF ARROYO GRANDE, INC.	EQUIPMENT MAINTENANCE	01-29240-00	70	8030	557.52	557.52
CALIFORNIA ELECTRIC	EQUIPMENT MAINTENANCE	MULTIPLE	71	8030	1,763.88	1,763.88
CARR'S BOOTS & WESTERN WEAR, INC.	UNIFORMS	CLEMONS	72	7025	88.71	88.71
CCWT	WATER	28410	73	8040	60.00	60.00
CM INDUSTRIAL AND SAFETY	SAFETY SUPPLY'S	73	74	8056	564.88	564.88
COLE FARMS, INC.	INFLUENT PIPELINE REPLACEMENT	35583	75	26-8010	691.95	691.95
DIGITAL MENTOR INC.	INFO TRUCK	20178	76	26-8065	9,950.00	9,950.00
FED EX	EQUIPMENT MAINTENANCE	LUBE WATCH	77	8030	30.08	30.08
FGL	ANNUAL MONITORING	581274A	78	8040	4,856.00	4,856.00
GARING TAYLOR & ASSOC.	ENGINEERING	6/30/15	79	7077	330.00	330.00
I.I. SUPPLY	EQUIPMENT MAINTENANCE	MULTIPLE	80	8030	1,309.45	1,309.45
JB DEWAR	FUEL	91114, 120386	81	8020	2,699.54	2,699.54
KNUDSON & ASSOC	PAST MANAGEMENT REVIEW		82	7090	8,309.18	8,309.18
LOUIE'S CRANE SERVICE	EQUIPMENT RENTAL	9248	83	7032	1,200.00	1,200.00
MINERS	HOUSEHOLD	JUNE	84	8035	191.27	191.27
MICHAEL NUNLEY & ASSOC., INC.	ENGINEERING	GRIT REMOVAL IMPROVEMENT	85	7077	4,432.50	4,432.50
NESTLE PURE LIFE	HOUSEHOLD	JUNE	86	8035	149.15	149.15
OILFIELD ENVIR.& COMPLIANCE, INC.	CHEMICAL ANALYSIS	06/30/15	87	8040	45.00	45.00
PRAXAIR	PLANT CHEMICALS	530290618	88	8050	158.03	158.03
ROMHILD, WILLIAM	MEDICAL TRUST	FY 15/16	89	6075	400.00	400.00
ROYAL WHOLESALE ELECTRIC	EQUIPMENT MAINTENANCE	428315, 428314	90	8030	2,266.59	2,266.59
SCHINDLER LAW GROUP	OUTSIDE LEGAL	SSLOCSD VS SDRMA	91	7070	34.87	34.87
SHIPSEY & SEITZ, INC.	LEGAL COUNSEL	PREPARATION & ATTEND MTGS.		7071	638.00	
		LEGAL SERVICES		7071	449.60	
		LITIGATION	92	7071	4,048.00	5,135.60
SLOACTTC	LAFCO 2015-16	FY 15/16	93	7069	11,414.79	11,414.79
SO CAL GAS	GAS	JUNE	94	7092	1,868.19	1,868.19
SOUTH COUNTY SANITARY SVC.	TRASH	JULY	95	7093	109.25	109.25
STANLEY SECURITY SERVICES	ALARMS	AUGUST	96	7011	62.20	62.20
SWRCB	CERTIFICATION	MUI	97	7068	300.00	300.00
UNITED RENTALS	EQUIPMENT RENTAL	EXCAVATOR	98	7032	1,743.55	1,743.55
USA BLUEBOOK	TOOLS	FEED PUMP	99	8055	2,068.04	2,068.04
VWR	LAB SUPPLIES	8041703070	9600	8040	58.97	58.97
WEST COAST INDUSTRIAL SUPPLY	INFLUENT PIPELINE REPLACEMENT	38814, 38815, 38816	01	26-8010	795.62	795.62
SUB TOTAL					\$ 85,474.66	\$ 85,474.66
SO. SLO CO. SANITATION DISTRICT	PAYROLL REIMBURSEMENT	06.26.15	02		27,432.11	27,432.11
	RABOBANK CHARGES	ALLTECH, OFFICE MAX, SHERWEB	03		620.81	620.81
SUB TOTAL					\$ 28,052.92	\$ 28,052.92
GRAND TOTAL					\$ 113,527.58	\$ 113,527.58

We hereby certify that the demands numbered serially from 071515-9562 to 071515-9603 together with the supporting evidence have been examined, and that they comply with the requirements of the SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT. The demands are hereby approved by motion of the SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT, together with warrants authorizing and ordering the issuance of checks numbered identically with the particular demands and warrants.

BOARD OF DIRECTORS:

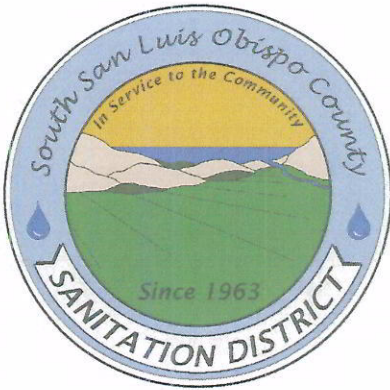
DATE: _____

Chairman

Board Member

Board Member

Secretary



SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

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

Date: July 10, 2015

To: SSLOCSD Board of Directors

From: John Clemons, District Superintendent

Via: Rick Sweet, District Manager

Subject: **Superintendent's Report**

Operations

Chart 1 – **Plant Data**

July 2015*	INF Flow MGD	Peak Flow MGD	INF BOD mg/L	EFF BOD mg/L	INF TSS mg/L	EFF TSS mg/L	Fecal Coli	Cl2 lbs/day	BOD REM Eff.%
Average	2.34	3.98	392	30.00	493	59.1	19	324	92.4
High	2.60	4.30	430	30.00	572	62.0	79	530	
Limit	5.0			40/60/90		40/60/90	2000		80
CY 2014 Monthly									
Average	2.35	3.8	392	26	406	31	87	188	93.4
High	2.70	4.8	444	34	470	39	1600	250	

- * = Plant data through June 26th.

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

With the exception of total suspended solids (TSS), Plant key performance indicators continue to remain well within permit limits. TSS values for the first week in July were extremely high (61.4 average), and resulted a permit limit exceedance. Staff notified the Regional Water Quality Control Board by way of phone. TSS values have decreased in subsequent tests. Staff believes that the elevated values were a direct result of actions taken to respond to the ruptured main influent pipeline. More specifically, sludge flow from the final clarifier to the headworks was cutoff for several days because the

headworks was not in use. As a result the sludge volume in the final clarifier increased to a point where excessive solids begin to pass through the clarifier, into the chlorine contact chamber, and eventually the Plant effluent.

Secondary clarifier sludge flow to the headworks has been restored.

On July 3rd an emergency pump failure resulted in a sewage spill of approximately 2,000 total gallons through several manholes. A preliminary report is included at the end of this Superintendent's report.

The District's current emergency bypass plan included closing the slide gate just prior to the headworks, trapping the incoming wastewater in that emergency wet well, and pumping the trapped water from the emergency well to plant processes. This plan was implemented on June 26th after Staff had discovered several holes in the influent pipeline between the headworks and splitter box. One vulnerability to this plan was that there is very little time to respond to a disruption such as equipment failure.

As a solution Staff has now configured emergency piping such that the emergency pipeline to the Plant processes connects directly to the normal influent pumps in the headworks (in addition to having this pipeline connected to the emergency pumps at the emergency wet well). In this configuration influent can be pumped from the usual influent well using the influent pump as in normal operation (tied into Plant alarm system. Gives staff much more time to respond to disruption.). The emergency pumps are still connected also, in case of a failure of influent pumps. As a last resort the 30" ruptured influent line could be used in an extreme situation.

In-Progress

- Garing, Taylor, and Associates is working with staff to review and ensure the integrity of the District's A.G. sewer bridge. Inspection was performed on April 22nd. Awaiting approval from Fish and Game to perform work.
- Digester #1 cleaning. Draining digester #1.
- Staff has begun work with MKA Engineers to draft an RFP for a new Grit Removal System.
- Staff has begun planning for installation of a mechanical bar screen in the headworks. Meeting with MKA to discuss development of an RFP for the project.
- Staff has begun meeting with InfoTruck (Digital Mentor Inc) to discuss scope of services and Plant specific needs.
- Staff is currently developing SCADA screens and working with AutoSys Inc. and Rockwell Automation representatives to fully implement the SCADA System.

- Replacement of sewage pipeline between headworks and splitter box.

Best regards,

John Clemons
Superintendent

Date: July 4, 2015

SSLOCSD Sewage Spill – Friday, July 3, 2015

On July 3, 2015, at about 7:05 pm I was notified by my neighbor that he had heard on his police scanner that there was wastewater leaking out of manholes at the WWTP on Aloha and Honolulu. I got into my vehicle immediately and drove to the Plant. While in route I called to the Plant and spoke with the Operator who was there (7:08pm). He informed me that the water level in the influent well had risen quickly. He had called the senior Operator-on-call. The senior operator instructed him to open the slide gate to allow the water to flow into the headworks. He was also instructed to turn the headworks pumps on. At this point I knew that the spillage had been stopped. I then called the Senior operator-on-call (7:11). He confirmed what the operator at the Plant had reported. He was also in route to the Plant. I arrived at the Plant at about 7:12 pm just as Steve Lieberman of Five Cities Fire was calling me on my cell phone. When I arrived at the gate there was Fire Authority personnel and some residents present. I spoke briefly with everyone to assure them that the cause of the spillage had been resolved and that we would be handling clean-up shortly. I then entered into the gate, assessed the Plant condition and began to call in more staff. Tony M. of Oceano CSD was present. We called FRM to acquire a vacuum truck to vacuum up the spilled wastewater. The vacuum truck arrived at about 7:45pm. At about 7:30 I instructed our Secretary to call SLO County Health Dept. and OES. She made contact with both. I left a voicemail for Katie Disimone of the RWQCB at about 10:15pm. At about 7:35 I went around to take pictures at all of the affected manholes. There were six manholes total that displayed evidence of spillage. When I arrived at the manholes they were not discharging any liquid. By about 7:45 support staff had arrived and were beginning clean-up efforts. Clean-up involved spraying disinfectant where spillage had occurred and securing areas until the vac truck could remove puddled wastewater. All areas had been washed with disinfectant by about 9pm. Spill response was completed at 10:30pm.

At about 6:20pm the On Duty Operator noticed a steady increase in the water level at the influent well. He attempted to adjust the emergency pumps to keep pace with incoming waste water. He called the Senior Operator on Call. He was advised to increase the pump speeds. Once they had ended the initial call, the Senior Operator attempted to call the On duty operator back to advise him to open the slide gate at the headworks, and to turn on the Plant influent pumps. The operator on duty could not hear his phone ring because he was attempting to adjust pump speeds. The senior Operator left a voicemail advising the operator to open the slide gate. The operator finally received the message at about 6:40 pm, and opened the headworks slide gate allowing wastewater to flow into the headworks. The water level in the influent well began to decrease immediately.

Initial Complaint: July 3, 2015, 7:03pm

Total Spillage: Approx. 1,700 gallons. Approximately 1,000 gallons from the SSLOCSD trunk line manholes and 700 gallons from the Oceano CSD manholes. This spillage amount is a preliminary estimated based on the standing water at each location. We plan to calculate spillage amount when we have collected all information related to this incident.

Duration of flow: Approx. 5 to 15 minutes

Geographical Area: Oceano, Grover Beach

Final destination: Wastewater collected into pools at roadside curbs. Wastewater flowed into dirt filled oil trap at county campgrounds.

Contact with waterway or storm drain? No

Manholes affected: 6

Cause of spillage: Slow reaction to high flows. Plant already operating in emergency mode.
Communications.

Notified: SLO Co Health Dept., Office of Emergency Services, Regional Water Quality Control Board

John Clemons, Plant Superintendent



SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

Post Office Box 339 Oceano, California 93475-0339

1600 Aloha Oceano, California 93445-9735

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

www.sslocsd.org

Staff Report

To: Board of Directors

From: Richard G. Sweet, PE, District Manager

Date: July 15, 2015

Subject: REVIEW OF EMERGENCY ACTION TO REPAIR INFLUENT PIPELINE

RECOMMENDATION

That the Board review and approve continuing emergency action, in conformance with Public Contracts Code Section 22050, to repair the influent pipeline.

BACKGROUND

On June 26, 2015 a leak was discovered in the influent pipeline (pipeline from headworks to primary clarifier). The pipeline was evaluated by a specialist and it was determined that years of use have caused the pipeline to be so fragile that replacement is recommended. The pipeline has been bypassed utilizing a temporary piping and lift system. During the period of time that the pipe has been bypassed, the plant has experienced two significant operational issues directly related to this pipeline failure.

At the July 1, 2015 Board meeting the Board unanimously declared an emergency in conformance with Public Contracts Code Section 22050 and authorized the District to expend up to \$340,000 to repair or replace the influent pipeline. A copy of the July 1, 2015 staff report is attached.

Due to the pipeline failure two significant operational issues have arisen.

1. The plant experienced a Total Suspended Solids (TSS) weekly average slightly in excess of the permit. The weekly average for the first week in July was 61.4 mg/l and the permitted weekly average is 60 mg/l.
2. On July 3rd a failure in the pipeline bypass system created a situation where approximately 2,000 total gallons of sewage spilled out of several manholes in Oceano. A subsequent improvement to the bypass pumping system should significantly reduce the possibility of

this failure reoccurring. This item is more thoroughly addressed in the Superintendent's report.

These two issues clearly illustrate the critical need to aggressively pursue replacement of the pipeline.

Replacement pipe has been ordered and should arrive within two weeks.

DISCUSSION

Public Works Contract Code Section 22050 (a)(1) states:

"In the case of an emergency, a public agency, pursuant to a four-fifths vote of its governing body, may repair or replace a public facility, take any directly related immediate action required by that emergency, procure necessary equipment, services, and supplies for those purposes, without giving notice to bids to let contracts."

While the District prefers to retain public works services utilizing the public works bidding procedures, the preparation of biddable plans and specifications, and following the public works bidding process would add approximately four to six months to the process the District is undertaking to replace the influent pipe. Given the clear evidence, it is imperative that the replacement of the influent pipe proceeds with the greatest possible haste.

Public Works Contract Code Section 22050 (c) (1) states:

"If the governing body orders any action specified in subdivision (a), the governing body shall review the emergency action at its next regularly scheduled meeting and, except as specified below, at every regularly scheduled meeting thereafter until the action is terminated, to determine, by a four-fifths vote, that there is need to continue the action. If the governing body meets weekly, it may review the emergency action in accordance with this paragraph every 14 days."

Given the code requirement above and the continuing emergency at the plant requiring the replacement of the influent pipeline, the Board is required to review and approve the emergency action. In conformance with this code section, this item will appear on each Board agenda until replacement of the pipeline is completed.

Options

1. Decline to continue to review and approve the emergency action to replace the influent pipeline. This will cause repair of the pipe to be delayed four to six months and threaten continued compliant plant operations.

Richard G. Sweet, PE
District Manager

Attachment: Influent Pipeline Replacement Staff Report dated July 1, 2015



SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

Post Office Box 339 Oceano, California 93475-0339

1600 Aloha Oceano, California 93445-9735

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

<http://sslocsd.org/>

Staff Report

To: Board of Directors
From: John Clemons, Plant Superintendent
Via: Rick Sweet, General Manager
Date: July 1, 2015
Subject: Influent Pipeline Replacement

RECOMMENDATION:

Staff recommends the Board authorize funding for replacement of the existing 30" welded steel influent pipeline between the headworks and the splitter box. This would also include replacement of the pipe manifold at the headworks.

BACKGROUND:

During preparation for installation of a grit removal system Staff made the decision to inspect a section of the 30" welded steel pipeline in which the grit removal equipment would be connected to. While excavating around the pipeline Staff discovered two holes in the pipe. Staff called in a contractor (FRM) to repair the holes. The contractor inspected the pipe and informed Staff that the pipe was fragile at several points along the exposed length. He also noted that the pipe wall was extremely thin at the location of the holes. The contractor attempted to temporarily plug the holes with rubber stoppers; the metal pipe walls around the holes were too fragile and simply collapsed as the rubber was applied. During the repair attempt another hole was formed which created a third leak. At that point the Superintendent made the decision to cease all work on this pipeline until Staff could review all options. Staff also decided to install a temporary bypass line so that the ruptured line could be taken out of service.

The contractor, who had worked at this WWTP in the 1990s, recalled that a section of this same pipeline needed repair "20 years ago". Some work had been performed at that time. Two of our current staff members (Trini R., Jim W) also recall this pipeline requiring repair 15-20 years ago. Staff did perform a video inspection of this line in July of 2014. No abnormalities were observed or noted during the video inspection.

The influent is currently being routed through temporary 12” aluminum pipe from the well (just prior to the headworks screening process), directly to the primary clarifiers. Portable 5mgd emergency pumps are being used to pump the wastewater influent.

DISCUSSION:

Staff called in District Civil Engineer Garing, Taylor, and Associates to further assess the condition of the pipe and present options. Given the history of repair to this pipeline, the current failures of the pipe, and critical nature of the pipe within the Plant processes framework, it is recommended that this entire pipeline be replaced immediately.

GTA collaborated with Baker Construction to formulate replacement options and associated cost estimates (Please see Attachment A).

- **Option 1** is a full replacement of the 30” line with a 30” PVC material. This would involve digging up and removing old pipe or burying a new pipeline parallel to the existing one. Pipe materials are “3 to 5” weeks out”. **Estimated cost is \$480,000.**
- **Option 2** is to replace entire pie with 24” HDPE pipe. This also would involve digging trench to install new pipe. Pipe material are “6 to 8 weeks out”. **Estimated cost is \$462,000**
- **Option 3** is to install to install a 24” HDPE pipe inside the existing 30” pipe. This option would not involve digging a new trench or disposal of the old pipe. The pipe material can be shipped by July 10.
Estimated cost is \$360,000

In all options the fittings and valve are 3 to 5 weeks out.

The reason that 24” replacement is being considered is that the smaller pipe diameter would increase flow velocity through this section of pipe. The increased velocity would provide the necessary force to transport the solids (mainly grit) to the grit removal system. 24” diameter pipe is sufficient to accommodate flows of up to 10mgd using the influent pumps that we have in place.

If the Board chooses to proceed with the replacement of the pipeline, **Staff recommends the selection of option 3** for the following reasons:

- Timely acquisition of pipe materials. We are currently in the midst of high volume tourism.
- Current groundwater levels favor this project being performed immediately. It is advisable to try and complete this project before the wet weather season begins.
- Least costly option.
- It would be the least disruptive to current Plant operations because it requires very little digging.

FUNDING:

Funding could come from Expansion Fund 20. As of May 31, 2015 the balance in Fund 20 was \$4,103,822.

Funding could come from Replacement Fund 26. As of May 31, 2015, Fund 26 had a balance of \$78,528.

John Clemons
Plant Superintendent



SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

Post Office Box 339 Oceano, California 93475-0339

1600 Aloha Oceano, California 93445-9735

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

www.sslocsd.org

Staff Report

To: Board of Directors

From: Richard G. Sweet, PE, District Manager

Date: July 15, 2015

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

RECOMMENDATION

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

BACKGROUND

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

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

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

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

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

DISCUSSION

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

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

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

Options

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

Richard G. Sweet, PE
District Manager

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



SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

Post Office Box 339 Oceano, California 93475-0339

1600 Aloha Oceano, California 93445-9735

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

www.sslocsd.org

Staff Report

To: Board of Directors

From: Richard Sweet, PE, District Manager

Date: June 17, 2015

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

RECOMMENDATION:

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

BACKGROUND:

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

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

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

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

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

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

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

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

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

DISCUSSION:

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

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

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

Options

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

Richard G. Sweet, PE
District Manager

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



SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

Post Office Box 339 Oceano, California 93475-0339

1600 Aloha Oceano, California 93445-9735

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

www.sslocsd.org

Staff Report

To: Board of Directors

From: Richard Sweet, PE, District Manager

Date: July 1, 2015

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

RECOMMENDATION:

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

BACKGROUND:

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

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

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

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

DISCUSSION:

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

Phase 1

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

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

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

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

Phase 2

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

Options

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

Richard G. Sweet, PE
District Manager



Oceano Community Services District

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

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

July 10, 2015

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

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

Dear Mr. Sweet:

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

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

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



Oceano Community Services District

Board of Directors Meeting

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

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

OCEANO COMMUNITY SERVICES DISTRICT

A handwritten signature in blue ink, appearing to read "Paavo Ogren", is written over a horizontal line.

PAAVO OGREN
General Manager

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

Operations & Maintenance:		Direct Labor - Utility Billing				
Expenditure Accounts 4100		2015-16 Budget	Account Clerk #1	Account Clerk #2	Sub-Total Account Clerks	Indirect Labor
Personnel						
010	Wages and Salaries	348,908				
020	Overtime	4,618				
061	PERS	48,321				
	PERS UAL Payment	15,000				
070	SUI (Unemp Ins)	3,038				
071	Medicare Employer Portion	5,127				
072	FICA	0				
075	State Compensation Ins	10,421				
080	Boat Allowance	750				
090	Employee Insurance	38,400				
097	Cell Phone Allowance	900				
098	Moving Expense	0				
099	Auto Allowance	0				
Total Personnel Cost		\$ 475,483	\$ 66,936	\$ 50,289	\$ 117,225	\$ 358,258
						\$ 475,483

Time Allocable to Utility Billing		80%	10%			
Allocable Direct Labor		\$ 53,549	\$ 5,029	\$ 58,578	\$ 416,905	\$ 475,483
Percentages of Total Labor				12.3%	87.7%	100.0%
12% Allocable Indirect Labor					\$ 51,361	

Services and Supplies		Direct Expenses				Total	
		Utility Billing	Undistributed Expenses	Excluded Expenses	Net Allocable Overhead Expenses		
110	Communications & Dispatch		\$ 5,000		\$ 5,000	\$ 5,000	
150	Insurance (100% in Admin, then allocated, in 2015-16)		22,500		22,500	22,500	
163	Maint: Wtr/Swr Struct		0		0	-	
170	Maint: Equipment		3,500		3,500	3,500	
173	Maint: Structures		10,000		10,000	10,000	
180	Memberships		5,500		5,500	5,500	
190+191	Over and Short + misc		200		200	200	
193	Bank Fees		2,000		2,000	2,000	
200	Office Expense		6,000		6,000	6,000	
205	Outside UB Mailing Expense	7,500	0		0	7,500	
210	Postage		1,500		1,500	1,500	
217	Contract Accounting		0		0	-	
218	Audit - Estimate (not in contract)		19,500		19,500	19,500	
220	Professional Services		17,500		17,500	17,500	
221	Information Technology		5,000		5,000	5,000	
222	Contract Engineering		0		0	-	
223	Legal Services	500	71,500	71,500	0	72,000	
224	Annual Software Maint.	3,500	9,000		9,000	12,500	
225	Board Member Stipends		18,000		18,000	18,000	
230	Legal Notices		2,000		2,000	2,000	
235	Books/Journals/Subsc		1,500		1,500	1,500	
241	Rents/Leases: Equip		3,000		3,000	3,000	
247	LAFCD 15-18 charged to Admin then allocated		15,000	15,000	0	15,000	
248	Air Pollution Control District Permits Licenses and Fees		1,000	1,000	0	1,000	
260	Special Dept Exp Elections Expense		5,000	5,000	0	5,000	
280	Private Vehicle Mileage		500		500	500	
285	Classes/Seminars		5,000		5,000	5,000	
286	Board Member Travel/Expense		1,500	1,500	0	1,500	
290	Utilities		8,500		8,500	8,500	
	Contingency					-	
Total Services and Supplies		\$ 11,500	\$ 239,700	\$ 94,000	\$ 145,700	\$ 251,200	

Direct Expenditures	\$ 11,500		4.58%
12.3% Allocation of Indirect Expenditures		\$ 17,950	7.15%
Total			11.7%

	Excluding Indirect Labor	Including Indirect Labor
Total Allocable Utility Billing Expenditures	\$ 88,027.39	\$ 139,388.54
Divide by Two Agencies	\$ 44,013.69	\$ 69,694.27
Divide by Three Services (OCSD Water, OCSD Sewer, San Dist Sewer)	\$ 29,342.46	\$ 46,462.85
Divide by Four (50% OCSD Water, 25% OCSD Sewer, 25% San Dist Sewer)	\$ 22,006.85	\$ 34,847.13
Divide by Four Functions, except a/c 205 (Two Agencies)	\$ 23,881.85	\$ 36,722.13

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

SHORT-TERM AGREEMENT FOR BILLING SERVICES

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

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

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

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

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

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

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

1. INCORPORATION OF RECITALS.

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

2. SERVICES.

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

3. **TERM.** The initial term of this Agreement shall begin on the Effective Date and shall continue until and including August 31, 2015 (“**Initial Term**”) and shall renew automatically for successive two (2) month terms (“**Subsequent Term(s)**”), unless terminated by either Party pursuant to Section 5.

4. **COMPENSATION.**

- 4.1 **Compensation.** SSLOCSD agrees to pay OCSD \$3,666.00 (“**Service Fee**”) on the following payment schedule. For the Initial Term, SSLOCSD shall pay OCSD \$3,666.00 on the Effective Date of this Agreement. For each Subsequent Term, SSLOCSD shall pay OCSD \$3,666.00 on the first day of each Subsequent Term. OCSD shall provide SSLOCSD with an invoice for the Service Fee at least fifteen (15) days before each payment is due.

5. **TERMINATION.**

- 5.1 **Termination Without Cause.** Either party may terminate this Agreement, for any or no reason, upon thirty (30) days written notice to the other party as provided in Section 7.2. In the event of a termination, the date of termination shall be deemed to be the first business day occurring after the expiration of the notice period.
- 5.2 **Termination With Cause.** Either party may terminate this Agreement by written notice (as provided in Section 7.2) if the other party commits a material breach of this Agreement and fails to cure such breach within thirty (30) days of receipt of said written notice. In the event of a termination, the date of termination shall be deemed to be the first business day occurring after the expiration of the notice period.
- 5.3 **Termination Upon Mutual Consent.** This Agreement may also be terminated by mutual consent of the Parties and in accordance with the terms and conditions of any plan of termination established by the Parties. In the event of a termination by mutual consent, the date of termination shall be such date as is agreed upon by the Parties. The Parties may agree to suspend or terminate a portion of this Agreement and such suspension or termination shall not make void or invalidate the remainder of this Agreement.
- 5.4 **Payment Upon Termination.** In the event this Agreement is terminated pursuant to this Section, OCSD shall reimburse SSLOCSD for the remaining balance already paid for Services through the end of the current term..

6. **FUTURE NEGOTIATIONS.**

- 7.1 **Agreement to Negotiate in Good Faith.** SSLOCSD and OCSD each agree, in good faith, to participate in negotiations with SSLOCSD and the other member agencies to negotiate terms of a long-term agreement to define standards, practices and costs to provide Billing Services.

7. **GENERAL PROVISIONS.**

7.1 **Further Assurances.** SSLOCSD and OCSD each agree to cooperate with one another, to use their best efforts, to act in good faith, and to promptly perform such acts and execute such documents or instruments as are reasonably necessary and proper to consummate the transactions contemplated by this Agreement.

7.2 **Notices.** All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given on the date of service if personally served or on the second day after mailing if mailed by first-class mail, registered or certified, return receipt requested, postage prepaid and properly addressed as follows:

SSLOCSD:

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

OCSD:

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

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

7.3 **Waiver.** No waiver of a provision of this Agreement shall constitute a waiver of any other provision, whether or not similar. No waiver shall constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

12.11 **Force Majeure.** Neither SSLOCSD nor OCSD shall be liable for any delays resulting from circumstances or causes beyond its reasonable control, including, without limitation, fire or other casualty, act of God, strike or labor dispute, war or other violence, or any law, order or requirement of any governmental agency or authority.

7.12 **Construction of Terms.** All parts of this Agreement shall in all cases be construed according to their plain meaning and shall not be construed in favor or against either of the parties. If any term, provision, covenant or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, in whole or in part, the remainder of this Agreement shall remain in full force and effect and shall not be affected, impaired or invalidated thereby. In the event of any provision shall be adjudged invalid, void or unenforceable, the parties hereto agree to enter into a supplemental agreement to effectuate the intent of the parties and the purposes of this Agreement.

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

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

"SSLOCSD"
South San Luis Obispo County Sanitation District

"OCSD"
Oceano Community Services District

By: _____
Rick Sweet, District Manager

By: _____
Paavo Ogren, General Manager

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

APPROVED AS TO FORM:
Oceano Community Services District

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

By: _____
Jeff Minnery, legal counsel