



**SOUTH SAN LUIS OBISPO COUNTY
SANITATION DISTRICT**

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

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

Wednesday, June 15, 2016 at 6:00 p.m.

Board Members

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

Agencies

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

Alternate Board Members

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

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

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

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

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

Please adhere to the following procedures when addressing the Board:

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

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

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

5. CONSENT AGENDA:

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

5A. Approval of Warrants

5B. Financial Review at May 31, 2016

6. ACTION ITEMS:

6A. FISCAL YEAR 2016-17 BUDGET

1. Hold a Public Meeting; and
2. Review, Consider and Approve a Budget for Fiscal Year 2016-17, including Resolution Nos. 2016-348 and 349

6B. DEDICATED RESERVE FUND

1. Review, and Consider Approval of an Updated Reserve Policy through Adoption of Resolution No. 2016-352

6C. STATE REVOLVING FUND (SRF) PLANNING LOAN APPLICATION TO THE STATE WATER RESOURCES CONTROL BOARD (SWRCB) FOR DISTRICT'S REDUNDANCY PROJECT

1. Adopt Resolution No. 2016-350 authorizing the District's Chair to sign the SRF loan application and the loan agreement if approved by SWRCB; and
2. Adopt Resolution No. 2016-351 for the pledge of revenues and funds for repayment of a SRF Clean Water Planning Loan

6D. APPOINTMENTS TO SAN LUIS OBISPO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT ZONE 1 AND 1A, ADVISORY COMMITTEE

1. Board appoints Mr. Gerhardt Hubner as the District's representative, and Mr. John Clemons as the alternative to the San Luis Obispo County Flood Control and Water Conservation District Zone 1 and 1A, Advisory Committee, and
2. Direct staff to submit an application to the County Board of Supervisors for formal consideration and appointment

6E. MODIFICATION TO RESOLUTION NO. 2014-314 – POLICIES AND PROCEDURES FOR THE EXPENDITURE OF DISTRICT FUNDS FOR SUPPLIES, EQUIPMENT, CONSTRUCTION, AND SERVICES

1. Consider and Adopt a Modification to Resolution No. 2014-314

7. DISTRICT ADMINSTRATOR AND PLANT SUPERINTENDENT'S REPORT

Staff recommends the Board receive and file this report

8. PUBLIC COMMENT ON CLOSED SESSION

9. CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

[Paragraph (1) of subdivision (d) of Government Code Section 54956.9]; (one case).

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

10. RETURN TO OPEN SESSION; REPORT ON CLOSED SESSION

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
WARRANT REGISTER
06/15/2016 FY 2015/16

	BUDGET LINE ITEM		WARRANT NO.	ACCT	ACCT BRKDN	TOTAL
AGP VIDEO	PROF. SERVICES	MAY	061516-1344	7080	760.00	760.00
ALLIED ADMINISTRATORS	EMPLOYEE DENTAL	JULY	1345	6025	909.42	909.42
ARAMARK	UNIFORMS	05/27; 06/03	1346	7025	465.60	465.60
AT&T	TELEPHONE	MAY	1347	7013	286.96	286.96
AUTOSYS, INC.		918	1348	20-8010	2,525.00	2,525.00
BANK OF THE WEST	CREDIT CARD	MAY	1349		2,966.39	2,966.39
BRENNTAG	PLANT CHEMICALS	BPI630032	1350	8050	5,730.62	5,730.62
CAL ELECTRIC SUPPLY	EQUIPMENT MAINTENANCE	649667; 650356	1351	8030	377.71	377.71
CALPERS	UNFUNDED ACCRUED LIABILITY	JUNE	1352	6065	2,291.00	2,291.00
CALPERS	EMPLOYEE RETIREMENT	JUNE	1353	6010	11,193.15	11,193.15
CCWT GB	EQUIPMENT RENTAL	35588;35436	1354	7032	242.39	242.39
CCWT SM	EQUIPMENT RENTAL	61133; 61174	1355	7032	252.24	252.24
CHARTER	COMMUNICATIONS	05/29-06/28	1356	7013	538.04	538.04
DOWNEY BRAND	OUTSIDE LEGAL	APRIL	1357	7070	968.69	968.69
ENGEL & GRAY	BIO SOLIDS COLLECTION	77168	1358	7085	1,221.66	1,221.66
GAS COMPANY	UTILITIES GAS	05/03-06/02	1359	7092	271.85	271.85
GILBERT A. TRUJILLO, ESQ.	LITIGATION	MAY	1360	7070	1,505.00	3,797.50
	DISTRICT COUNSEL	MAY		7071	2,292.50	
GRAINGER	EQUIPMENT REPLACEMENT	9119983816	1361	26-8010	3,272.30	3,272.30
I.I. SUPPLY	EQUIPMENT MAINTENANCE	39032; 39033; 39034	1362	8030	242.24	242.24
JB DEWAR	FUEL	817279	1363	8020	115.15	115.15
LEXIS NEXIS	SUBSCRIPTION	MAY	1364	7071	250.00	250.00
MARIO DE LEON	REIMBURSE CERT. FEE	GRADE I	1365	7055	170.00	170.00
MICHAEL K NUNLEY & ASSOC., INC.	REDUNDANCY PROJECT	2173	1366	20-7080	3,836.25	8,984.15
	GRIT REMOVAL IMPROVEMENT	2153		20-8015	2,657.90	
	HEADWORKS	2151		26-8065	2,490.00	
MINERS	HOUSEHOLD	APRIL	1367	8035	422.04	422.04
MOSS, LEVY & HARTZHEIM	AUDITING	4443	1368	7072	2,045.00	2,045.00
OCSD	WATER	03/18 TO 05/18	1369	7094	216.61	216.61
PERRY'S	EQUIPMENT MAINTENANCE	19390	1370	8030	796.41	796.41
POLYDYNE, INC	PLANT CHEMICALS	1051660	1371	8050	5,835.10	5,835.10
PRAXAIR	EQUIPMENT RENTAL	55228637	1372	7032	28.80	28.80
READY REFRESH	HOUSEHOLD	16E0012917373	1373	8035	161.81	161.81
ROYAL WHOLESALE ELECTRIC		LATE FEE	1374		57.92	57.92
SLOCO DATA	PROF SERV-BILLING	37274	1375	7074	85.32	85.32
SOUTH COUNTY SANITARY	GARBAGE	JUNE	1376	7093	235.60	235.60
SPEISS CONSTRUCTION CO, INC.	GRIT REMOVAL	216151	1377	20-8015	6,270.00	6,270.00
STANLEY SECURITY	ALARMS	JULY	1378	7011	64.06	64.06
STATE FUND	WORK COMP INSURANCE	JUNE	1379	6080	4,754.17	4,754.17
STATE WATER RESOURCE BOARD	CERTIFICATION	JACKMAN	1380	7055	300.00	300.00
TRIBUNE	OCSD BILLING	05/02/16 -05/29/16	1381	7074	121.00	121.00
USA BLUEBOOK	TOOLS	957572	1382	8055	203.65	203.65
VWR	LAB SUPPLIES	8045048156	1383	8040	130.13	130.13
WENDY STOCKTON, ESQ.	LEGAL COUNSEL	MAY	1384	7071	5,337.50	5,337.50
WEST COAST INDUSTRIAL	EQUIPMENT MAINTENANCE	43055	1385	8030	91.14	91.14
SUB TOTAL					\$ 74,988.32	\$ 74,988.32
SO. SLO CO. SANITATION DISTRICT	RABOBANK REIMB. FOR MAY	WEBHOSTING	1386		648.44	2,247.50
		TELEPHONES			263.93	
		PETTY CASH REIMB.			20.00	
		CALPERS			1,315.13	
SO. SLO CO. SANITATION DISTRICT	PETTY CASH REIMBURSE	PUBLIC WORKS BBQ	1387		40.00	40.00
SO SLO CO SAN DIST REIMB	PAYROLL	05/27/16	1388		31,704.58	31,704.58
	PAYROLL	FUTURE PAYROLL			32,000.00	32,000.00
SUB TOTAL					\$ 65,992.08	\$ 65,992.08
GRAND TOTAL					\$ 140,980.40	\$ 140,980.40

We hereby certify that the demands numbered serially from 061516-1344 to 061516-1388 together with the supporting evidence have been examined, and that they comply with the requirements of the SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT. The demands are hereby approved by motion of the SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT, together with warrants authorizing and ordering the issuance of checks numbered identically with the particular demands and warrants.

BOARD OF DIRECTORS:

DATE: _____

Chairman

Board Member

Board Member

Secretary



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Date: June 15, 2016
To: Board of Directors
From: Amy Simpson, District Bookkeeper/Secretary
Via: Gerhardt Hubner, District Administrator
Subject: **FINANCIAL REVIEW AS OF MAY 31, 2016**

Overall Financial Summary

As of May 31, 2016, the District has recognized total revenues of \$3,064,030. Of this amount, \$2,893,249 is for operating revenues, and \$170,781 is for non-operating revenues.

District operating expenses totaled \$3,062,359. Operating expenses totaled \$2,224,876 and non-operating expenses totaled \$837,482 as of May 31, 2016.

Local Agency Investment Fund

The balance in the District's LAIF account was \$2,419,502 as of May 31, 2016.

County of San Luis Obispo Treasury Pool

As of May 31, 2016, the reconciled cash balance with the County of San Luis Obispo Treasury Pool was \$3,298,277. The County issues the majority of the District's checks, and the majority of the District's revenues are deposited with this agency. As such, the County provides 'banking services' to the District and provides some accounting documents for internal control purposes.

Rabobank Funds

At May 31, 2016, the reconciled cash balance in the District's Rabobank account totaled \$50,644. This account has been used to process the District's contracted payroll provider service and other District expenditures.



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SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT MONTHLY CASH REPORT MAY 2016

Cash Balance at 04/30/16	5,570,621.23
Deposits	\$ 361,462.81
Warrant Register 05/04/16	(78,597.14)
Downey Brand Retainer	5,000.00
Pay Roll 04/29/16	(34,753.57)
Pay Roll 05/13/16	(31,014.68)
Pay Roll 05/27/16	(22,048.41)
Calpers	(1,315.13)
Rabobank May Activity	(932.37)
Total May Activity	197,801.51

Cash Balance at 05/31/16	5,768,422.74
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Cash by Institution	CASH BALANCE
	@ 05/31/16
Cash with County Treasury	3,298,277.31
Cash with LAIF	2,419,501.90
Cash with Rabobank	50,643.53
	\$ 5,768,422.74



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Date: June 15, 2016

Staff Report

To: Board of Directors

From: Gerhardt Hubner, District Administrator

Subject: **FISCAL YEAR 2016-17 BUDGET**

RECOMMENDATIONS:

1. Hold a Public Meeting; and
2. Review, Consider and Approve a Budget for Fiscal Year 2016-17, including Resolution Nos. 2016-348 and 349

BACKGROUND/DISCUSSION:

At the June 1, 2016, the Board received a presentation, including written material comprised of a staff report, and associated Budget spreadsheets (Attachment No. 1) on a proposed Draft Budget for Fiscal Year 2016-17 beginning July 1, 2016; provided staff with Board member feedback and direction; and directed staff to return to the June 15, 2016 Board meeting with a Final Budget for Fiscal Year 2016-17 (Attachment No. 2) for consideration and adoption.

Based upon direction received by the Board at this Board meeting, the draft Budget was revised/reduced from \$40,000 to \$20,000 in one-line item (No. 19-7070: Outside Counsel/Litigation). All other values remain the same in the Budget proposed for consideration today. A discussion on the District's Reserve Policy is provided in a separate item on today's agenda. A public notice announcing this hearing was published in the San Luis Obispo Tribune.

Resolution No. 2016-348 provides documentation that the Board considered and adopted a Budget for Fiscal Year 2016/17.

Resolution No. 2016-349 incorporates a salary schedule, position classifications and salary steps within the perspective ranges for Fiscal Year 2016-17. A 1.5% cost of living increase, approved by the Board on January 20, 2016 is reflected in the salary range table. Exhibit A, attached to this Resolution, describes the District's benefit package provided to its employees. Minor text revisions (but no substantive changes) were made to Exhibit A for clarification purposes.

After conducting a public meeting, and considering feedback, staff recommends adoption of the Fiscal Year 2016/17 Budget and Resolution Nos. 2016-348 & 349.

Attachments:

1. Staff Report on Draft Fiscal Year 2016/17 Budget from June 3, 2016 Board meeting
2. FY 2016-17 Budget, including:
 - a. Consolidated Budget Spreadsheet
 - b. Fund 19 Budget Spreadsheet, with Attachment A1-A2
 - c. Fund 20 Budget Spreadsheet
 - d. Fund 26 Budget Spreadsheet, with Attachment B
 - e. Resolution No. 2016-348
 - f. Resolution No. 2016-349, with Exhibit A
 - g. Public Notice



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Staff Report

To: Board of Directors
From: Gerhardt Hubner, District Administrator
Date: June 1, 2016
Subject: **Proposed Draft Budget - Fiscal Year 2016-17**

RECOMMENDATIONS:

1. Receive a presentation on a proposed Draft Budget for Fiscal Year 2016-17 beginning July 1, 2016;
2. Provide staff with Board member feedback and direction, as appropriate; and
3. Direct staff to return to the June 15, 2016 Board meeting with a Final Budget for Fiscal Year 2016-17 for consideration and adoption.

BACKGROUND:

For the May 18, 2016 Board meeting, District staff prepared a Draft Budget for Fiscal Year 2016-17 which was included as part of the Agenda package for that meeting. This draft Budget contained both a narrative staff report and associated budget spreadsheets. That staff report and spreadsheets are being carried over to today's staff report with the following revisions:

1. Addition/assignment of project numbers to schedules A1, A2 and B (formerly C)
2. Deletion of former B schedule attached to Fund 20 due to duplication of the same information on the Fund 20 spreadsheet
3. Better descriptions at the top of Schedules A1, A2 and B
4. Movement of the \$1,100,000 ACL penalty line item from Fund 20 to Fund 19.
5. Movement of several projects from all Funds to better reflect whether if they are replacement items vs. new assets
6. Deletion of sludge bed walls project: \$10,000
7. Increase in concrete sludge lagoon project: \$20,000
8. Increase of \$5,000 for Strategic Planning line item
9. Updated values under Salary and Wages line item
10. Updated values on all Fund spreadsheets and this staff report
11. Correction of any identified typos or errors.
12. Legal memo described uses for Fund 20

DISCUSSION:

The purpose of today's item is to give the Board a high-level summary of the contents of the proposed District draft Budget for Fiscal Year 2016-17. This Fiscal Year covers the period of July 1, 2016 to June 30, 2017.

The draft Fiscal Year 2016-17 Budget, and its supporting attachments purpose and objective are to provide a “blue print” to fund investments in the District’s facilities now and into the future, and complete recommendations and reforms identified in the 2016 Knudson Report. It is also intended to fund initiatives needed by the District to fully support its programs including: Board and administrative support, human resources, fiscal management and audits, website/IT/public outreach, and pollution prevention and health and safety programs. Furthermore, this draft budget intent is to catchup and complete several previously neglected programs, policy and housekeeper functions necessary for the District to remain in compliance with health and safety and the wellbeing of its employees, and set the stage for future years.

It should be noted the District operates on a cash basis, in other words, at the end of each fiscal year on June 30th, whatever invoices are received and paid are recorded in that year. Invoices for contracts received after that date are recorded in the subsequent fiscal year. For example, some large capital projects, in spite of a Board approval in one fiscal year may require being budgeted in subsequent fiscal year(s).

In preparing this draft budget, 3rd quarter actuals were used to project end of year balances. Furthermore, each line item was crosschecked with proposed budgeted amount and compared with each actual. In several cases these values were revised downward or upward.

This draft Budget for Fiscal Year 2016-17 was prepared using conservative approaches and assumptions to not exceed existing revenues, mindful of the need to operate our facility cost effectively, efficiently, remain in compliance with applicable federal, state and local requirements, using past experiences, and utilizing best professional judgement. Revenue values for wastewater and collection fees were obtained from the District’s Wastewater Financial Plan and Rate Study & Ordinance No. 2016-01 approved by the Board on February 17, 2016.

Lastly, preparation and approval of an annual Budget does not mean that all revenues, nor all budgeted line item amounts will be fully expended by the end of the Fiscal Year.

Below are summary values from the attached Consolidated Budget Spreadsheet:

Consolidated Budget
(Attachment No. 1)

Starting Fund Balances

	Fund 19	Fund 20	Fund 26	Totals
	\$1,190,000	\$4,015,000	\$385,000	\$5,590,000

Revenues by Fund Source

	Fund 19	Fund 20	Fund 26	Totals
All Sources	\$4,457,200	\$187,800		\$4,645,000
Transfer from Fund 19			\$561,200	

Expenditures by Fund Source

	Fund 19	Fund 20	Fund 26	Totals
Operating Expenses	\$2,680,700			\$2,680,700
Capital Outlay	\$51,500	\$2,307,700	\$946,200	\$3,305,400
Transfer to Fund 19	\$561,200			
Charges	\$1,100,000	\$76,000		\$1,176,000
Totals	\$4,393,400	\$2,383,700		\$6,772,100

Contingency	\$100,000			
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Projected Ending Balances

	Fund 19	Fund 20	Fund 26	Totals
	*\$1,153,800	\$1,819,100	0	*\$2,972,900

***Plus any remaining contingency not utilized up to \$100,000**

Fund 19
(Attachment No. 2)

Fund 19 revenues are provided primarily from wastewater fees collected from our three member agencies (Cities of Arroyo Grande, Grover Beach and community of Oceano). Additional revenues are collected through brine disposal service and other reimbursements (AT&T lease, fats and grease program, City of Pismo outfall reimbursement)

Fund 19 supports the following general categories of District activities:

- Personnel – Salaries, Wages and Benefits & Other Personnel Costs
- Permits, Fees and Licenses
- Communications (Phones, Webhosting, Alarm)
- Administrative Support (Temporary Labor, Advertisements, Office Space, Insurance, LAFCO, Office and Safety Supplies), Property Tax Payment
- Professional Services – Legal (In-house/Outside), Consultant Services (Scientific, Fiscal Management/Audits, Billing, Source Control, Human Resources, Engineering, Chemical Analysis, Records Management, AGP Video, Computer Support, Strategic Planning), Board Member Support
- Disposal Services (Solids Handling, Brine Sampling)
- Utilities (Electricity, Gas, Rubbish, Water)
- Maintenance, Tools & Replacements – Equipment Maintenance (Schedule A-1), Video logging, Structural Maintenance (Regular and Major)
- Materials, Services and Supplies (Equipment Rentals, Laboratory supplies, Plant chemicals)
- Training, Education and Memberships (Professional Licenses, Training, Memberships, Seminars)
- Capital Outlays – See Schedule A-2
- Transfer of Funds to Support Fund 26 Projects

Staffing

No changes are proposed for staffing over the coming Fiscal Year. The roster of staff consists of District Administrator, Secretary/Bookkeeper, Plant Superintendent, Shift Supervisor, Plant Operator III (2), Laboratory Technician, Plant Operator II (2) and Operator in Training (0.5) and Maintenance Assistant (0.5). No vacancies currently exist.

Funding is being included this year to support our Student Intern program, previously approved by the Board.

Proposed Initiatives:

- Human Resources: Update approximately twelve policy and procedures including Policy Manual, benefit survey, job descriptions, employer/employee resolutions, and others
- Fiscal Management Assessment: Implementation of recommendations
- Website/Public Outreach: Update and production of newsletter

- District Operation and Administrative Office: Assessment and implementation of recommendations including office structural upgrades and lease of satellite office
- Records Management Assessment: Implementation of recommendations and catalogue C-train files
- Billing: Complete process for placement on County Tax Roll
- Source Control Program: Development of outreach materials, pollution prevention program
- Strategic Planning/Plan: Facilitator, workshop and plan development

Proposed Operation and Maintenance Projects:

1. Budget of \$140,500 is proposed under Line Item No. 19-8030 (See Schedule A-1 for list of projects)
2. Budget of \$51,500 proposed. (See Schedule A-2 for list of projects)

Proposed Charges:

- 2010 Spill/Administrative Civil Liability Penalty: \$1,100,000 set aside for potential payment and/or settlement.

Placeholders

- \$40,000 (Outside Special Legal Counsel) – To support outside or special legal counsel if needed and approved by the Board.
- \$100,000 (Contingency) - A new line item, entitled "Contingency" has been added to provide funds to support any miscellaneous or unknown costs that arise or emergencies. To access the contingency fund, Board approval would be required.

Fund 20

(Attachment No. 3)

Fund 20 revenue is provided primarily from connection fees from our three member agencies. A minor amount of revenue is received from interest on the fund balance on account. This year we expect reimbursement for our recycling study grant. This fund traditionally supported capacity, expansion, or replacement projects and studies. However, we believe the Board does have discretion to also pay certain charges and projects from this fund (see memo entitled: "Use of Fund 20", Attachment No. 4).

Project Major Capital Project List

- SCADA Project: \$10,000 is proposed to complete this project.
- Grit Removal System (and engineering support): On April 28, 2016, the Board approved a contract with Speiss Construction Company. Proposed Budget: \$492,100 for construction and \$23,000 for engineering support. The project is anticipated to begin construction late summer, and completed this fall.
- Secondary Process Redundancy Project (and engineering support): On March 16, 2016 approved a contract with Kennedy Jenks for Phase I of the Project. We anticipate services and budget needed to complete Permitting, Engineering Support and Design. Proposed Budget of \$1.5 million, with \$50,000 in engineering support (i.e. SRF loan, value engineering analysis, others). Board approval will be needed to proceed past Phase I.

- **Satellite Water Resource Recovery Facilities Grant:** The Board approved a re-scoping of this grant funded project at its March 30, 2016 meeting. The total project cost is \$156,700 with expected reimbursement of \$75,000 from the State Water Resources Control Board under their Recycled Water Program, and \$40,800 each from the District and the City of Arroyo Grande to cover the grant match.

Proposed Charges:

- **Cogeneration EISA:** Debt Service, Principal and Interest \$76,000. This the second to last payment. Final payment is expected to be made in August 2017.

Fund 26 (Attachment No. 4)

Fund 26 revenues are wholly supported by transfers from Fund 19 (\$561,200) is proposed for transfer). Fund 26 has traditionally supported replacement projects at the District's facility.

Project Major Capital Project List

- **Arroyo Grande (Cherry Ave) Sewer Bridge Project:** On April 28, 2016, the Board approved a contract for environmental review service for this Project. This Project is to perform maintenance on the existing structure, removing paint and debris and replace its anti-corrosion coating. This year we anticipate completing environmental review and permitting, and initiating/completing construction. Proposed Budget: \$202,100.
- **Mechanical Bar Screen:** This project is finishing design. The next step will be the issuance of a Request for Proposal (RFP) by the District, leading to construction to commence in Spring of 2017. Proposed Budget: \$577,000.

Proposed Maintenance Projects:

A total Budget of \$946,200 is proposed under Line Item No. 26-8065 (See Schedule B for detailed list of projects)

Reserve Account

Currently no dedicated reserve account has been established for the District. The Board may wish to give direction to staff to formally create such a reserve account. Most agencies and special districts have established dedicated reserve accounts. If the Board desires, such a reserve account could be created, and an appropriate amount set aside each year until a desired reserve goal or amount (or alternatively a desired percentage of the revenues) is reached.

Conclusion

Above, we have provided a comprehensive narrative summary of the proposed draft Fiscal Year 2016-17 Budget and "Blueprint" for funding the District's operations, projects and initiatives. Today we request Board member and community feedback on this proposed draft Budget and or/its attachments, and the Board provide direction to staff to proceed to return at the June 15, 2016 Board meeting, or another future meeting to consider its final adoption.

Attachments:

Draft FY 2016-17 Budget, including:

- 1. Consolidated Budget Spreadsheet**
- 2. Fund 19 Budget Spreadsheet, with Attachment A1-A2**
- 3. Fund 20 Budget Spreadsheet**
- 4. Legal Memo entitled "Use of Fund 20", dated May 17, 2016**
- 5. Fund 26 Budget Spreadsheet, with Attachment B**

*South San Luis Obispo County Sanitation
District*

BUDGET

2016-17 Fiscal Year

**MEMBERS OF THE
BOARD OF DIRECTORS:**

John Shoals – Chairman

Jim Hill – Director

Mary Lucey – Director

South San Luis Obispo County Sanitation District

PO Box 339

1600 Aloha Place

Oceano, CA 93445-9735

(805) 489-6666 Operations

(805) 481-6903 Business Office

(805) 489-2765 Fax



SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

FY 2016/17 Budget

Consolidated

	Fund 19 Fund	Fund 20 Fund	Fund 26 Fund	FY 2016/17 Total
Revenues				
Gross Revenues				
Service Charges and Fees	4,209,000			4,209,000
Connection Fees		66,000		66,000
Interest	10,000	6,000		16,000
Other Revenues	238,200			238,200
Grant Reimbursement		115,800		115,800
Total Revenues	4,457,200	187,800		4,645,000
Expenditures & Other Uses				
Operating Expenditures				
Salaries and Wages	798,200			798,200
Employee Benefits and Other Personnel Costs	499,500			499,500
Permits, Fees and Licenses	25,000			25,000
Communications	16,000			16,000
Computer Support	15,000			15,000
Administrative Costs	136,000			136,000
Professional Services	429,500			429,500
Disposal Services	55,000			55,000
Utilities	163,000			163,000
Maintenance, Tools & Replacements	252,500			252,500
Materials, Services and Supplies	228,000			228,000
Training, Education & Memberships	43,000			43,000
Total Operating Expenditures	2,660,700			2,660,700
Other Charges				
ACL Penalty	1,100,000			1,100,000
Cogen EISA - Debt Principal and Interest		76,000		76,000
Contingency	100,000			100,000
Total Other Charges	1,200,000	76,000	0	1,276,000
Capital Replacement/Maintenance				
Capital Outlay				
Capital Equipment	51,500	2,307,700	946,200	3,305,400
Total Capital Outlay	51,500	2,307,700	946,200	3,305,400
Other Financing Sources & Uses				
Transfers Out (In)	561,200		561,200	0
Total Other Financing Sources & Uses	561,200			
Beginning Cash Balance Used for Funding	1,190,000	4,015,000	385,000	5,590,000
Net Change (Deficit)	1,173,800	1,819,100	0	2,992,900

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
FY 2016/17 BUDGET**

		FY 16/17 Proposed Budget	
Fund 19 - Operating Fund			
19-4005 Beginning Fund Balance		1,190,000	
Revenues			
Gross Revenues			
Service Charges and Fees			
19-4015	Arroyo Grande Services	2,007,000	
19-4022	Grover Beach Services	1,492,000	
19-4035	OCSD Services	668,000	
19-4040	Other Service Income	8,000	
19-4045	School Services	34,000	
Total Service Charges and Fees		4,209,000	
19-5015	Interest	10,000	
Total Interest		10,000	
Other Revenues			
19-4050	Brine Disposal Service	190,000	
19-4055	Lease (AT&T)	27,500	
19-5020	Other Reimbursements	0	
19-5023	FOG Reimbursement	500	
19-4040	Pismo Reimbursement for Ocean Outfall	20,200	
Total Other Revenues		238,200	
Total Revenues		4,457,200	
Fund 19 Total Operating Revenue		5,647,200	
Expenditures & Other Uses			
Salaries and Wages			
19-6030	Plant Operators	575,000	
19-6035	Student Interns	12,000	
19-6040	Bookkeeper/Secretary	57,000	
19-6045	District Administrator	154,200	
Total Salaries and Wages		798,200	

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
FY 2016/17 BUDGET**

Fund 19 - Operating Fund		FY 16/17 Proposed Budget	
Employee Benefits and Other Personnel Costs			
19-6010	Medical Insurance	210,000	
19-6025	Dental Insurance	15,000	
19-6050	Social Security & Medicare	55,000	
19-6055	State Disability Insurance	3,500	
19-6060	State Retirement	90,000	
19-6075	Medical Reimbursement	4,500	
19-6080	Worker's Compensation	60,000	
19-6065	Unfunded Liability	44,000	
19-6090	Payroll Process Fee	3,500	
19-6095	Unemployment Reimbursement	14,000	
19-7025	Employee Uniforms	14,000	
Total Employee Benefits and Other Personnel Costs		499,500	
Permits, Fees and Licenses			
19-7068	Permit Fees	25,000	
Total Permits, Fees and Licenses		25,000	
Communications			
19-7011	Comm (Alarm, Web Hosting)	4,000	
19-7013	Communications - Telephone and Internet	7,000	
19-7014	Communications - Cell Phones	5,000	
Total Communications		16,000	
Computer Support			
19-7015	Office Equipment/Computer/GIS	15,000	
Total Computer Support		15,000	
Administrative Costs			
19-6085	Temporary Labor Services	15,000	
19-7005	Advertisements/Legal & Recruit	10,000	
19-7040	Admin. Office Space	15,000	
19-7043	Insurance Liability - Auto	30,000	
19-7069	LAFCO Budget Share	13,000	
19-7095	Zone 1/1A Property Tax	30,000	
19-8045	Office Supplies and Expense	8,000	
19-8056	Safety Supplies/H&S Exam	15,000	
Total Administrative Costs		136,000	

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
FY 2016/17 BUDGET**

Fund 19 - Operating Fund		FY 16/17 Proposed Budget	
Professional Services			
19-7070	Prof Services - Outside Counsel/Litigation	20,000	
19-7060	Prof Services - Ocean Outfall Maintenance	40,000	
19-7071	Prof Services - Attorney Fee	96,000	
19-7072	Prof Services - Auditing	10,000	
19-7073	Prof Services - AG Billing	22,000	
19-7074	Prof Services - OCSD Bill	20,000	
19-7075	Prof Services - Board Members	7,500	
19-7065	Prof Services- Source Control Program	15,000	
19-7076	Prof Services - Human Resources	25,000	
19-7077	Prof Services - Engineering	50,000	
19-7078	Prof Services - Chemical Analysis	15,000	
19-7079	Prof Services - Records Mngt	10,000	
19-7080	Prof Services - AGP Video	20,000	
19-7081	Prof Services - GB Bill	22,000	
19-7082	Prof Services - Computer Support	12,000	
19-7083	Prof Services - Fiscal Services	10,000	
19-7088	Prof Services - Strategic Planning	35,000	
Total Professional Services Cost		429,500	
Disposal Services			
19-7085	Solids Handling	50,000	
19-7086	Brine Disposal Sampling	5,000	
Total Disposal Services		55,000	
Utilities			
19-7091	Utilities - Electricity	150,000	
19-7092	Utilities - Gas	10,000	
19-7093	Utilities - Rubbish	1,500	
19-7094	Utilities - Water	1,500	
Total Utilities		163,000	
Maintenance, Tools & Replacements			
19-8015	Trunk Sewer Video logging	25,000	
19-8030	Equip Maint Reg and Minor Replacement	140,500	Schedule A1
19-8032	Automotive Maintenance	7,000	
19-8055	Small Tools	5,000	
19-8060	Structure Maintenance - Regular	25,000	
19-8061	Structure Maintenance - Major	50,000	
Total Maintenance, Tools & Replacements		252,500	
Materials, Services and Supplies			
19-7032	Equipment Rental - other	10,000	
19-8020	Gas and Oil	11,000	
19-8035	Household Expense	4,000	
19-8040	Laboratory Supplies	23,000	
19-8050	Plant Chemicals	180,000	
Total Materials, Services and Supplies		228,000	

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
FY 2016/17 BUDGET

Fund 19 - Operating Fund		FY 16/17 Proposed Budget	
Training, Education & Memberships			
19-7055	Prof. Certs./License	3,000	
19-7067	Training	10,000	
19-7050	Memberships/Seminars/Meetings	30,000	
Total Training, Education & Memberships		43,000	
Total Operating Expenditures		2,660,700	
Capital Outlay			
19-8010	Capital Equipment	51,500	Schedule A2
Total Capital Outlay		51,500	
ACL/Penalties			
19-7066	RWQCB ACL Fine	1,100,000	
Other Financing Sources & Uses			
19-8079	Transfer out to fund 26	561,200	
19-8077	Contingency	<u>100,000</u>	
Total Other Financing Sources & Uses		661,200	
Total Uses		4,473,400	
Budget Income (Deficit)		1,173,800	
Fund 19 Balance		1,173,800	

	Schedule A1 Detail List of Equipment Maintenance in Fund 19 Existing Assets - Scheduled Maintenance	
	Account 19-8030	
Project No.	Project	Cost
2016-A1-01	Amiad Filters	1,000
2016-A1-02	Asphalt Repair	5,000
2016-A1-03	Auger	10,000
2016-A1-04	Back Flow Prevention	1,000
2016-A1-05	Boiler	5,000
2016-A1-06	Bridge Maintenance	5,000
2016-A1-07	Cart Tires	5,000
2016-A1-08	CCT Rising Stem Valve	1,000
2016-A1-09	Centrifuge	20,000
2016-A1-10	Chemical Feed Pumps	1,000
2016-A1-11	Corrosion Control	5,000
2016-A1-12	Electrical Maintenance	15,000
2016-A1-13	Emergency Pump Piping	2,000
2016-A1-14	Flare	3,000
2016-A1-15	Flow Calibration	5,000
2016-A1-16	Flow Chart Repair	2,000
2016-A1-17	Forklift	2,000
2016-A1-18	Front Loader	5,000
2016-A1-19	Heat Exchanger	1,000
2016-A1-20	Moyno Pumps	500
2016-A1-21	Plant Storm Drains/Pumps	5,000
2016-A1-22	Primary Clarifier #1	5,000
2016-A1-23	Reclaimed Water Station	5,000
2016-A1-24	Scale Calibration	5,000
2016-A1-25	Secondary Clarifier	10,000
2016-A1-26	Sludge Mixing Pump	1,000
2016-A1-27	Sludge/Water Valves	10,000
2016-A1-28	Tree Line Maintenance	5,000
	Total for Fund 19-8030	\$140,500
	TOTAL OF EQUIPMENT MAINTENANCE FUND 19	\$140,500

	Schedule A2	
	Detail List of New Capital Equipment in Fund 19	
Project No.	Capital Equipment Account 19-8010	Cost
2016-A2-01	(2) Moyno Sludge Pumps	13,000
2016-A2-02	(2) Variable Frequency Drives	7,000
2016-A2-03	CCT Cat Walk	20,000
2016-A2-04	Digester Gas Flow Meters	5,000
2016-A2-05	Shed for Emergency Pump	1,500
2016-A2-06	SSO Flow Meter	5,000
	Total for Fund 19	\$51,500
	Total Of Capital Equipment In Fund 19	\$51,500

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
FY 2016/7 BUDGET**

Fund 20		FY 2016-17 BUDGET	
Beginning Balance		4,015,000	
Revenues			
Connection Fees			
20-4010	Arroyo Grande Connections	30,000	
20-4020	Grover Beach Connections	30,000	
20-4030	OCSD Connections	6,000	
Total Connection Fees		66,000	
Grant Reimbursement	Grant Reimbursement	115,800	
Total Grant Reimbursement		115,800	
Interest			
20-5015	Interest Income	6,000	
Total Interest		6,000	
Total Revenues		4,202,800	
Expenditures & Other Uses			
Other Charges			
20-7096	Cogeneration EISA - Debt Principal and Interest	76,000	
20-1010	Transfer to Fund 26	0	
Total Other Charges		76,000	
Capital Outlay			
20-8010	SCADA Prof. - Serv.	10,000	
20-8015	Grit Removal System	492,100	
	Engineering Support	23,000	
20-7080	Redundancy Project	1,500,000	
	Engineering Support	50,000	
20-7090	Water Recycling Study	155,600	
Total Capital Outlay		2,307,700	
Total Uses		2,383,700	
Budget Income (Deficit/Use of Fund Balance)		1,819,100	

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
FY 2016/17 BUDGET**

Fund 26		FY 2016-17 Proposed Budget
Beginning Balance		385,000
Other Revenues		
26-5040	Transfer from Fund 19	561,200
26-5040	Transfer from Fund 20	
Total Other Revenues		946,200
Total Revenues		946,200
Expenditures & Other Uses		
26-8015	Trunk Sewer Maintenance	
26-8061	Structures/Grounds Maint-Maj	
26-8065	Structures/Grounds Repl/Imp	946,200
26-8070	Emergency Equipment Repair	
Total Expenditures		946,200
Total Uses		0
Budget Income (Deficit/Use of Fund Balance)		0

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
FY 2016/17 BUDGET**

Schedule B1		
Detail List of Replacement Projects in Fund 26		
26-8065 Structures/Grounds - Replacement and Improvement		
Project No.	Item	Cost including Design/Installation
2016-B1-01	AG Sewer Bridge Repair	201,200
	Engineering Support	5,000
2016-B1-02	Belt for Sludge Conveyor	3,000
2016-B1-03	3" Trash Pump	2,500
2016-B1-04	Concrete Sludge Lagoon	60,000
2016-B1-05	Diesel Fuel Tank	10,000
2016-B1-06	Digester Glass	16,000
2016-B1-07	District Signage	5,000
2016-B1-08	ISCO Sampler	5,000
2016-B1-09	Lab Furnace	3,000
2016-B1-10	Lab Media Dispenser	1,500
2016-B1-11	Mechanical Bar Screen/Headworks	577,000
	Engineering Support	22,000
2016-B1-12	Security System	5,000
2016-B1-13	Sludge Pump Variable Frequency Drive	10,000
2016-B1-14	Truck Bed and Crane	20,000
	TOTAL OF ALL PROJECTS IN FUND 26	946,200

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT RESOLUTION
RESOLUTION NO. 2016-348**

A RESOLUTION ADOPTING THE 2016/2017 FISCAL YEAR BUDGET

WHEREAS, The District is required, pursuant to State codes, to designate a financial budget for its expenditures and revenues; and

WHEREAS, such budgeting requires that proper methods be used for the acquisition and disbursements of District monies; and

WHEREAS, the District desires to make known its planned activities and associated costs for the 2016-17 fiscal year.

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

That the proposed budget entitled, "South San Luis Obispo County Sanitation District, Fiscal Year Budget 2016-17 be adopted.

That the final budget be administered as established by past policies and practices.

Upon motion of Director _____ and seconded by Director _____ and on the following roll call vote to wit:

AYES:

NOES:

ABSENT:

the foregoing resolution was passed and adopted this day of June 15, 2016.

John Shoals
Chair

ATTEST:

Gerhardt Hubner
District Administrator

APPROVED AS TO FORM:

District Legal Counsel

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
RESOLUTION NO. 2016-349**

**A RESOLUTION ADOPTING AN EMPLOYEE COMPENSATION PACKAGE
INCLUDING A SALARY SCHEDULE, POSITION CLASSIFICATIONS
AND SALARY STEPS WITHIN RANGES
FOR THE 2016-17 FISCAL YEAR**

**THE BOARD OF DIRECTORS OF THE SOUTH SAN LUIS OBISPO COUNTY
SANITATION DISTRICT DOES RESOLVE AS FOLLOWS:**

WHEREAS, this Board deems it to be in the best interests of the South San Luis Obispo County Sanitation District and its various employees that minimum and maximum compensation be fixed as well as any District contribution to medical, dental, vision and retirement plans on behalf of the employee for various classifications of employment in the District as hereinafter provided.

NOW, THEREFORE, BE IT RESOLVED that the terms of this resolution shall be effective July 1, 2016 and shall apply through June 30, 2017.

BE IT FURTHER RESOLVED this resolution shall supersede and repeal any position classifications insofar as inconsistent.

BE IT FURTHER RESOLVED that the minimum compensation as of date of employment and the intermediate and maximum compensation for such employment shall be as hereinafter enumerated, effective July 1, 2016, and that said employees shall be assigned to salary steps within the respective pay range of the position classification as set forth in Exhibit A, and further, that any contributions made by the District on behalf of the employee to medical and/or retirement programs shall be set forth in Exhibit A, and further, that Exhibit A attached hereto is made a part hereof by reference, all of which are hereby adopted as follows:

ADMINISTRATION OF THE COMPENSATION PLAN

All full-time employees entering the employ of the District shall be paid at the first or Step A of the salary range established for their classification unless authorized by the District Administrator. The District Manager shall have the authority to place an individual at Step B or C upon reviewing their experience and making a determination that said step B or C salary is in the best interest of the District to provide at the time of employment. The Chair of the Board of Directors shall make the decision to hire any employee at Step D or higher and would only do so after reviewing recommendations made by the District Administrator with respect to the employee's experience and value to the District.

Salary step increases, as provided herein, are not automatic but based on performance and merit. Employees shall be placed on a salary step and qualify for increase in compensation for advancement to the next higher step of the pay ranges in the manner following:

1. Employees may qualify for advancement to the Step B, after completion of one year of service, upon the recommendation of the Superintendent and approval by the District Administrator.
2. Employees may qualify for advancement to the Step C, after the completion of one year of service in Step B upon recommendation of the Superintendent and approval by the District Administrator.

3. Employees may qualify for advancement to the Step D, after the completion of one year of service at the Step C, upon recommendation of the Superintendent and approval by the District Administrator.
4. Employees may qualify for advancement to the Step E, after completion of one year of service in Step D, upon recommendation of the Superintendent and approval by the District Administrator.
5. A performance report on each employee recommended for advancement shall be submitted to the District Administrator, prior to final action on such recommendation.

All Board Members, District Legal Counsel and Student Assistants/Interns shall be paid without benefit of salary range and at a rate or rates as specified in Exhibit A of this resolution.

On motion of Board Member _____, seconded by Board Member _____, and on the following roll call vote, to wit:

AYES:

NOES:

ABSENT:

the foregoing resolution was passed and adopted this 1st day of June 2016.

John Shoals
Chair

ATTEST:

Gerhardt J. Hubner
District Administrator

APPROVED AS TO FORM:

Gilbert Trujillo
District Legal Counsel

EXHIBIT "A"
CONTRIBUTIONS ON BEHALF OF EMPLOYEE

MEDICAL (ACCOUNT 6010)

The District shall pay an amount equal to the current basic plan option monthly premium for the District's medical plan for the employee and the employee's dependent coverage.

DENTAL (ACCOUNT 6025)

The District shall pay an amount equal to the current monthly premium for the District's dental plan for the employee and the employee's dependent coverage.

VISION/DENTAL/MEDICAL TRUST (ACCOUNT 6075)

The District shall pay an initial amount of \$500 for each full-time employee and \$500 per fiscal year thereafter into a vision/dental/medical trust fund account. This account will provide for out of pocket expenses not covered by current formal insurance plans. Funds remaining at the end of the fiscal year do not carryover from an individual's account into the next fiscal year.

SOCIAL SECURITY AND MEDICARE (ACCOUNT 6050)

The District will make contributions for Social Security Tax at 6.2% and Medicare at 1.45% of gross payroll. The employee pays matching contributions.

STATE RETIREMENT (PERS) (ACCOUNT 6060)

In addition to the District's employer contributions, the District shall pay an amount equal to the employee's contribution to PERS (less the difference required to upgrade from prior 2%@55 to 2.5%@55 which is the employee's responsibility) on behalf of the employee.

Contributions made by the District on behalf of employee, who are considered "new members" by CalPERS, will be as mandated by the California Public Employees' Pension Reform Act (PEPRA) of 2013.

STATE DISABILITY INSURANCE PROGRAM (ACCOUNT 6055)

The District shall contribute 50% of the total cost for each employee to become part of the State Disability Insurance Program. Current contribution rate is 1.0% of gross payroll.

INCREASE FOR HIGHER OPERATOR GRADE (ACCOUNT 6030)

A one-time increase of 2.5% for operator grade obtained above that required for position will be paid upon certification. This bonus shall not be given in addition to an adjustment already made for Lab Technician.

STIPEND FOR COMMERCIAL DRIVERS LICENSE (ACCOUNT 6030)

The District shall pay a stipend of \$100 per month, in addition to other salary, to employees holding a valid Commercial Driver's License (Class A) while occupying a District position requiring use of that license and designated by the District to utilize the related equipment.

ADJUSTMENT FOR LAB TECHNICIAN (OP1, OP2 OP3) (ACCOUNT 6030)

A one-time 3.0% increase for designation and performance as the District's Laboratory Technician may be given after 6 months' experience in that position and after recommendation by the Plant Superintendent and approval by the Administrator. This increase shall not be additive to any bonus for higher operator grade license.

STANDBY PAY (ACCOUNT 6030)

Employees required to perform standby service will be paid at the rate of \$3.00 per hour. When required, backup standby will be paid at a rate of \$0.50 per hour. Stand by not paid if or "call back" overtime pay.

VACATION (PER RESOLUTION NO. 86-100)

<u>Years of Service</u>	<u>Vacation Days</u>
0-2 years	10 days
2+ - 4 years	11 days
4+ - 5 years	12 days
5+ - 6 years	13 days
6+ - 7 years	14 days
7+ - 8 years	15 days
8+ - 10 years	16 days
10+ years	+ 1 day per year; up to 20 days max.

SICK LEAVE

1 Day of sick leave per month to be accrued.

SICK LEAVE CONVERSION

During the month of July, employees may convert a portion (25%) of sick leave earned within a fiscal year to regular pay.

SICK LEAVE PAYOUT UPON SEPARATION FROM EMPLOYMENT

Upon separation of employment, long term employees' accumulated sick leave of up to a maximum of 480 hours to be paid out according to length of District service:

10 years' service completed	25%
15 years' service completed	50%
20 years' service completed	100%

EMPLOYEE COMPUTER PURCHASE PROGRAM

Provides for \$1,500.00 interest-free computer purchase loan, payable within two years from employee's salary as a payroll deduction. In order to receive this loan, the employee is required to enter into a contract for District reimbursement.

HOLIDAYS (As presented in Resolution No. 61)

2016-17 FISCAL YEAR
SALARY RANGE MONTHLY COMPENSATION
RESOLUTION 2016-340
1.5% COLA

FULL TIME EMPLOYEES

Classifications	Authorized Number	Step A	Step B	Step C	Step D	Step E
District Administrator	1	Range To Be Determined				
Plant Superintendent*	1	7885	8279	8693	9127	9584
2.5% stipend for cert above grade		8082	8486	8910	9356	9823
Shift Supervisor*	1	5452	5724	6010	6311	6626
2.5% stipend for cert above grade		5588	5867	6161	6469	6792
Plant Operator III*	2	4841	5083	5337	5604	5884
2.5% stipend for cert above grade		4962	5210	5470	5744	6031
Senior Maintenance Mechanic	0	4704	4939	5186	5445	5717
Lead Operator*	0	4492	4717	4953	5201	5461
2.5% stipend for cert above grade		4605	4835	5077	5331	5597
Lab Tech/Operator*	1	4492	4717	4953	5201	5461
2.5% stipend for cert above grade		4605	4835	5077	5331	5597
Plant Operator II*	2	4365	4583	4812	5052	5305
2.5% stipend for cert above grade		4474	4697	4932	5179	5438
Plant Operator I*	0	4053	4256	4468	4692	4926
2.5% stipend for cert above grade		4154	4362	4580	4809	5049
Operator In Training Intern	0.5	3663	3846	4039	4241	4453
Maintenance Assistant	0.5	3663	3846	4039	4241	4453
Bookkeeper/Secretary	1	3975	4173	4382	4601	4831

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*Higher Operator Grade Program 2.5%

OTHERS

Board Member or Alternate

\$100 per meeting attended

(Resolution No. 1995-150)

District Legal Counsel

Per Contract

Student Assistant/Intern

Resolution No. 76 & \$15.00

**NOTICE OF PUBLIC HEARING
SOUTH SAN LUIS OBISPO COUNTY
SANITATION DISTRICT
ADOPTION OF FISCAL YEAR 2016/2017 BUDGET**

DATE: June 15, 2016
TIME: 6:00 pm
PLACE: City Council Chambers
215 Branch Street,
Arroyo Grande, CA 93420

PLEASE TAKE NOTICE:

- 1. The District Administrator has prepared a proposed final Budget which is available for inspection, during regular District business hours, at the District's Office located at 1600 Aloha Place, Oceano, California.**
- 2. On June 15, 2016 at 6:00pm at the City of Arroyo Grande City Council Chambers, Arroyo Grande, California, the South San Luis Obispo County Sanitation District Board of Directors will meet to consider and adopt the final Budget.**
- 3. At the time and place specified in this Notice any person may appear to be heard regarding any item in the Budget, or regarding the addition of any other items.**
- 4. The hearing on the Budget may be continued from time to time.**

If you should have questions related to the Budget, please contact Amy Simpson, District Secretary at (805) 481-6903.



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: Gerhardt Hubner, District Administrator
Date: June 15, 2016
Subject: **DEDICATED RESERVE FUND**

RECOMMENDATIONS:

1. Review, and Consider Approval of an Updated Reserve Policy through Adoption of Resolution No. 2016-352.

BACKGROUND

At the June 1, 2016, Board meeting as part of the Fiscal Year 2016/17 Draft Budget discussion, District staff reintroduced the concept of a dedicated Reserve account. As described in the June 1st staff report: *"currently no dedicated reserve account has been established for the District. The Board may wish to give direction to staff to formally create such a reserve account. Most agencies and special districts have established dedicated reserve accounts. If the Board desires, such a reserve account could be created, and an appropriate amount set aside each year until a desired reserve goal or amount (or alternatively a desired percentage of the revenues) is reached"*.

Furthermore, at this same meeting a member of the public brought forth information that an existing Resolution (Resolution No. 53), adopted August 18, 1976 created and directed monies towards a Reserve Fund (Attachment No. 1) for the District.

At the conclusion of the Draft Budget Item, the Board directed Staff to come back to the Board with an item on the District's Reserve Policy and/Fund.

DISCUSSION

Research by District staff indicates, at least for the past few years, that Resolution No. 53 has not been implemented, nor funds directed to a Reserve Fund.

Resolution No. 53 provided for the following:

20% of the annual charges provided for under Section 2 or
10% of the annual costs of maintenance and operation for said District, whichever is less,
shall be deposited in said Reserve Fund.

If this Resolution were to be implemented in Fiscal Year 2016/17, the approximate amounts would be deposited in the Reserve Account:

20% of \$4,209,000 (total amount wastewater charges) = \$841,800; or
10% of Operation and Maintenance Costs

Upon review of Resolution No. 53, the following observations are evident:

1. Unclear if the deposit of funds to the Reserve Fund is an annual event;
2. Unknown when deposit is to be made;
3. Potential uses and access to the Reserve Fund; and
4. No overall cap or goal for the total amount to be contained in the Reserve Fund.

Therefore, in consideration of the above, District staff has updated this Resolution (now proposed Resolution No. 352, Attachment No. 2). This Resolution now reflects the following changes:

1. Annual contribution to the Reserve Fund by July 31st of each year;
2. Use of Reserve Fund only in cases of emergency, natural disaster or unexpected event(s);
3. Unanimous vote of Board to access; and
4. Goal of \$1,500,000 in the Reserve Fund Account (slightly less than 50%) of Total Operating Expenditures.

District staff are interested today in hearing feedback on this updated Resolution. Item Nos. 1-4 above are intended as a straw man proposal subject to revision per the Board policy direction. Therefore, Proposed Resolution No. 2016-352 can be modified today as appropriate based upon any feedback. Alternately District staff can proceed and implement Resolution No. 53 as written.

Attachments:

1. Resolution No. 53
2. Proposed Resolution No. 2016 - 352

RESOLUTION NO. 53

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT AMENDING SECTION 2, ARTICLE III OF RESOLUTION NO. 23 TO INCREASE SEWER SERVICE CHARGES IMPOSED WITHIN THE SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT AND BY ADDING SECTION 2A THERETO TO PROVIDE FOR CREATION OF A RESERVE FUND.

Section 1. The Board of Directors of the South San Luis Obispo County Sanitation District DOES HEREBY AMEND Section 2, Article III of Resolution No. 23 to read as follows:

Section 2. Rate Charges: (Annual charge - divide by 12 for monthly rate.)

	<u>USE</u>	<u>RATE</u>
(a)	Residences and Apartments	\$18.00 for each residence or apartment.
(b)	Motel units with kitchens	\$10.80 for each motel unit with kitchen.
(c)	Motel units without kitchen	\$ 7.20 for each motel unit without kitchen or hotel room with private bath.
(d)	Hotel Room without bath	\$ 3.60 for each hotel room without private bath.
(e)	Commercial establishments	\$18.00 for each commercial establishment with 5 employees or less \$ 2.40 for each additional employee above 5. Higher rate where heavy discharge or character of sewage warrants.
(f)	Beauty Shops	\$21.60 for each beauty shop with 6 operators or less. \$ 3.60 for each additional operator above 6.
(g)	Eating Establishments	\$28.80 for each eating establishment with seating capacity of 30 or less. \$ 4.80 for each additional 5 seats above 30.
(h)	Laundromats	\$ 7.20 per washing machine. \$43.20 minimum charge.
(i)	Service Stations	\$28.80 for each service station with no wash rack. \$57.60 for each service station with wash rack.
(j)	Factories, Industrial Plants	\$57.60 for each factory or industrial plant with 20 employees or less \$ 2.40 for each additional employee over 20. Higher rate where heavy discharge or character of sewage warrants.
(k)	Churches	\$18.00 for each church, plus \$ 1.20 per average daily attendance if nonboarding weekday elementary school is conducted herein, and \$ 1.50 per average daily attendance if nonboarding weekday school above the elementary level is conducted therein.

- | | | | |
|-----|---|---------|--|
| (l) | Plants in which Dairy Products, Water or Beverages are bottled | \$57.60 | for each bottling plant. Higher rate if heavy discharge or character of sewage warrants. |
| (m) | Schools (non-boarding) | \$ 1.20 | per average daily attendance for elementary schools. |
| | | \$ 1.50 | per average daily attendance for schools above the elementary level. |
| (n) | Schools (boarding) | \$ 2.40 | per average daily attendance for elementary schools. |
| | | \$ 3.00 | per average daily attendance for schools above the elementary level. |
| (o) | Garbage Grinders (used in establishments other than residences.) | \$43.20 | for eating establishments with seating capacity of 30 or less |
| | | \$72.00 | for eating establishments with seating capacity for over 30. |
| (p) | Trailer spaces including trailer courts and mobile home spaces excepting those which by license or permit provide that the trailer or mobile home must be moved within 45 days. | \$18.00 | for each trailer and mobile home space |
| (q) | Trailer spaces including trailer courts and mobile home spaces which, by state or county regulation, license or permit require the vehicle to be moved within 45 days. | \$10.80 | for each trailer and mobile home space |

Section 2A. Reserve Fund: There is hereby created a reserve fund for South San Luis Obispo County Sanitation District emergencies and contingencies. 20% of the annual charges provided for under Section 2 or 10% of the annual costs of maintenance and operation for said District, whichever is less, shall be deposited in said Reserve Fund.

Section 3. All other resolutions or parts of resolutions in conflict with this resolution, are hereby repealed.

Section 4. The effective date of the provisions of this Resolution shall be September 20, 1976.

On the motion by Board Member Schlegel, seconded by Board Member Guiton, and on the following roll call vote, to wit:

AYES: Board Members Guiton and Schlegel; Chairman Mankins.

NOES: None.

ABSENT: None.

The foregoing Resolution was passed and adopted this 18th day of August, 1976.

Howard D. Mankins
CHAIRMAN, BOARD OF DIRECTORS
SOUTH SAN LUIS OBISPO COUNTY
SANITATION DISTRICT

ATTEST: Thomas M. Butch
DISTRICT ADMINISTRATOR

RESOLUTION 2016-352

**A RESOLUTION OF THE BOARD OF SOUTH SAN LUIS OBISPO
COUNTY SANITATION DISTRICT,
APPROVING A RESERVE POLICY AND AUTHORIZING AND DIRECTING THE
DISTRICT ADMINISTRATOR TO IMPLEMENT THE POLICY**

WHEREAS, on August 18, 1976 the South San Luis Obispo County Sanitation District (District) adopted Resolution 53, providing for a reserve fund in the amount of 20% of annual charges or 10% of the annual costs of District maintenance and operation, whichever is less; and

WHEREAS, in addition to its standard operations, the District is now proceeding with significant capital and updating projects including a redundancy project, and wishes to implement a prudent reserve to assure success of these efforts; and

WHEREAS, the District wishes to limit use of the reserve to cases of emergency, natural disaster or unexpected event; and

NOW, THEREFORE, IT IS HEREBY RESOLVED, that the Board of South San Luis Obispo County Sanitation District:

1. Hereby approves a reserve within Fund 19, as follows:
 - An annual amount to be determined by the Board will be made to the reserve fund by July 31 of each year;
 - The reserve may be used only in cases of emergency, natural disaster, or unexpected event;
 - A unanimous vote of the Board is required to access the reserve;
 - As a goal, the reserve will grow to \$1,500,000, or approximately 50% of total operating expenditures.
2. Authorizes and directs the District Administrator, or his/her designee, to take all steps necessary to implement this resolution.
3. Supersedes Resolution No. 53.

PASSED AND ADOPTED at a regular meeting of the South San Luis County Sanitation District Board of Directors held this 15th day of June, 2016.

On the motion of _____ seconded by _____, and
after the following roll call vote:

AYES:
NOES:
ABSENT:
CONFLICTS:

Resolution 2016-352



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

Date: June 15, 2016

To: Board of Directors

From: Gerhardt Hubner, District Administrator

**Subject: STATE REVOLVING FUND (SRF) PLANNING LOAN APPLICATION TO THE
STATE WATER RESOURCES CONTROL BOARD (SWRCB) FOR DISTRICT'S
REDUNDANCY PROJECT**

RECOMMENDATION

1. Adopt Resolution No. 2016-350 authorizing the District's Chair to sign the SRF loan application and the loan agreement if approved by SWRCB.
2. Adopt Resolution No. 2016-351 for the pledge of revenues and funds for repayment of a SRF Clean Water Planning Loan.

DISCUSSION

As the Board will recall, in the District's 2016 Rate Study (Bartle Wells Associates), SRF funding was identified as a preferred funding source for the District's Wastewater Treatment Plant (WWTP) Redundancy Project. The SRF loan program allows terms of up to 30 years for repayment of the loans. The interest is established at 50% of the state's latest General Obligation Bond rate. Historically, the SRF financing cost has historically been in the 1 to 3% range.

An application (Attachment Nos. 1 and 2) have been prepared on behalf of the District for a SRF Planning Loan to fund planning, permitting and design tasks for the District's WWTP Redundancy Project. SRF Planning Loan funds allow an applicant to recover various planning-related costs, including project management, permitting, and project design, which occur after the loan is approved. District staff anticipates, if the Board approves today, submitting the completed application package to the SWRCB by June 22, 2016.

The following table summarizes the District's budget for planning, design, and permitting services as presented in the Plan of Study, attached to the application.

Project Cost Category	Cost
Engineering Design Services	\$1,490,000
Permitting	\$120,000

Project Cost Category	Cost
Project Management and Administration (Design/Planning Phase)	\$247,000
Estimated Project Cost Total	\$1,857,000

The attached Resolutions authorize the District's Chair to sign the loan agreement and take other actions required by that Agreement; and commit the District to repay the SFR loan. If the application is approved by SWRCB, the District will be obligated upon execution of the Agreement for repayment of loan funding for the term of such financing, unless modification or change is approved in writing by SWRCB.

Repayment of the SFR loan begins one year after project completion. It is staff's intent to proceed with the preparation of a SRF construction loan application after Project permitting has proceeded past the initial investigation and coordination with California Coastal Commission. If the SRF construction loan application is approved, repayment of both the planning and construction loans would not begin until one year after construction of the District's WWTP Redundancy Project is completed.

Staff recommends the Board approve the submittal of an application to the State Water Resources Control Board for a planning and design loan of up to \$1,857,000 to fund work for the Wastewater Treatment Plant WWTP Redundancy Project through the Clean Water State Revolving Fund through adoptions of Resolution Nos. 2016-350 and 2016-351.

Attachments:

1. Plan of Study
2. SRF Planning Loan Application
3. Resolution No. 2016-350
4. Resolution No. 2016-351

Attachment -1

Plan of Study

PLANNING OR DESIGN FINANCIAL ASSISTANCE APPLICATION

I. APPLICANT INFORMATION			
Applicant (Entity) Name: South San Luis Obispo County Sanitation District			
Entity Type: <input checked="" type="checkbox"/> Public - Local <input type="checkbox"/> Public - State <input type="checkbox"/> Indian Tribe <input type="checkbox"/> Nonprofit <input type="checkbox"/> Other: Specify _____			
Charter City/County: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Street Address: 1600 Aloha Place	City: Oceano	State: CA	Zip+4 Code: 93445
Mailing Address: 1600 Aloha Place	City: Oceano	State: CA	Zip+4 Code: 93445
Congressional District(s): 24th Congressional District			
State Senate District(s): District 17			
State Assembly District(s): District 35			
County (or Counties): San Luis Obispo County			
Regional Water Board: <input type="checkbox"/> 1 (North Coast) <input type="checkbox"/> 2 (San Francisco Bay) <input checked="" type="checkbox"/> 3 (Central Coast) <input type="checkbox"/> 4 (Los Angeles)			
<input type="checkbox"/> 5 (Central Valley) <input type="checkbox"/> 6 (Lahontan) <input type="checkbox"/> 7 (Colorado River) <input type="checkbox"/> 8 (Santa Ana) <input type="checkbox"/> 9 (San Diego)			
Federal ID No.: 95-2430641		Data Universal Numbering System (DUNS) No.:	
Authorized Representative Name, Title: Gerhardt Hubner, District Administrator			
Phone No.: (805) 489-6670		Email Address: gerhardt@sslcsd.us	
General Contact Person Name: Mike Nunley			
Phone No.: (805) 904-6530		Email Address: mnunley@mknassociates.us	
Financial Contact Person Name: Alex Handlers			
Phone No.: (516) 653-3399		Email Address: alex@bartlewells.com	
Legal Counsel Name: Wendy Stockton			
Phone No.: (805) 668-9752		Email Address: wendylegal55@gmail.com	
Bond Counsel Name (if applicable):			
Phone No.: ()		Email Address:	
II. PROJECT INFORMATION			
Project Title: Redundancy Project			
CWSRF Planning/Design Financing Amount Requested: \$ 1,857,000			
III. PROJECT SERVICE AREA DEMOGRAPHICS			
Active Service Connections			<input type="checkbox"/> Not Applicable
Connection Type	Number of Connections	Current Monthly Service Charge	Projected Monthly Service Charge at Planning Completion*
Residential	15095	\$ 14.86	\$ 21.56
Commercial	1180	\$ 7.65	\$ 9.69
Industrial		\$	\$
Other	5604	\$ (See Rate Study - Attachment to General Pkg)	\$
TOTAL	21879	\$	\$
*Rate increase effective date for projected monthly service charges: July 2017			
		State Use Only	
		CWSRF Project #	
		Project Manager	
		Date Received	

Date of the most recent Proposition 218 public hearing: February 17, 2016	
Current Year Median Household Income: \$ 48,629-63,556	Current Year Estimated Population Served: 38,000
Are less than 50% of residences permanently occupied? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
IV. REGULATORY INFORMATION	
NPDES Permit and/or WDR Order No.: NPDES No. CA0048003 WDR Order No. R3-2009-0046	
Has enforcement action occurred as a result of the water quality problem? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
V. COMPLIANCE WITH URBAN WATER MANAGEMENT AND WATER RIGHTS REQUIREMENTS	
Are you an Urban Water Supplier*? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<ul style="list-style-type: none"> If yes, have you submitted an Urban Water Management Plan to the Department of Water Resources? 	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p>*An Urban Water Supplier provides water for municipal purposes either directly or indirectly to more than 3,000 customers or supplies more than 3,000 acre-feet of water annually. The Urban Water Management Planning Act, Water Code, Section 10631.5, requires every urban water supplier to prepare and adopt an Urban Water Management Plan that includes specific elements.</p>	
Is your entity a water diverter and subject to section 5103 of the Water Code? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
VI. DISCUSSION OF MATERIAL EVENTS, MATERIAL OBLIGATION CONDITIONS, AND ANY DEBT LIMIT	
Identify any current, prior or pending material events such as bankruptcy, defaults, litigation, grant jury findings, unscheduled draws on reserve funds, substitution of insurers or their failure to perform, unscheduled draws on credit enhancements, actions taken in anticipation of filing Chapter 9, rating changes, relevant conditions in material obligations, and any local debt limit.	
<p>A \$1,383,007.50 Administrative Civil Liability Complaint (ACL Complaint) No. R3-2012-0030 was enacted against the SSLOCSD by the SWRCB (against Order No. 2006-0003-DWQ) and CCRWQCB (against Order No. R3-2009-0046). The ACL Complaint has been issued in response to a 1,139,825 gallon sanitary sewer overflow occurring on December 19 and 20, 2010 from the gravity trunk sanitary sewer collection system discharged into the waters of the United States, including Oceano Lagoon, Meadow Creek, and the Pacific Ocean.</p>	
VII. ATTACHMENTS	
<input checked="" type="checkbox"/> 1 – Plan of Study <input type="checkbox"/> 2 – Certification for Compliance with Water Metering Form <input checked="" type="checkbox"/> 3 – Regional Water Quality Control Board Requirements <input type="checkbox"/> 4 – Authorizing Resolution/Ordinance <input type="checkbox"/> 5 - Relevant Service, Management, Operating or Joint Powers Agreements <input checked="" type="checkbox"/> 6 - Audited Financial Statements <input checked="" type="checkbox"/> 7 – Rate Adoption Resolution/Ordinance	
The following attachments are not required for Small Disadvantaged Communities applying for 100% grant:	
<input checked="" type="checkbox"/> 8 – Pledged Revenues and Fund(s) Resolution/Ordinance <input type="checkbox"/> 9 – Related Debt	

CERTIFICATION AND SIGNATURE OF AUTHORIZED REPRESENTATIVE	
To the best of my knowledge and belief, I certify that I am authorized to submit this application; the information provided in this application is true and correct; the documentation has been duly authorized by the governing body of the applicant; and the entity possesses the legal authority to apply for the financing and enter into a financing agreement with the State Water Resources Control Board and to finance and construct the proposed facilities.	
Name of Authorized Representative: <u>Gerhardt Hubner</u>	Title: <u>District Administrator</u>
Signature of Authorized Representative: _____	Date: _____

CERTIFICATION FOR COMPLIANCE WITH WATER METERING REQUIREMENTS FOR FUNDING APPLICATIONS



Funding Entity name: State Water Resources Control Board

Funding Program name: Clean Water State Revolving Fund

Applicant (Entity name): South San Luis Obispo County Sanitation District

Please check one of the boxes below and sign and date this form.

☒ As the authorized representative for the applicant Entity, I certify under penalty of perjury that the Entity is not an urban water supplier, as that term is understood pursuant to the provisions of section 529.5 of the Water Code.

☐ As the authorized representative for the applicant Entity, I certify under penalty of perjury that the applicant Entity has fully complied with the provisions of Division 1, Chapter 8, Article 3.5 of the California Water Code (sections 525 through 529.7 inclusive) and that the ordinances, rules, or regulations submitted with this certification as listed below have been duly adopted and are in effect as of this date.

I understand that the Funding Entity will rely on this signed certification in order to approve funding and that false and/or inaccurate representations in this Certification Statement may result in loss of all funds awarded to the applicant for its project. Additionally, for the aforementioned reasons, the Funding Entity may withhold disbursement of project funds, and/or pursue any other applicable legal remedy.

Gerhardt Hubner
Name of Authorized Representative
(Please print)

District Administrator
Title

Signature of Authorized Representative

Date

RESOLUTION NO. 2016-350

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

WHEREAS, The District is actively pursuing development of improvements at its wastewater treatment plant to improve reliability and allow existing process units to be taken out of service for repairs or maintenance; and

WHEREAS, The District wishes to pursue state funding in order to study, plan and design for appropriate improvements.

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

1. The District Chairman (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 Redundancy Project (the "Project").

2. 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.

3. 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 at a meeting of the South San Luis Obispo County Sanitation District held on 15th day of June, 2016.

AYES:

NOES:

ABSENT:

District Chairman

ATTEST:

District Administrator

CERTIFICATION:

I do hereby certify that the foregoing is a full, true and correct copy of Resolution No. 2016-350, adopted June 15, 2016 by South San Luis Obispo County Sanitation District.

District Secretary

RESOLUTION NO. 2016-351

**A 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 a Redundancy Project that includes development of improvements at its waste water treatment plant 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 Redundancy Project; and

WHEREAS, it is in the public interest to pursue planning loan funding for the Redundancy 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 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 a planning loan agreement to fund planning and design efforts for the Redundancy 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 Fund 19 and Fund 20 to repayment of funds loaned from the Clean Water State Revolving Fund and/or Water Recycling Funding Program for the Redundancy Project.
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 under the planning loan agreement unless modification or change is approved in writing by the SWRCB.
3. So long as the planning loan agreement(s) are outstanding, the District's pledge under this resolution shall constitute a lien in favor of the SWRCB on the foregoing fund(s) and revenues(s) without any further action necessary. So long as the planning loan agreement(s) are outstanding, the District commits to maintaining the fund(s) and revenues(s) at levels sufficient to meet its obligations under the planning loan 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:

Chairman

ATTEST:

District Administrator

CERTIFICATION:

I do hereby certify that the foregoing is a full, true and correct copy of Resolution No. 2016-350, adopted June 15, 2016 by South San Luis Obispo County Sanitation District.

District Secretary



SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

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

Date: June 15, 2016
To: Board of Directors
From: Gerhardt Hubner, District Administrator
Subject: **APPOINTMENTS TO SAN LUIS OBISPO COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT ZONE 1 AND 1A, ADVISORY
COMMITTEE**

RECOMMENDATION:

1. Board appoints Mr. Gerhardt Hubner as the District's representative, and Mr. John Clemons as the alternative to the San Luis Obispo County Flood Control and Water Conservation District Zone 1 and 1A, Advisory Committee, and
2. Direct staff to submit an application to the County Board of Supervisors for formal consideration and appointment.

BACKGROUND

In 2001, the San Luis Obispo County Board of Supervisors formed the San Luis Obispo County Flood Control and Water Conservation District Zone 1 and 1A, Advisory Committee to provide input on the maintenance and operation of the flood control facilities for the Arroyo Grande and Los Berros Creeks. The Advisory Committee is made up of seven members. Due to the District's significant interest in successful operation of the flood control facilities, the District has traditionally been represented on the Advisory Committee. The County of San Luis Obispo staff has requested that the Board formally appoint the District's representative. In August 2014, the Board appointed Ms. Shannon Sweeney as the District's representative. Ms. Sweeney is no longer with the District, thus the need for a replacement representative.

DISCUSSION:

Mr. Hubner has 10 years' experience working at the County of Ventura, Watershed Protection District (prior to 2003 it was entitled Ventura County Flood Control District) and while there was associated with the permitting, operation and maintenance of flood control facilities. Mr. Clemons, as Plant Superintendent has an active role in the District's facilities and flood prevention methods employed at the District property. Both are available to participate in the Advisory Committee. The

cost to the District for Mr. Hubner and/or Mr. Clemons to participate as the District's representative is staff time estimated to be 20-40 per year.



SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

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

Date: June 15, 2016
To: Board of Directors
From: Gerhardt Hubner, District Administrator
Subject: **MODIFICATION TO RESOLUTION NO. 2014-314 – POLICIES AND PROCEDURES FOR THE EXPENDITURE OF DISTRICT FUNDS FOR SUPPLIES, EQUIPMENT, CONSTRUCTION, AND SERVICES**

RECOMMENDATION:

1. Consider and Adopt a Modification(s) to Resolution No. 2014-314.

BACKGROUND

At the September 18, 2013 Board meeting, the Board adopted Resolution No. 2014-314 its policies and procedures for the expenditures of District funds for supplies, construction and services.

Back in 2010, the Board adopted an earlier version of these policies through Resolution No. 2010-274 which revised the then current District purchasing and construction policies which dated back to July 2005. In the 2013 update, the Board elected for the District to become subject to the Uniform Public Construction Cost Accounting Act thereby necessitating changes to the District's purchasing policy. The changes in 2013 also incorporated higher dollar limits and informal bidding process allowed under the Act while including the related requirements for adherence. These controls were seen as a natural progression in the District's financial policy to strengthen the District's financial controls.

DISCUSSION:

District staff are bringing this item is an outcome and recommendation of the "Knudson Report" of Past Management Practices, and the Board's direction to bring this recommendation back during the same time frame as the annual Budget. This recommendation was contained in the January 20, 2016 staff report: *"conducting an annual Board review of the District's Purchasing and Construction Policy, consider including provision for consultant service contracts that exceed specified amounts."*, and *"The purchasing policy is proposed for review with the annual budget."*

As you know, the District's annual budget is being discussed and considered during an earlier item on today's agenda.

As part of staff duties to meet this prior obligation, District and legal staff reviewed Resolution No. 2014-314, and after careful review, we are not recommending today an overhaul or redo of this Resolution, nor its policies and procedures. Rather, today we are recommending a few modifications to the Resolution as described below with rationale:

1. Change name of District Manager to District Administrator to reflect the recent hire of a District Administrator and current title.
2. Specifically call out in Section 2.5.A. the District Administrator's authority for services up to \$25,000. This would provide clarity and specificity in this provision, allow more efficiency and the effective use of District time and resources obtaining services (which was not clear in the prior Resolution). A \$25,000 authority for services is also consistent with other agencies and the authorities provided to their Department Heads to procure services.
3. Eliminate an inconsistency within Section 2.5. Under Section 2.5.B, the current Resolution is internally inconsistent with approval to the District Administrator as purchasing agent up to \$7,500 for equipment and supplies, but later restricted to \$5,000 without an authorization of the Board of Directors. We recommend a change here to \$7,500. The phrase of "equipment, supplies, or services" is also deleted to provide clarity that it only applies only to purchases.
4. Acceptance of new reformatting of the document for ease of readability.

Attachment

1. Redline version of Resolution No. 2014-314, with recommended modifications

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
RESOLUTION NO. 2014-314**

**A RESOLUTION AMENDING THE ADOPTED POLICIES AND PROCEDURES FOR THE
EXPENDITURE OF DISTRICT FUNDS FOR SUPPLIES, EQUIPMENT, CONSTRUCTION,
AND SERVICES AS SET FORTH IN RESOLUTION NO. 2010-274**

**ARTICLE I
Adoption of Purchasing and Construction Policies**

- 1.1 **Statutory Authority:** These policies and procedures are adopted pursuant to the Government Code Section 54201 (l), et seq., and the Public Contract Code Section 22000 et seq. ("Uniform Public Construction Cost Accounting Act") in order to establish an efficient procedure for the purchase of supplies, equipment and contracting for work and services.
- 1.2 **Board Findings and Declaration:** The Board finds and declares that placing all of these policies in one procedural set of guidelines will make these procedures clearer and easier to find. Furthermore, it is the intent of the Board in enacting these procedures to achieve the following objectives:
- A. To establish an efficient procedure for the purchase of supplies, equipment, and services at the lowest possible cost;
 - B. To assure that all supplies, equipment, construction and services at the plant are of sufficient quality to assure the efficient running of the plant;
 - C. To exercise positive financial control over purchases;
 - D. To clearly define authority for the purchase of supplies and equipment and for contracting for outside services and construction;
 - E. To assure as full and open competition as possible on all purposes;
 - F. Fitness and quality being equal, a preference may be granted to local vendors for the purchase of materials, supplies and services with a bid price less than \$45,000. The District may provide a preference to each qualified local vendor if the bid of a local qualified vendor does not exceed the lowest bid or price quoted by other vendors by more than five percent. To qualify as a local vendor, a business must have all current applicable city licenses and permits, must maintain its primary office and/or place of business within district boundaries. This preference is not applicable to any materials, supplies or services for which formal bids are required pursuant to statutory or California common law.

ARTICLE II
Purchase of Supplies and Equipment
District Manager Duties

2.1 The District ~~Administrator~~ ~~Manager~~ or Plant Superintendent, as the case may be, shall be the purchasing authority whose functions shall include the following powers and duties:

- A. To purchase or contract for supplies and equipment required by the District in accordance with the purchasing procedures outlined herein.
- B. To negotiate and recommend execution of contracts for the purchase of supplies and equipment.
- C. To ensure as full and open competition as possible on all purchases.
- D. To inspect supplies and equipment delivered, as well as contractual services performed, to determine their conformance with the specifications set forth in the purchase orders and contracts.
- E. To sell surplus supplies and equipment to interested private and/or public agencies or vendors.
- F. To keep informed of current developments in the field of purchasing, prices, market conditions and new products.
- G. To maintain a bidders' list, vendors' catalog file and records.
- H. To develop and prescribe administrative policies, forms, and files as may be reasonably necessary for the internal management and operation of these purchasing procedures.

2.2 Exemptions From Policies

- A. **Emergencies:** The purchasing procedures described above may be dispensed with at the discretion and judgment of the purchasing authority in the best interest of the District when the Board of Directors adopts a resolution by two-thirds vote declaring that it is in the public interest and necessity to demand an immediate expenditure of public funds to safeguard life, health, or property.
- B. **Single Source:** When the Board of Directors adopts a finding that there is only a single source of procurement and that the purchase is for the sole purpose of duplicating or replacing supplies, equipment, or material which is in use.
- C. **Deliveries Under Annual or Biannual Contracts:** When the Board of Directors has contracted for services or supplies on an annual or other regular basis, the payment for delivery of such services or supplies upon delivery is exempt from the need for additional authority for payment. This exemption does not apply to the actual negotiation or contracting for services or delivery of supplies.

2.3 Supplies and Equipment - District purchases under \$1,500.00

- A. The Plant Superintendent shall act as purchasing agent for the District in connection in obtaining materials, supplies, and equipment with a cost of **\$1,500.00** or less.
- B. Open Accounts:
 - 1. The Plant Superintendent shall maintain a list of all open accounts with suppliers on which employees of the District have the ability to sign for purchases. The list of open accounts shall be approved by the District Administrator Manager.
 - 2. The Plant Superintendent shall maintain a list of all employees with the ability to sign on open accounts and such list shall be approved by the District Administrator Manager.
 - 3. No employee shall sign on an open account without prior approval of the District Administrator Manager.
- C. In regards to the purchases of supplies or equipment with a cost of **\$300.00** or more, a "purchase order" shall be used.
 - 1. District employees shall submit a requisition for any required supplies, equipment, or services with an anticipated cost in excess of **\$300.00** on a form approved by the District Administrator Manager.
 - 2. If the requisition is approved by the Plant Superintendent, the Plant Superintendent shall seek the most favorable terms and price for the approved requisition either through comparative pricing or competitive bidding, whichever method the Plant Superintendent deems most appropriate under the circumstances. To the extent possible, the Plant Superintendent will review at least two quotations to ensure that the products or supplies purchased are of a quality suitable for the District's purposes and to obtain the lowest price available.
 - 3. Once the Plant Superintendent has determined the most advantageous price or bid, as the case may be, for the requisition, he/she shall issue a purchase order which will constitute a formal offer by the District to purchase the supplies, equipment, or to procure the service for the price and terms indicated therein.
- D. Except in cases of emergency or in cases where specific authority has been first obtained from the District Administrator Manager, the Plant Superintendent shall not purchase supplies or equipment unless there exists an unencumbered appropriation in the fund account against which the purchase is to be charged.

2.4 Supplies and Equipment - District purchases under \$7,500.00

The District Administrator Manager shall act as purchasing agent for the District in connection with the obtaining of supplies, equipment, or services with costs in excess of **\$1,500.00** but not more than **\$7,500.00**.

- A. The purchase of supplies and equipment with a value of **\$1,500.00** to **\$7,500.00** may be made by the District Administrator Manager in the open market pursuant to the procedure hereinafter proscribed:

1. The District Administrator Manager or his/her designee shall solicit quotations for the purchase of all such goods and supplies. Said quotations may be solicited by telephone or in writing.
2. Open market purchases shall, whenever possible, be based on at least three written quotations approved by the District Administrator Manager and shall be awarded to the supplier submitting the lowest responsive quote.
 - a. Single Source Items: If the District Administrator Manager determines that there is a single source of procurement and that the purchase of the supplies or equipment is for the sole purpose of duplicating or replacing supplies, equipment, or material which is in use, the requirement of obtaining competitive quotations shall not be required.

2.5 Supplies and Equipment - District Purchases over \$7,500.00 and less than \$45,000.00

- A. For the purposes of this section, the District Administrator Manager shall be the purchasing agent for the District in connection with supplies, equipment, and services with a cost in excess of **\$7,500.00**, but not more than **\$45,000.00**. The Board of Directors of the District shall approve all services in excess of \$25,000.00.
- B. The District Administrator Manager and/or his/her designee shall solicit quotations for all goods and supplies with a cost of more than **\$7,500.00** and less than **\$45,000.00**. Said quotations may be solicited by telephone or in writing.
 1. Open market purchases shall, whenever possible, be based upon at least three written quotations approved by the District and shall be awarded to the entity submitting the lowest responsive quote. The Board of Directors of the District shall approve all purchases in excess of ~~\$7,500.00~~ 5,000.00 and less than **\$45,000.00**.
 - a. Exception: When the District Administrator Manager determines that it is reasonably necessary to purchase equipment and supplies on an expedited basis, the District Administrator Manager may do so, but only on approval by the Chairman of the Board of Directors obtained prior to the actual purchase.
of equipment, supplies, and services

2.6 Supplies and Equipment -District Purchases over \$45,000.00 and less than \$175,000 – Informal Bidding Process

- A. For the purposes of this section, the District Administrator Manager shall be the purchasing agent for the District in connection with supplies, equipment, and services with costs in excess of **\$45,000.00**, but not more than **\$175,000**.
- B. Public projects, as defined by the Uniform Public Construction Cost Accounting Act (Act) and in accordance with the limits listed in Section 22032 of the Public Contract Code, may be let to contract by informal procedures as set forth in Section 22032, et seq., of the Code.
- C. A list of contractors shall be developed and maintained in accordance with the provisions of Section 22034 of the Public Contract Code and criteria promulgated from

time to time by the California Uniform Construction Cost Accounting Commission.

D. Notice Inviting Informal Bids:

Where a public project is to be performed, which is subject to the provisions of the Act, a notice inviting informal bids may be mailed to all contractors for the category of work to be bid and shall be mailed to all construction trade journals as specified by the California Uniform Construction Cost Accounting Commission in accordance with Section 22036 of the Public Contract Code. Additional contractors and/or construction trade journals may be notified at the discretion of the District Administrator ~~Manager~~ and/ or his/her designee, provided however:

1. If there is no list of qualified contractors maintained by the District for the particular category of work to be performed, the notice inviting bids shall be sent only to the construction trade journals specified by the Commission.
2. If the product or service is proprietary in nature such that it can be obtained only from a certain contractor or contractors, the notice inviting informal bids may be sent exclusively to such a contractor or contractors.

E. The District Administrator ~~Manager~~ is authorized to award informal contracts pursuant to this section.

2.7 Supplies and Equipment - District Purchases over \$175,000.00 - Formal Competitive Bidding/Notice

Except as otherwise provided in these procedures, purchases and contracts for supplies and equipment subject to the one-hundred seventy-five-thousand-dollar contract limitations of the Uniform Public Construction Cost Accounting Act (or an amount specified in a subsequent statute), shall be by written contract with the lowest responsible bidder pursuant to the procedures prescribed herein.

A. Notice of Inviting Bids:

1. Notices inviting bids shall include, but not be limited to, the following:
 - a. The notice shall distinctly state the supplies and equipment to be purchases;
 - b. The location and deadline for submission of bids;
 - c. The location where bid blanks and specifications may be secured;
 - d. The date, time, and place assigned for the opening of sealed bids;
 - e. The type and character of bidder's security required, if any;
 - f. Notice that the District reserves the right to waive minor irregularities in the bid.
 - g. Notice that no bidder can withdraw his/her bid for a period of 60 days after the date set for the award of the contract.

- h. Notice that a successful bidder can substitute securities for performance retention pursuant to Public Contract Code Section 22300.
2. Notices inviting bids shall be published at least twice, not less than 5 days apart, in a newspaper of general circulation, printed and published in the District, or if there is none, the notice shall be posted in at least three public places in the District that have been designated by the District Board of Directors as places for posting such notice.
3. The first publication or posting of the notice shall be at least ten days before the date of opening bids.

B. Supplies and Equipment Bids - Security Requirements:

Bidder's security may be required when deemed necessary. Bidders shall be entitled to the return of any bid security within 60 days from the time the award is made. A successful bidder shall forfeit his/her bid security, however, upon refusal or failure to execute a contract within 15 days after notice of award of the contract unless the district is responsible for the delay. The contract may be awarded to the next lowest responsible bidder upon the refusal or failure of the successful bidder to execute the contract within the time herein prescribed.

C. Bids Opening:

Sealed bids shall be opened in public at a time and place stated in the notice of inviting bids. A tabulation of all bids received shall be made available for public inspection until the award of the contract.

D. Bid Rejection:

The District may reject:

1. Any bid that fails to meet the bidding requirements in any respect; or
2. All bids, for any reason whatsoever, and may readvertise for new bids;
3. All bids, and adopt by two-thirds vote, a resolution declaring that the materials or supplies can be furnished at a lower price in the open market and the District may purchase the materials or supplies as stated in the resolution in order to take advantage of the lower cost.

E. Contract Award:

Contracts shall be awarded at the next regularly scheduled meeting after the date set for opening bids to the lowest responsible bidder except as follows:

1. If two or more bids are the same and the lowest, the District Board may accept the one it chooses.
2. If no bids are received, the District Board may order the supplies and equipment purchased without further bid.

F. Determination of Lowest Responsible Bidder:

In addition to the bid or quotation price, criteria for determining the lowest responsible bid or quotation, shall include, but not be limited to, the following:

1. The character, integrity, reputation, judgment, experience and efficiency of the bidder (this may include an analysis of previous dealings with the District or other public agencies);
2. The ability of the bidder to provide the supplies, equipment or services required, within the time specified, without delay or interference;
3. The ability of the bidder to provide future maintenance, repair parts and replacement of purchased equipment or supplies; and
4. Compliance by the bidder with Federal Acts, Executive Orders, and State Statutes.

Upon motion of Director _____, seconded by Director _____, and on the following roll call vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAINING:

The forgoing Resolution is hereby adopted this ____ day of _____ 2016.

Chairman

ATTEST:

District Manager

APPROVED AS TO FORM:

District Legal Counsel



SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

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

Date: June 15, 2016
To: Board of Directors
From: Gerhard Hubner, District Administrator & John Clemons, District Superintendent
Subject: **DISTRICT ADMINISTRATOR AND PLANT SUPERINTENDENT'S REPORT**

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

Project Updates:

- **Cherry Ave. Arroyo Grande Sewer Bridge Project** – On April 28, 2016, the Board approved a contract with Kevin Merk Associates, LLC for environmental review services. This Project is to perform maintenance on the existing structure, removing paint and debris and replaced its anti-corrosion coating. Merk Associates will complete for the District an initial biological assessment, and a Mitigated Negative Declaration under CEQA in preparation for submittal of an application to the California Fish and Wildlife for a Streambed Alteration Agreement. This SAA is necessary for construction to commence. The contract for this work has been executed, and work initiated. A meeting with Garing Associates was held on May 25th to discuss project details, schedule, permitting and bid requirements. *Currently staff are evaluating costs and scheduling to determine the best possible avenue for moving the project forward.*
- **Grit Removal System** – On April 28, 2016, the Board approved a contract with Speiss Construction Company for \$492,100. *A notice of award and to proceed was issued on May 23rd. Bonding and insurance requirements have been met. A preconstruction meeting was held with the contractor on May 30th. Construction is expected to be completed no later than January 2017.*
- **Mechanical Bar Screen** – *Draft Final Design is now complete. The next step will be the issuance/advertisement of a Request for Proposal (RFP) by the District expected in early July. Construction, once awarded, is anticipated to take six to seven months (sometime in Spring 2017).*

- **Secondary Process Redundancy Project** – On March 16, 2016, the Board approved a design contract to Kennedy Jenks for Phase I of this project. As work has now begun on Phase I a meeting was held April 27th at the District facility with the Project Team, including Kennedy Jenks, Cannon Associates and Yeh and Associates. The topics included the location and completing a survey of the current and proposed new facilities, upcoming geotechnical work, and evaluation(s) of any potential flood, and/or biological issues. *Work to complete biological surveys at our facility property, and additional flooding/sea rise analyses are underway. Geotechnical work, including on-site boring were recently completed.*
- **Satellite Water Resource Recovery Facilities Grant** – The Board approved a re-scoping of this grant funded project at its March 30, 2016. A meeting with Water Systems Consulting (WSC) and staff with the City of Arroyo Grande was held at the District office on May 11th. At this meeting WSC provide District staff with the history and progress under the grant, timeline for completion, and efforts to coordinate/complement this study with the regional recycling project being undertaken by the City of Pismo Beach. *The regular monthly meeting was held on June 1st at the District's office where project schedule, milestone and progress on draft report components were discussed.*
- **Energy Cost Reduction/Conservation Project, Co-Generation Unit** – On April 21st a meeting was held with representatives of PG&E, MKN and Enviser. The purpose of the meeting was to hear an update on a feasibility assessment for a co-generation system at the District's facility. The assessment indicates significant benefits of a co-generation system can be realized including future saving on the District's facility electricity costs, and a reduced carbon footprint (eliminated flare)/greenhouse gases. Low cost financing may also be available. The next step includes more refinement of the Project, and future Board consideration of whether to move forward design and installation. A Master Agreement was recently provided by PG&E, and reviewed by our legal counsel. A meeting to discuss our comments was held with PG&E on May 18th.
- **FFR Short-Term Emergency Back-up Plan** – *District staff have completed one component of this Plan, through the installation of vertical piping (one of Plan's first components).*
- **GIS manhole mapping system** – In progress, with estimated completion in early summer. Awaiting software evaluation/recommendation from consultant.
- **District Control Building and Office** – As noted in a verbal report to the Board at the May 4th meeting, significant issues and problems are evident in the District's Operational and Administrative Building. Identified issues include: Strong and persistent odors, noise and disruption from brine disposal trucks, multiple leaks in the ceiling/roof, mold, old desks and chairs (some decades old), old and stained carpets and flooring, infestation of pests, bubbling and peeling paint, break room/kitchen deterioration, identified leaks in the indoor plumbing, insufficient and overlapping utilization of space for administration vs. operations, IT integration, file storage, and others.

As a proactive and preventative approach to address these multiple issues we initiated requests for quotes for structure repairs on the roof, and assessment of any potential Health and Safety issues within the building for our employees.

On May 11, 2016, an Ergonomic Specialist/Chief Risk Officer from the Special District Risk Management Association conducted and completed an ergonomic assessment of the District office. We expect submittal of that assessment to be available in several weeks.

On May 13, 2016, an Industrial Health and Safety assessment for the office was completed. This assessment will look at any potential health and safety issues, and provide us with recommendations for corrections and/or improvements. We expect submittal of that assessment to be available in several weeks.

Regional Efforts

- Arroyo Grande Watershed MOU Group – In 2006, various parties, including the District entered into a Memorandum of Understanding. The purpose of this watershed group is to develop programs and policies for the maintenance, protection, and enhancement of Arroyo Grande Watershed and creeks within the Watershed. On April 20th, District staff recently participated in the most recent quarterly meeting of the group at the Arroyo Grande City Conference Room, and heard several presentations including one by the City of Pismo Beach on their regional recycled water project.
- Zone 1-1A Flood Control Advisory Committee District is focused on the goal to provide input and coordination on proposed improvement and maintenance of the Zone 1/1A flood facilities, working with the Coastal San Luis Resource Conservation District. As a result, a long term maintenance plan for the channel called the Arroyo Grande Creek Channel Waterway Management Program (AGWMP) was developed. *Item 6D on the today's agenda, District staff are recommending the Board designate a staff representative and alternate to this Committee in order to participate.*
- Integrated Water Resource Management (IRWM) – Integrated Regional Water Management (IRWM) is a collaborative effort with the County of San Luis Obispo to manage all aspects of water resources on a region wide scale that:
 - Crosses jurisdictional, watershed, and political boundaries
 - Involves multiple agencies, stakeholders, individuals, and groups
 - Addresses regional issues and differing perspectives of all the entities involved through mutually beneficial solutions.
 - Develops multi-benefit solutions

One key additional benefit of IRWM participation includes potential grant opportunities to the District available through the State of California and Proposition 1. The next meeting is scheduled for May 4th at the San Luis Obispo City Library. District staff has been asked to attend. For the District to fully participate and join as a full member, the Board would need to adopt the IRMP through a Resolution and Memorandum of Understanding. At a future meeting, staff intends to bring for Board consideration these documents to provide formal membership in the San Luis Obispo IRWM group.

- Water Reuse, Central Coast Chapter –The Association is a not-for-profit association (501c6) of utilities, government agencies and industry that advocates for laws, policies and funding to promote water reuse. The Water Reuse Association provides a

comprehensive and complementary approach to increasing water reuse in California. In the past District staff have participated on a periodic basis.

- North Cities Management Area Technical Group - The NCMA TG, which includes representatives from the Cities of Arroyo Grande, Grover Beach, Pismo Beach, and the Oceano Community Services District, was formed as a result of the Santa Maria Groundwater Basin (SMGB) Adjudication. As such, this group is exploring various ways to protect and enhance future water supplies in the basin through groundwater monitoring, and the collection and analyzing of data pertinent to water supply and demand. On May 9th, by invitation, District staff attended and participated in the NCMA Technical group discussion. The group shared recently hydrologic and water resources data and information, and water conservation efforts. *The next meeting is scheduled for June 13th.*
- *Regional South SLO County Recycling Efforts: Recently staff have been invited to participate in meeting with the City of Pismo Beach, and discuss their efforts with a Regional recycling projects and how the District might participate. The first meeting was held on June 1st, with a future meeting on June 23rd.*

Superintendent's Report

During this reporting period (through May 26th) the District's facility continues to regularly meet its Permit Limitations as required under the State of California's National Pollution Elimination Discharge (NPDES) Permit issued to the District. Plant effluent exceeded permit limits for average total suspended solids(TSS) for the month of May. Permit limits for average monthly TSS is 40 mg/L. Plant effluent TSS average for the month of May was 42.5 mg/L. Single results reached a high of 47 mg/L mid-month, but have steadily declined since. Staff has made process adjustments to re-stabilize process results. Our first result in June was 30 mg/L. The May monthly TSS violation has been reported to the Regional Water Board staff. However, this singular event will not automatically trigger a fine (considered a chronic violation vs. a serious violation). A fine is triggered when an agency reports more than four chronic violations in a 180-day period. The last prior violation for this Plant was reported on December 3, 2015.

All other process values (lab test results) were within permit limits.

Plant Data (Data as Available June 10, 2016)

May 2016	INF Flow MGD	Peak Flow MGD	INF BOD mg/L	EFF BOD mg/L	INF TSS mg/L	EFF TSS mg/L	Fecal Coli	Cl2 lbs/day	BOD REM Eff. %
Average	2.20	3.46	470	34	435	42.5	30	172	92
High	2.59	4.30	504	48	472	48	240	344	
Limit	5.0			40/60/90		40/60/90	2000		80
CY 2015 Monthly									
Average	2.17	3.42	415	29	438	36	67	194	93
High	2.42	4.8	495	43	494	47	255	402	

June 2016* Thru June 10th	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. %
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Average	2.21	3.37	404	36	421	30	43	120	92
High	2.39	4.1	404	36	421	30	240	125	
Limit	5.0			40/60/90		40/60/90	2000		80
CY 2015 Monthly									
Average	2.17	3.42	415	29	438	36	67	194	93
High	2.42	4.8	495	43	494	47	255	402	

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

Operation and Maintenance Projects

- Installed relay for back-up dechlorination system.
- Performed annual vegetation removal inside fence-line at sludge lagoon.
- Cleaned surface of FFR media and collected oil sample from gearbox.
- Unplugged clog in primary sludge pump, removed rag ball.
- Ran emergency generator under load for one-half hour.
- Cleared and prepped sludge beds.
- Removed burnt motor and chewed wiring from sump well in Plant storm drain system.
Replaced burned electrical relay.