



**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**

Grover Beach City Hall Chambers
154 South 8th Street
Grover Beach, California 93433

Wednesday, April 19, 2017, at 6:00 p.m.

Board Members

John Shoals, Chair
Linda Austin, Vice Chair
Jim Hill, Director

Agencies

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

Alternate Board Members

Karen White, 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. Approval of Minutes of April 5, 2017 Meeting**
- 5C. Financial Report for March 2017**
- 5D. Plant Operation's Report**

6. ACTION ITEMS:

6A. PROPOSED RESOLUTION NOS. 2017-364, 365 AND 366, AUTHORIZING RESOLUTIONS FOR THE DISTRICT TO SUBMIT A FINANCIAL PACKAGE IN SUPPORT OF A STATE WATER RESOURCES CONTROL BOARD STATE REVOLVING LOAN APPLICATION FOR THE WASTEWATER REDUNDANCY PROJECT

- 1. Consider and adopt Resolution No. 2017-364, a Resolution designating the District Administrator as the representative to sign and file a Financial Assistance Application for the Wastewater Redundancy Project.
- 2. Consider and adopt Resolution No. 2017-365, a Resolution stating the District's intent to reimburse itself for expenditures advanced for the Wastewater Redundancy Project; and authorizing and directing the District Administrator to Implement the Resolution.
- 3. Consider and adopt Resolution No. 2017-366, a Resolution pledging revenues and funds as specified for the Wastewater Redundancy Project; and for the District Administrator to Implement the Resolution.

6B. UPDATE ON DEPOSITION OF AUDIOTAPES THROUGH WEBSITE DEVELOPMENT

- 1. Receive and File Report

7. CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9: (three potential cases).

8. ADJOURN MEETING

The next regularly scheduled Board meeting on May 3, 2017, 6 pm at the Grover Beach City Hall Chambers, 154 South 8th Street, Grover Beach, California 93433

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
WARRANT REGISTER

04/19/2017 FY 2016/17

VENDORS	BUDGET LINE ITEM	DESCRIPTION	WARRANT NO.	ACCT	ACCT BRKDN	TOTAL
AGP VIDEO	PROF. SERVICES	6921	04192017-2058	7080	775.00	775.00
AUTOSYS, INC.	EQUIPMENT MAINTENANCE	INV #1037 #2 VFD DRIVE	2059	8030	402.50	402.50
BANK OF THE WEST	TRAINING	WATER USE CONFERENCE/HUBNER	2060	7085	627.12	5,839.16
	TRAINING	ROYAL ELECTRIC/SCADA/ CLEMONS		7050	1,300.00	
	TRAINING	PUMP WORK SHOP/ JONES		8045	232.80	
	OFFICE SUPPLIES	OFFICE MAX		8030	75.93	
	APCD	INV #18148/SERVICE FEE		7040	3,603.31	
BRENNTAG	PLANT CHEMICALS	BPI7122993	2061	8050	4,282.75	4,282.75
CAL COAST REFRIGERATION	EQUIPMENT MAINTENANCE	165732	2062	8030	422.53	422.53
CENTRAL COAST TECHNOLOGY	COMPUTER SUPPORT	941,952	2063	7082	653.43	653.43
CHARTER	COMMUNICATIONS	3/29-4/28/17	2064	7013	381.68	381.68
CULLIGAN CCWT	EQUIPMENT RENTAL	41551	2065	7032	60.00	60.00
CULLIGAN SANTA MARIA	EQUIPMENT RENTAL	INV #64237/ APRIL 2017	2066	7032	22.50	22.50
ENGEL&GRAY	BIO SOLIDS HANDLING	#78434 MARCH 2017	2067	7085	11,223.48	11,223.48
FEDEX	CHEMICAL ANALYSIS	5-748-76765;5-755-31698;5-763-02895	2068	7080	209.11	209.11
FLUID RESOURCE MANAGEMENT	HEADWORKS IMPROVEMENT	C15464	2069	26-8065	19,557.60	19,557.60
GARING, TAYLOR & ASSOCIATES	AG SEWER BRIDGE	INV #14201,14257	2070	8065/26	2,705.00	2,705.00
GLENN BURDETTE	FINANCIAL AUDIT	159580	2071	7072	7,500.00	7,500.00
HOPKINS TECHNICAL PRODUCTS	EQUIPMENT MAINTENANCE	3617300348	2072	8030	73.11	73.11
I.I. SUPPLY	EQUIPMENT MAINTENANCE	44769	2073	8030	66.40	66.40
INTERSTATE BATTERIES	EQUIPMENT MAINTENANCE	90976,101026547,91536	2074	8030	1,055.81	1,055.81
JB DEWAR	FUEL	842218	2075	8020	42.81	42.81
JESSICA MATSON	WEBSITE	MARCH 2017	2076	7065	202.50	202.50
JIM BLECHA	OCSD SERVICES	REIMBURSEMENT OF PREVIOUS OVERCHARGE PER OCSD	2077	19-4035	1,288.62	1,288.62
JOHN F. RICKENBACH CONSULTING	REDUNDANCY PROJECT	212	2078	20-7080	3,000.00	3,000.00
KERIMA WATER SOLUTIONS	PLANT CHEMICALS	9017539753	2079	8050	7,803.34	7,803.34
LARA HR SERVICES	HUMAN RESOURCES	FEB 2017-003/ MAR 2017-004	2080	7076	6,020.00	6,020.00
MICHAEL K NUNLEY	DIGESTER 1 CLEANING	3203	2081	7077	4,768.34	7,586.78
	GIS IMPLEMENTATION	3187		7015	300.00	
	REDUNDANCY PROJECT	3245		20-7080	1,357.50	
	HEADWORKS IMPROVEMENT	3202		26-8065	1,160.94	
MISSION COMMUNICATIONS	COMMUNICATIONS	1007344	2082	7013	454.80	454.80
MOSS, LEVY & HARTZHEIM LLP	STATE CONTROLLERS REPORT	10505	2083	7072	750.00	750.00
OILFIELD & ENVIRO. COMPLIANCE	CHEMICAL ANALYSIS	1701084	2084	7078	228.00	228.00
PERRY'S ELECTRIC MOTORS	EQUIPMENT MAINTENANCE	20347	2085	8030	50.31	50.31
PRAXAIR	EQUIPMENT RENTAL	76676653	2086	7032	27.84	27.84
READY REFRESH	HOUSEHOLD SUPPLIES	2/27-3/26/17	2087	8035	212.51	212.51
REGIONAL GOVERNMENT SERVICES	HUMAN RESOURCES	6925	2088	7076	1,816.50	1,816.50
STANLEY SECURITY	ALARMS	14400074/ MAY 2017	2089	7011	222.06	222.06
STATE COMP INSURANCE	WORK COMP	APRIL 2017	2090	6080	5,580.67	5,580.67
THOMA ELECTRIC	EQUIPMENT MAINTENANCE	37569	2091	8030	734.26	734.26
VWR	LAB SUPPLIES	8048082165	2092	8040	213.37	213.37
WENDY STOCKTON, ESQ.	LEGAL COUNSEL	MARCH 2017	2093	7071	8,872.50	8,872.50
SUB TOTAL					\$ 100,336.93	\$ 100,336.93
SO. SLO CO. SANITATION DISTRICT	PAYROLL 03.31.17	\$30,633.92	2094		30,633.92	38,347.98
	CALPERS RETIREMENT	\$7,714.06		6060	7,714.06	
					\$ 38,347.98	\$ 38,347.98
GRAND TOTAL					\$ 138,684.91	\$ 138,684.91

We hereby certify that the demands numbered serially from 04192017-2058 to 04192017-2094 together with the supporting evidence have been examined, and that they comply with the requirements of the SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT. The demands are hereby approved by motion of the SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT, together with warrants authorizing and ordering the issuance of checks numbered identically with the particular demands and warrants.

BOARD OF DIRECTORS:

DATE: _____

Chairman

Board Member

Board Member

Secretary

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

Grover Beach City Council Chambers
154 South 8th Street,
Grover Beach, CA

Minutes of the Meeting of Wednesday April 5, 2017
6:00 P.M.

1. CALL TO ORDER AND ROLL CALL

Chairman Shoals called the meeting to order and recognized a quorum.

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

District Staff in Attendance: Gerhard Hubner, District Administrator;
Gilbert Trujillo, District Legal Counsel

2. FLAG SALUTE

3. AGENDA REVIEW

Upon motion of Director Hill seconded by Director Austin the Agenda was approved as presented.

4. PUBLIC COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA

Chairman Shoals opened the public comment period.

Andrew Burnett commented on personnel.

Lindsey Westbrook commented on personnel contract and training.

Leland Simpson commented on personnel.

Kristie Victorine commented spoke about follow up on the Knudsen report, stewardship and hostile work environment.

Coleen Koogler asked about proper procedures and requirements for administrative leave.

Joe Schacker commented on lack of cleanup of vagrants and garbage around the District property.

Julie Tacker spoke about employing a full-time Administrator versus a part-time Administrator, the Administrator Report and use of consultants.

Ron Holt commented on personnel, Director Hills investigation, legal counsel advice and conflict of interest

Ron Arnoldson commented on personnel, lack of projects and plant operations.

Mary Lucey spoke about the fine, deferring maintenance and working with the Coastal Commission and State.

David Nichols agreed with comments made by another speaker.

Shelly Cochran commented on personnel and the Knudsen Report.

Patricia Price commented on personnel, the Knudsen Report, the sewage spill of 2010 and the plant formally being on the brink of bankruptcy.

Debbie Peterson commented on secrecy and fear.

Patty Welsh commented on personnel, basic equipment maintenance and plant shut down.

David Odell questioned costs of plant operations today versus one year ago.

Shirley Gibson commented on former and current personnel.

Chairman Shoals closed public comment.

5. CONSENT AGENDA

5A. Approval of Warrants

5B. Financial Review at February 28, 2017

5C. Approval of Minutes of Meeting of March 1, 2017

Director Hill spoke on dates being coded in error on the Warrant Register, the March 1st meeting and legal fees.

Chairman Shoals opened the public comment period on Items 5A, 5B and 5C.

Kris Victorine commented on approving warrants with no review of supporting documents and Phase 1 mediation.

Julie Tacker spoke on approval of the Mediator, the Oakes contract and expanding to Action Minutes.

Ron Arnoldson commented on the minutes.

District Legal Counsel Gilbert Trujillo advised that discussion on the Mediator falls under personnel privacy rights and therefore he is unable to give further information.

Director Hill noted that backup documents to verify expenses are available.

Chairman Shoals closed public comment.

Motion: Director Austin made the motion to approve 5A, 5B and 5C with corrections to the dates on the Warrant Register.

Second: Director Hill

Action: Approved unanimously by roll call vote.

6. ACTION ITEMS:

6A. Approval of Minutes of Meeting of December 21, 2016

Chairman Shoals opened the public comment period.

Patricia Price, Lindsey Westbrook and Julie Tacker asked about letters being included in the Board packet and attached to Minutes.

Chairman Shoals closed the public comment period.

Motion: Director Austin made a motion to approve the Minutes of December 21, 2016 and not attaching the letters to these minutes.

Second: Director Shoals

Action: Motion passed 2 – 1. Director Hill Voted no.

6B. Purchase of Crane for Flatbed Truck

Approval to purchase a replacement crane the District's flatbed truck in the amount of \$19,401 from Industrial Truck Bodies.

Administrator Hubner reported on the need to purchase a crane for the flatbed truck.

Chairman Shoals opened the public comment period.

Mary Lucey spoke on the age of the crane.

Chairman Shoals closed the public comment period.

Motion: Director Hill approve staff recommendation.

Second: Director Austin

Action: Approved unanimously by roll call vote.

6C. Request for Proposal to Clean Primary Digester No. 1, and Allow the District Administrator to Proceed to Execute a Contract for Digester Cleaning not to exceed \$380,000

1. Release of Request for Proposal for Cleaning of Primary Digester No. 1;
2. District Administrator to Execute Contract Not to Exceed \$380,000; and
3. For Fiscal Year 2016-17 utilize \$201,200 from Fund 20, Project No. 2016-B1-01 (AG Sewer Bridge Repair) & \$178,800 from Fund 20 fund balance.

Administrator Hubner gave a presentation on the need for clean out and maintenance on the Primary Digester No. 1. He advised the Board Digester No. 1 was well overdue for cleaning and that it was standard industry practice to clean a wastewater facilities' digester every 8 to 10 years. Administrator Hubner gave a list of potential negative effects that can occur due to failure to clean the digester.

Administrator Hubner advised the Board the cleaning of the Primary Digester No. 1 was not included in the adopted Fiscal Year 2016/17 Budget but the funds were available in Fund 20. He further advised the Board the project may extend into the next Fiscal Year.

Director Hill stated concerns about issues in the coming year by delaying the Arroyo Grande Sewer Bridge project.

Discussion was held regarding where the funds would come from for the cleaning of Primary Digester No. 1, upcoming projects, the 2013 CIP List and the replacement list.

Chairman Shoals opened the public comment period.

Julie Tacker, Patty Welsh, Mary Lucey, Ron Arnoldson and Ron Holt commented on cleaning the Primary Digester No. 1 project, funds to also do the Arroyo Grande Sewer Bridge project, reserves if there should be future crisis and a priority list for future projects.

Chairman Shoals closed the public comment period.

Motion: Director Hill made the motion to approve staff recommendations, use funds from Fund 20 and not impact the Arroyo Grande Sewer Bridge Project.

Second: Director Austin

Action: Approved unanimously by roll call vote.

6D. Rental of a Dewatering Centrifuge to Assist with District's Digester Cleaning and Rehabilitation Project

1. Approval to enter into a rental contract with Pace DS for a dewatering centrifuge for a minimum 6-month time period or longer; and
2. For Fiscal Year 2016-17 utilize \$36,000 from Fund 19 & Fund 19/Schedule A-1, and include funds in the Fiscal Year 2017-18 draft Budget to support this rental.

Administer Hubner gave a presentation on the need of a temporary dewatering Centrifuge to assist with the District's Digester cleaning and rehabilitation project. He advised the Board that they had received three quotes based on a six-month period with the lowest overall quote coming from Pace DS.

Motion: Director Hill made the motion to approve staff recommendations awarding the contract to Pace DS as discussed.

Second: Director Austin

Action: Approved unanimously by roll call vote.

6E. District Administrator & Plant Operation's Report

District Administrator Hubner provided an update on the Sewer Bridge Project, Grit Removal Project, change orders to support implementation of the headworks

project, request for revisions from the Coastal Commission on the Redundancy Project, Recycled Water Planning Facilities Study Grant, District Control building and office, Inflow & Infiltration Study, migration and transfer of old audio tapes to the new website, the Record Retention Policy, Personnel Policy Manual updates, completion and submittal of the SDMA questionnaire, the Cambria CSD plan to truck brine to the District's facility, the Plant's Report, staff trainings and call outs.

Director Hill noted the plant data does not include prior years and there is some movement on the I&I Study.

Chairman Shoals spoke on collaboration on the EIR and cost sharing, and stated the need for cost share in an MOU or another form of legal document.

Julie Tacker spoke about the migration of audio tapes being relevant to the Wallace investigation, cost sharing with the City of Pismo Beach, attendance at the water conference in San Diego, and Cambria brine limits.

Mary Lucey questioned if projects tied up with SGMA funds will have an impact on any of the District's projects.

Patricia Price spoke about the old audio tapes no longer being available and asked if there could be a link from the District's website to SLO Span.

Administrator Hubner advised the audio tapes are gone with no ability to retrieve them and streaming of the video or hosting of the video to SLO Span would be very costly.

Director Hill stated he would be interested to see if there is a way to recover the tapes.

Administrator Hubner was directed to bring back to the Board a cost for a link from the District's Website to SLO Span and to see if there is a way to recover the old audio tapes. He was further directed if the audio tapes are not recoverable to provide a document from the Webmaster stating why they are not recoverable.

7. CLOSED SESSION

CONFERENCE WITH LABOR NEGOTIATORS pursuant to Government Code Section 54957.6. Agency designated representative: District Administrator

Employee Organizations: Service Employees International Union (SEIU) Local 620, Non-represented Management and Non-Represented Employees.

CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9: (two potential cases).

Julie Tacker spoke to mediator, paid administrative leave and performance review.

Terry Clare spoke favorably of John Clemons

Debbie Peterson posed question of which staff decided to delete audiotapes.

8. RECONVENE TO OPEN SESSION

At 9:54 pm. the Board reconvened to Open Session.

There was no reportable action from Closed Session.

9. ADJOURNMENT

The meeting adjourned at 9:54 pm

The next regularly scheduled Board meeting on April 19, 2017, 6 p.m. at the Grover Beach City Council Chambers, 154 South 8th Street, Grover Beach, California 93433

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



SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

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

www.sslocsd.org

Date: April 19, 2017
To: Board of Directors
From: Gerhard Hubner, District Administrator
Subject: **Financial Review as of March 31, 2017**

Overall Financial Summary

As of March 31, 2017, the District has received total revenues of \$3,411,905. Of this amount, \$3,234,795 is for operating revenues, and \$167,110 is for non-operating revenues.

District expenses totaled \$2,764,265 as of March 31, 2017.

Local Agency Investment Fund

The balance in the District's LAIF account was \$2,430,608 as of March 31, 2017.

County of San Luis Obispo Treasury Pool

As of March 31, 2017, the reconciled cash balance with the County of San Luis Obispo Treasury Pool was \$3,020,271. 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

As of March 31, 2017, the reconciled cash balance in the District's Rabobank account totaled \$138,822. This account has been used to process the District's contracted payroll provider service and other District expenditures.

Account for the Oceano Community FY 15/16 Revenue

As of March 31, 2017, the reconciled cash balance in this account totaled \$898. This account has been used as a pass thru account to receive Oceano Community prior year revenue.

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
MONTHLY CASH REPORT MARCH 2017

Cash Balance at 02/28/17 \$ 5,242,829.82

Deposits	\$ 446,750.52
Deposits from Property Tax Current	\$ 8,301.54
Deposits from Property Tax Delinquent	\$ 661.41
Warrant Register 03/01/17	(46,456.90)
Payroll 3/3/17	(31,916.27)
Payroll 3/17/17	(30,315.42)
Rabobank March Activity	(153.40)

Total March Activity	\$ 346,871.48
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Cash Balance at 3/31/17 \$ 5,589,701.30

Cash by Institution	CASH BALANCE @ 03/31/17
Cash with County Treasury	3,020,271.19
Cash with LAIF	2,430,607.97
Cash with Rabobank	138,822.14
	<hr/>
	\$ 5,589,701.30

Plant Operation's Report

During this reporting period (April 1st through April 11th, 2017) 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. *All process values (lab test results) were within permit limits.*

Plant Data (Monthly Data as of April 11th, 2017)

April 2017	INF Flow MGD	INF Peak Flow MGD	INF BOD mg/L	EFF BOD mg/L	BOD % Removal	INF TSS mg/L	EFF TSS mg/L	TSS % Removal	Fecal Coliform MPN/100mL	Chlorine Usage lbs/day
Low	2.34	3.3	519	35.1		444	26		2	125
High	2.76	4.4	519	35.1		500	41.8		2	188
Average	2.46	3.88	519	35.1	93.24	467	32.03	93.1	2	160
Limit	5.0			40/60/90	>80		40/60/90	>80	2000	

**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

- Fluid Resource Management began lowering Emergency By-pass pump piping in Headworks
- Troubleshoot Chlorine and Chlorine Backup system, Met with Fluid Resource
- Troubleshoot and patched Centrifuge Polymer system differential pressure switch
- Thoma Electric assisted staff in pulling new power lines for Reclaim Water Pump No. 2
- Thoma Electric assisted staff in the troubleshoot and repair of Secondary Clarifier torque overload switch
- Replace batteries in Emergency By-pass Pump
- Per District Administrative directive began update to Capital Replacement Projects List in concert with Ms. Shannon Sweeney
- Reviewed and completed Underground Service Alerts (U.S.A.'s)
- Per District Administrator's directive began work on reviewing and updating work order system, including eliminating significant backlog of maintenance work (2-year backlog)
- Remove and replace old band saw blade
- Repair and install new hinges for sampling port on Chlorine Contact Tank
- Lubricate Hot Water Boiler stainless steel butterfly valve and placed back into operation
- Flushed and refilled oil on Digester Heat Recirculation pump

Training

- No staff trainings to report this reporting period.

Call Outs

- No call outs to report for this reporting period



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STAFF REPORT

Date: April 19, 2017

To: Board of Directors

From: Gerhard Hubner, District Administrator

Subject: PROPOSED RESOLUTION NOS. 2017-364, 365 AND 366, AUTHORIZING RESOLUTIONS FOR THE DISTRICT TO SUBMIT A FINANCIAL PACKAGE IN SUPPORT OF A STATE WATER RESOURCES CONTROL BOARD STATE REVOLVING LOAN APPLICATION FOR THE DISTRICT'S WASTEWATER REDUNDANCY PROJECT

RECOMMENDATION

1. Consider and adopt Resolution No. 2017-364, a Resolution designating the District Administrator as the representative to sign and file a Financial Assistance Application for the Wastewater Redundancy Project.
2. Consider and adopt Resolution No. 2017-365, a Resolution stating the District's intent to reimburse itself for expenditures advanced for the Wastewater Redundancy Project; and authorizing and directing the District Administrator to Implement the Resolution.
3. Consider and adopt Resolution No. 2017-366, a Resolution pledging revenues and funds as specified for the Wastewater Redundancy Project; and for the District Administrator to Implement the Resolution.

BACKGROUND

The District completed a Wastewater Financial Plan and Rate Study in 2016, and passed a rate increase that included debt service for a future State Revolving Fund (SRF) loan. A SRF loan would provide funding for the District's Wastewater Treatment Plant Redundancy Project. SRF loans are a low-cost approach for public agencies from the State Water Resources Control Board (SWRCB) to fund major water and wastewater projects. The interest rates fluctuate based on roughly half of the most recent State of California's General Obligation Bond Rate. Currently, 20 - to 30-year financing is offered for interest rates below 2%. The 2016 Rate Study included the assumption of a 30-year loan with 3% annual interest rate.

The SRF program offers both project planning/design and construction loans. Repayment does not begin until one year after project completion.

At the June 15, 2016 Board meeting, the Board approved a Resolution authorizing staff to proceed

with submitting a SRF loan planning application to help fund the permitting and design for the Redundancy Project. The planning loan application is pending before the SWRCB.

At the August 17, 2016, Board meeting, in the District Administrator's Report, meetings with SWRCB SRF staff were described. That report detailed some of the current issues and potential over commitments within the SRF loan program.

At the October 5, 2016, Board meeting, the Board authorized entering into a professional service contract with Bartle Wells Associates (BWA). The contract consisted of two primary tasks: Task A involved financial assistance for SRF construction loan financing. Specifically, the deliverables will include a completed SRF financial assistance application, assistance with adoption of required District Resolutions, updated financial projections, and availability to respond to questions and information requests. Task B of the contract was for BWA to evaluate a range of potential financing alternatives for the District's Redundancy Project, including pros and cons of different approaches with the goal of finding the most flexible financing option(s) possible. The District's financial projections would also be updated, and debt service options including phasing over a number of years would be evaluated.

DISCUSSION

As previously described, a SRF construction loan application consists of four packages: financial, environmental, technical, and general information. Today's item is to present and consider the implementing Resolutions necessary as part of the SRF loan submittal. The Resolutions attached (Attachments Nos 1, 2 and 3) to this staff report for the Board consideration are essential in order for the SFR loan application to be considered and approved.

Resolutions Nos. 2017-364, 365, 366

Each of the Resolutions with both recitals and implementing language as described below:

The purpose of Resolution No. 2017-364 is to authorize a District representative (in this case the District Administrator) to sign and file the SRF financial package for the District's Wastewater Redundancy Project.

The purpose of Resolution No. 2017-365 is to for the District to state its intent to reimburse itself for expenditures advanced for the Wastewater Redundancy Project paid prior to the issuance or approval by the SWRCB.

The purpose of Resolution No. 2017-366 is to pledge District revenues and funds to pay back loan proceeds used to support construction of the District's Wastewater Redundancy Project.

Updated Wastewater Financial Plan

As part of their contract with the District, and to assist the District with its SRF Financial loan package, BWA completed an update to the existing District Wastewater Financial Plan (Attachment No. 4).

The Update Plan includes financial projections for two financing scenarios: 1) SRF financing, and 2) tax-exempt bond financing (wastewater revenue bonds), which are the most widely-used type of financing for capital projects. The Updated Plan provides fiscal data that indicates the District finances and rates can support both a SFR loan and bond financing. With bond financing, since loan rates are currently higher than SFR rates, slightly higher rate increases would be needed in future years (after the adopted rates have been implemented). The Updated Plan includes a

range of debt service from obtaining a SRF loan (on the low side) to bond proceeds (on the high side) representing the bookends of what the District could expect with regards to financing for the Redundancy Project.

Note, bond rates are currently quite low by historic standards. Bond rates are also a bit higher than they were last summer during a period when rates were near all-time lows. Interest rates used in the Update Plan use conservative values on the high side for financial planning, due the uncertainty of what rates might be when either SRF financing is approved, or if a decision is made by the District to proceed with a bond sale instead.

Other Financing Options:

BWA, as part of its work for the District, also identified some other potential funding programs the Redundancy Project might be eligible for. The California Infrastructure and Economic Development Bank (I-Bank) is one example. The I-Bank offers interest rates that are slightly subsidized compared to a tax-exempt bond. Thus, they potentially could offer an advantage over bonds if the Redundancy Project is not approved for SRF loan financing. The I-Bank generally offers funding up to \$25 million for up to 30 years. However, they also have some application requirements and use a scoring system. As a result, agencies that didn't score high enough would only be eligible for limited funding.

BWA is also recommending the District submit a one page inquiry form to the California Financing Coordinating Committee (CFCC) to find out which programs the District might be eligible for.

Conclusion

Today staff is requesting approval of three Resolutions to accompany the Financial Application package for a SFR loan (in conjunction with the environmental, technical and general information packages) in order to start the process for determining, and obtaining financing for our Redundancy Project.

A representative from BWA is planning to attend the Board meeting for this item, and will also be available to answer questions.

ATTACHMENTS

1. Resolution No. 2017-364
2. Resolution No. 2017-365
3. Resolution No. 2017-366
4. Wastewater Financial Plan Update, Draft April 12, 2017

RESOLUTION 2017-364

**AN AUTHORIZING RESOLUTION OF THE BOARD OF SOUTH SAN LUIS OBISPO
COUNTY SANITATION DISTRICT, DESIGNATING THE DISTRICT ADMINISTRATOR
AS DISTRICT REPRESENTATIVE TO SIGN AND FILE FINANCIAL ASSISTANCE
APPLICATION FOR THE WASTEWATER TREATMENT PLANT REDUNDANCY
PROJECT**

WHEREAS, South San Luis Obispo County Sanitation District ("Entity") is a County Sanitation District organized and operating under Sections 4700-4858 of the California Health and Safety Code, and is authorized to seek funds from the California State Revolving Fund; and

WHEREAS, the Entity desires to finance the costs of constructing and/or reconstructing certain public facilities and improvements relating to its wastewater system, including certain treatment facilities, pipelines and other infrastructure known as the Wastewater Treatment Plant Redundancy Project (the "Project"), with moneys provided by the State of California, through the State Water Resources Control Board; and

WHEREAS, the Entity intends to file an application with the State Water Resources Control Board for this purpose; and

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

1. The District Administrator or his designee is hereby authorized and directed to sign and file a Financial Assistance Application for a financing agreement from the State Water Resources Control Board for the planning, design, and construction of the Wastewater Treatment Plant Redundancy Project; and

2. The District Administrator or his/her designee shall provide the assurances, certifications, and commitments required for the financial assistance application, including executing a financial assistance agreement from the State Water Resources Control Board and any amendments thereto; and

3. The District Administrator or his/her designee is designated to represent the Entity in carrying out the Entity's responsibilities under the financing agreement, including certifying disbursement requests on behalf of the entity and compliance with applicable state and federal laws.

PASSED AND ADOPTED at a regular meeting of the South San Luis County Sanitation District Board of Directors held this 19th day of April, 2017.

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

AYES:
NOES:
ABSENT:
CONFLICTS:

John Shoals,
Chairman
Board of Directors
South San Luis Obispo County Sanitation District

APPROVED AS TO FORM:

BY: _____
DISTRICT COUNSEL

CONTENTS:

BY: _____
DISTRICT ADMINISTRATOR

CERTIFICATION

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the Board of Directors of South San Luis Obispo County Sanitation District held April 19, 2017.

_____ (seal affixed here:)

RESOLUTION 2017-365

A RESOLUTION OF THE BOARD OF SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT, PLEDGING REVENUES AND FUNDS AS SPECIFIED FOR THE WASTEWATER TREATMENT PLANT REDUNDANCY PROJECT, AND AUTHORIZING AND DIRECTING THE DISTRICT ADMINISTRATOR TO IMPLEMENT THE RESOLUTION

WHEREAS, South San Luis Obispo County Sanitation District (“Entity”) is a County Sanitation District organized and operating under Sections 4700-4858 of the California Health and Safety Code, and is authorized to seek funds from the California State Revolving Fund; and

WHEREAS, Entity desires to finance the costs of constructing and/or reconstructing certain public facilities and improvements relating to its wastewater system, including certain treatment facilities, pipelines and other infrastructure known as the Wastewater Treatment Plant Redundancy Project (the “Project”); and

WHEREAS, the Entity intends to finance the construction and/or reconstruction for the Project or portions of the Project with moneys (“Project Funds”) provided by the State of California, acting by and through the State Water Resources Control Board (“State Water Board”); and

WHEREAS, in order to qualify to receive Project Funds, the Entity must commit to collect and maintain funding at a level sufficient to meet its obligations under its financing agreement with the State;

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

1. On behalf of the Entity, the Board hereby dedicates and pledges net revenues from the wastewater enterprise and the Operating Fund, Expansion Fund, and Replacement Fund to payment of any and all Clean Water State Revolving Fund and/or Water Recycling Funding Program financing for the Wastewater Treatment Plant Redundancy Project #8248-110and

2. The Entity commits to collecting such revenues and maintaining such fund(s) throughout the term of the financing and until the Entity has satisfied its repayment obligation under the financing agreement unless modification or change is approved in writing by the State Water Resources Control Board.

3. So long as the financing agreement(s) are outstanding, the Entity’s pledge under this resolution shall constitute a lien in favor of the State Water Resources Control Board on the foregoing fund(s) and revenue(s) without any further action necessary.

4. So long as the financing agreements(s) are outstanding, the Entity commits to maintaining the fund(s) and revenue(s) at levels sufficient to meet its obligations under the financing agreement(s).

5. The District Administrator, or his/her designee, is hereby authorized and directed to take all steps necessary to implement this resolution.

PASSED AND ADOPTED at a regular meeting of the South San Luis County Sanitation District Board of Directors held this 19th day of April, 2017.

Resolution 2017-365

On the motion of _____seconded by_____, and
after the following roll call vote:

AYES:
NOES:
ABSENT:
CONFLICTS:

John Shoals,
Chairman
Board of Directors
South San Luis Obispo County Sanitation District

APPROVED AS TO FORM:

BY: _____
DISTRICT COUNSEL

CONTENTS:

BY: _____
DISTRICT ADMINISTRATOR

CERTIFICATION

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly
and regularly adopted at a meeting of the Board of Directors of South San Luis Obispo
County Sanitation District held April 19, 2017.

_____ (seal affixed here:)

RESOLUTION 2017-366

A REIMBURSEMENT RESOLUTION OF THE BOARD OF SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT, STATING ITS INTENT TO REIMBURSE ITSELF FOR EXPENDITURES ADVANCED FOR THE WASTEWATER TREATMENT PLANT REDUNDANCY PROJECT, AND AUTHORIZING AND DIRECTING THE DISTRICT ADMINISTRATOR TO IMPLEMENT THE RESOLUTION

WHEREAS, South San Luis Obispo County Sanitation District (“Agency”) is a County Sanitation District organized and operating under Sections 4700-4858 of the California Health and Safety Code, and is authorized to seek funds from the California State Revolving Fund; and

WHEREAS, Agency desires to finance the costs of constructing and/or reconstructing certain public facilities and improvements relating to its wastewater system, including certain treatment facilities, pipelines and other infrastructure known as the Wastewater Treatment Plant Redundancy Project (the “Project”); and

WHEREAS, the Agency intends to finance the construction and/or reconstruction for the Project or portions of the Project with moneys (“Project Funds”) provided by the State of California, acting by and through the State Water Resources Control Board (“State Water Board”); and

WHEREAS, the State Water Board may fund the Project Funds with proceeds from the sale of obligations, the interest upon which is excluded from gross income for federal income tax purposes (the “Obligations”); and

WHEREAS, prior to either the issuance of the Obligations or the approval by the State Water Board of the Project Funds, the Agency desires to incur certain capital expenditures (the “Expenditures”) with respect to the Project from available moneys of the Agency; and

WHEREAS, the Agency has determined that those moneys to be advanced on and after the date of this resolution to pay the Expenditures are available only for a temporary period, and it is necessary to reimburse the Agency for the Expenditures from the proceeds of the Obligations;

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

1. The Board hereby states its intention and reasonably expects to reimburse Expenditures paid prior to the issuance of the Obligations or the approval by the State Water Board of the Project Funds.

2. The reasonably expected maximum principal amount of the Project Funds is \$20,200,000.

3. This resolution is being adopted no later than 60 days after the date on which the Agency will expend moneys for the construction portion of the Project costs to be reimbursed with Project funds.

4. Each Agency expenditure will be of a type properly chargeable to a capital account under general federal income tax principles.

5. To the best of the Board's knowledge, this Agency is not aware of the previous adoption of official intents by the Agency that have been made as a matter of course for the purpose of reimbursing expenditures and for which tax-exempt obligations have not been issued.

6. This resolution is adopted as the official intent of the Agency in order to comply with Treasury Regulation §1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of Project costs.

7. All of the recitals in this Resolution are true and correct and this Agency so finds, determines and represents.

8. The District Administrator, or his/her designee, is hereby authorized and directed to take all steps necessary to implement this resolution.

PASSED AND ADOPTED at a regular meeting of the South San Luis County Sanitation District Board of Directors held this 19th day of April, 2017.

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

AYES:

NOES:

ABSENT:

CONFLICTS:

John Shoals,
Chairman
Board of Directors
South San Luis Obispo County Sanitation District

APPROVED AS TO FORM:

BY: _____
DISTRICT COUNSEL

CONTENTS:

BY: _____
DISTRICT ADMINISTRATOR

CERTIFICATION

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the Board of Directors of South San Luis Obispo County Sanitation District held April 19, 2017.

_____(seal affixed here:)

Resolution 2017-364

South San Luis Obispo County Sanitation District



Wastewater Financial Plan Update

Draft 04/12/17



BARTLE WELLS ASSOCIATES
INDEPENDENT PUBLIC FINANCE ADVISORS

Table 1
South San Luis Obispo County Sanitation District
Historical & Adopted Wastewater Treatment Rates

	Prior Rates	Jan 1 2007	May 1 2007	May 1 2008	May 1 2009	May 1 2010	July 1 2016	July 1 2017	July 1 2018	July 1 2019
a. Residences & Apartments	\$6.50	\$8.93	\$10.70	\$12.31	\$13.52	\$14.86	\$19.60	\$21.56	\$23.52	\$25.48
b. Hotel Units with Kitchens	5.20	9.41	11.29	12.98	14.28	15.71	17.14	18.85	20.56	22.27
c. Hotel Units without Kitchens	4.40	6.02	7.22	8.30	9.12	10.02	11.02	12.12	13.22	14.32
d. Hotel Room	4.55	6.22	7.46	8.58	9.42	10.36	11.02	12.12	13.22	14.32
e. Commercial Establishments	6.73	4.59	5.51	6.26	6.97	7.65	8.81	9.69	10.57	11.45
Each additional employee above 5	0.44	0.92	1.10	1.25	1.39	1.53	1.77	1.95	2.13	2.31
f. Beauty Shops	8.66	8.49	10.19	11.60	12.73	13.97	17.63	19.39	21.15	22.91
Each additional operator above 5	0.86	1.41	1.70	1.93	2.12	2.33	2.66	2.93	3.20	3.47
g. Eating Establishments w/o Grinders	9.31	9.11	10.92	12.56	13.79	15.16	27.43	30.17	32.91	35.65
Each additional 5 seats above 30	1.01	1.52	1.82	2.09	2.30	2.53	4.12	4.53	4.94	5.35
h. Restaurants (w/Grinders) less than 30 seats	14.78	17.30	20.67	24.31	28.12	31.07	44.09	48.50	52.91	57.32
Restaurants (w/Grinders) over 30 seats	18.29	22.18	26.51	31.17	36.06	39.84	61.72	67.89	74.06	80.23
i. Laundromats - per washing machine	2.96	5.83	7.01	7.98	8.85	9.71	12.63	13.89	15.15	16.41
Minimum Charge	8.71	17.50	21.03	23.93	26.54	29.14	37.91	41.70	45.49	49.28
j. Service Stations - no wash/rack	7.86	23.26	27.91	31.84	34.11	37.41	51.92	57.11	62.30	67.49
Service Stations - with wash/rack	12.47	34.18	41.06	46.56	49.65	54.40	74.47	81.92	89.37	96.82
k. Factories	12.47	13.34	16.02	18.30	20.08	22.05	29.39	32.33	35.27	38.21
Each additional employee above 20	0.38	0.66	0.80	0.91	1.00	1.10	1.47	1.62	1.77	1.92
l. Churches	6.71	7.57	9.10	10.34	11.44	12.56	16.26	17.89	19.52	21.15
Per ADA with elementary school	0.21	0.21	0.25	0.28	0.31	0.34	0.49	0.54	0.59	0.64
Per ADA with other school	0.30	0.30	0.36	0.42	0.46	0.51	0.72	0.79	0.86	0.93
m. Bottling Plants	12.47	13.34	16.02	18.30	20.08	22.05	35.28	38.81	42.34	45.87
n. Schools (Non-boarding)	3.25	4.27	5.13	5.83	6.44	7.07	9.76	10.74	11.72	12.70
Per ADA with elementary school	0.21	0.20	0.24	0.27	0.30	0.33	0.49	0.54	0.59	0.64
Per ADA with other school	0.30	0.31	0.36	0.43	0.47	0.52	0.72	0.79	0.86	0.93
o. Schools (Boarding)	3.25	4.27	5.13	5.83	6.44	7.07	9.80	10.78	11.76	12.74
Per ADA with elementary school	0.38	0.43	0.51	0.59	0.65	0.71	0.98	1.08	1.18	1.28
Per ADA with other school	0.48	0.57	0.68	0.78	0.86	0.95	1.38	1.52	1.66	1.80
p. Trailer/Mobile Home Space	6.50	2.52	3.02	3.47	3.81	4.19	11.77	12.95	14.13	15.31
q. RV Dump Stations - Less than 50 services	21.00	25.22	30.15	35.20	38.75	42.69	91.12	100.23	109.34	118.45
r. Brine (per gallon)	0.1125	0.1125	0.1125	0.1125	0.1125	0.1125				

Table 2
 South San Luis Obispo County Sanitation District
 Fund Reserve Balances (All Funds Combined)

	06/30/10	06/30/11	06/30/12	06/30/13	06/30/14	06/30/15	06/30/16
Fund Reserves							
Fund 19 - Operating	(\$838,066)	(\$629,362)	(\$623,451)	(\$527,497)	\$403,148	\$1,396,658	\$1,214,964
Fund 20 - Expansion	5,246,270	4,519,502	4,302,673	4,432,637	4,156,882	4,089,538	3,935,732
Fund 26 - Replacement	<u>879,665</u>	<u>693,096</u>	<u>298,303</u>	<u>12,943</u>	<u>0</u>	<u>59,460</u>	<u>396,513</u>
Fund Balances (Cash)	\$5,287,869	\$4,583,236	\$3,977,525	\$3,918,083	\$4,560,030	\$5,545,655	\$5,547,209

Source: SSLOCSD

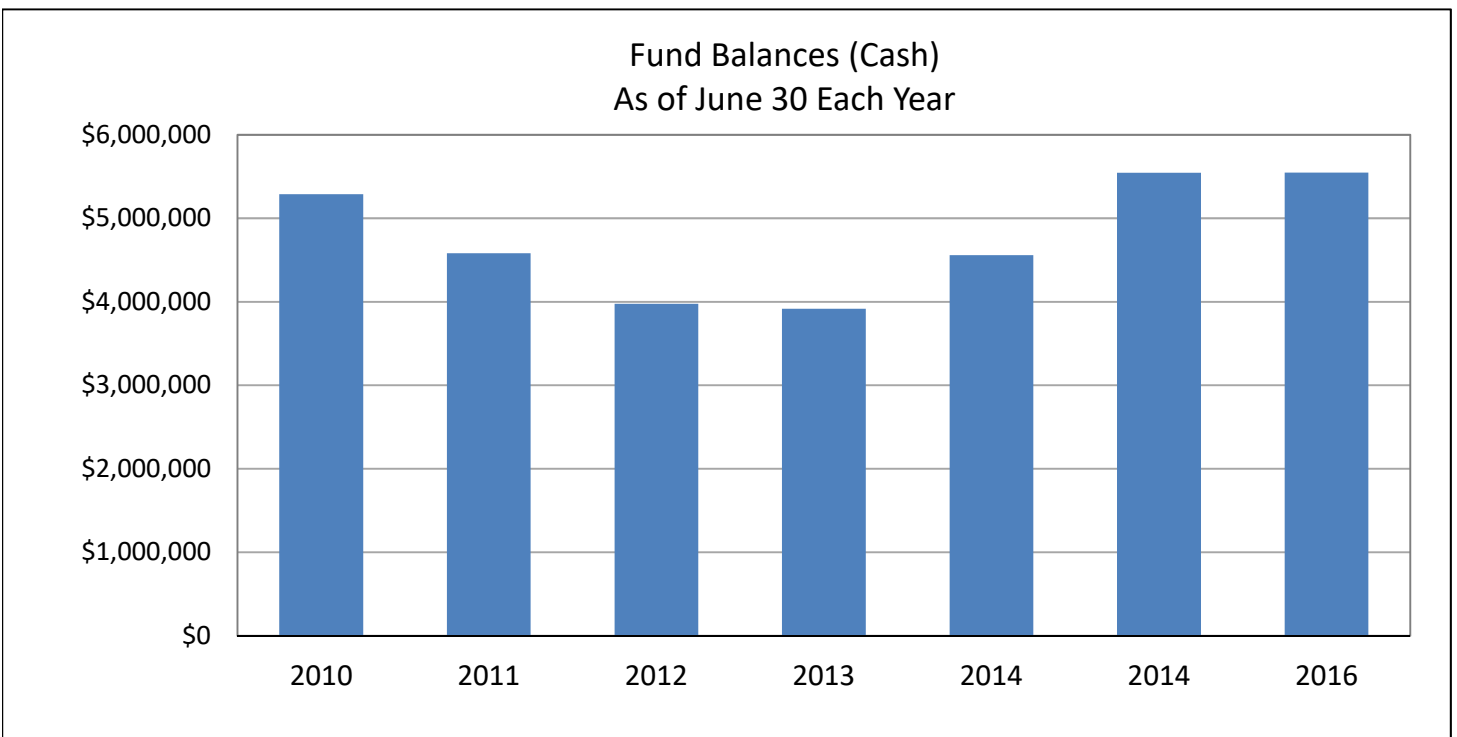


Table 3
South San Luis Obispo County Sanitation District
Historical & Budgeted Revenues

	Actual 2011/12	Actual 2012/13	Estimated 2013/14	Budget 2014/15	Budget 2015/16	Budget 2016/17
Mid-Year Adj						
SERVICE CHARGES & FEES						
Arroyo Grande	\$1,456,784	\$1,473,586	\$1,440,500	\$1,440,500	\$1,440,500	\$2,007,000
Grover Beach	1,064,832	1,048,549	1,050,000	1,050,000	1,050,000	1,492,000
OCSO	484,431	502,939	500,000	500,000	500,000	668,000
Schools/Other Service Income	25,479	28,711	23,000	23,000	23,000	42,000
Subtotal	3,031,526	3,053,785	3,013,500	3,013,500	3,013,500	4,209,000
OTHER REVENUES						
Interest: Fund 19 Operating Fur	1,270	1,017	2,000	500	7,600	10,000
Pismo Beach Reimbursement	0	0	18,600	0	0	0
Brine Disposal Service	7,630	17,504	79,000	80,000	190,000	190,000
Lease (AT&T)	22,571	23,558	22,525	22,525	22,525	27,500
Other Reimbursements	300	3,365	0	0	0	0
FEMA Funding	73,504	35,777	0	0	0	0
WDR Reimbursments (MAs)	7,342	3,579	10,498	10,300	0	0
FOG Reimbursement	24,810	29,356	11,823	30,900	0	500
Other Sales					4,788	
IRWM Funding					1,400	
Subtotal	137,427	114,156	144,446	144,225	226,313	228,000
CONNECTION FEES						
Arroyo Grande	29,700	149,727	43,874	45,000	80,000	30,000
Grover Beach	9,900	2,475	28,349	30,000	30,000	30,000
OCSO	4,950	0	10,800	10,000	10,000	6,000
Subtotal	44,550	152,202	83,023	85,000	120,000	66,000
OTHER REVENUES						
Interest Earnings: Fund 20	10,333	6,994	5,325	5,200	5,200	6,000
Interest Earnings: Fund 26	3,799	2,571	0	0	0	0
SGIP Rebate: Fund 20	150,000	0	0	0	0	0
Grant Reimbursement: Fund 20	0	0	0	0	0	115,800
Subtotal	164,132	9,565	5,325	5,200	5,200	121,800
TOTAL REVENUES	3,377,635	3,329,708	3,246,294	3,247,925	3,365,013	4,624,800

Source: South San Luis Obispo County Sanitation District Budgets.

Note: Excludes interfund transfers.

Table 4
South San Luis Obispo County Sanitation District
Historical & Budgeted Expenses

	Actual 2011/12	Actual 2012/13	Estimated 2013/14	Budget 2014/15	Budget 2015/16	Budget 2016/17
						Mid-Year Adj
OPERATING EXPENSES						
Salaries & Wages	500,520	499,952	547,426	650,276	658,752	787,200
Benefits & Other Personnel Costs	360,461	557,039	393,377	509,728	575,300	520,500
Permits, Fees, & Licenses	40,841	30,932	35,991	45,100	42,700	25,000
Communications	10,682	8,038	10,257	10,700	12,300	14,000
Computer Support	9,699	11,788	11,000	11,330	5,000	15,000
Administrative Costs	863,277	954,477	553,992	692,600	624,800	131,000
Professional Services	incl above	incl above	incl above	incl above	incl above	462,000
Disposal Services	50,177	69,237	40,441	95,000	65,000	55,000
Utilities	140,833	183,332	194,830	196,300	193,300	169,500
Maintenance, Tools, & Replacements	248,775	281,132	213,363	241,400	281,000	272,500
Materials, Services, & Supplies	458,419	438,638	255,912	289,500	250,500	228,000
Training, Education, & Memberships	24,585	7,971	20,000	25,000	25,000	43,000
Other Charges	125,269	53,215	24,655	46,200	0	0
Capital Outlay	24,259	0	15,000	15,000	15,000	51,500
Subtotal	2,857,797	3,095,751	2,316,244	2,828,134	2,748,652	2,774,200
CAPITAL & DEBT SERVICE EXPENSES						
Fund 20: Expansion Fund Capital	140,008	0	76,707	150,000	255,000	2,307,700
Fund 20: Expansion Fund Debt Service	0	0	76,000	76,000	76,000	76,000
Fund 26: Replacement Fund Capital	409,429	443,171	70,150	621,879	500,000	946,200
Subtotal	549,437	443,171	222,857	847,879	831,000	3,329,900
OTHER EXPENSES						
RWQCB ACL Fine						1,100,000
Contingency						35,500
Subtotal						1,135,500
TOTAL EXPENSES	3,407,234	3,538,922	2,539,101	3,676,013	3,579,652	7,239,600

Source: South San Luis Obispo County Sanitation District Budgets.

Note: Excludes interfund transfers.

Table 5

South San Luis Obispo County Sanitation District
Redundancy Project Cost Estimates

January 2021 Commissioning

		Sept-2015	Jan-2017	July-2019
				Const Mid-Point
ENR-Construction Cost Index		10065	10531.68	+7.5%
Project Cost Estimates				
Construction Cost		\$9,940,000	10,401,000	11,181,000
Deep Foundation Allowance		1,400,000	1,465,000	1,575,000
Floodproofing Allowance		500,000	523,000	562,000
Critical Pipe Repair/Replacement Allowance		<u>500,000</u>	<u>523,000</u>	<u>562,000</u>
Subtotal		12,340,000	12,912,000	13,880,000
Construction Cost Contingency	30%	<u>2,982,000</u>	<u>3,120,000</u>	<u>3,354,000</u>
Construction Cost with Contingency		15,322,000	16,032,000	17,234,000
Other Project Costs: Estimated as a % of Base Construction Costs + Allowances				
Design	12%	1,490,000	1,490,000	1,490,000
Permitting	1%	120,000	120,000	120,000
Engineering During Construction	3%	380,000	387,000	416,000
Construction Management	10%	1,234,000	1,291,000	1,388,000
Project Management/Administration	<u>4%</u>	<u>494,000</u>	<u>516,000</u>	<u>555,000</u>
Subtotal	30%	3,718,000	3,804,000	3,969,000
Total Project Costs		19,040,000	19,836,000	21,203,000

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

Table 6
South San Luis Obispo County Sanitation District
Capital Improvement Program

	Budget	Projected									10-Year
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Total
CAPITAL IMPROVEMENT COST ESTIMATES											
Redundancy Project											
Design & Permitting	150,000	1,500,000	-	-	-	-	-	-	-	-	1,650,000
Construction (w/ allowances & contingency)	-	-	8,600,000	8,600,000	-	-	-	-	-	-	17,200,000
Project & Constr Mgmt & Engineering	-	-	1,200,000	1,200,000	-	-	-	-	-	-	2,400,000
Subtotal	150,000	1,500,000	9,800,000	9,800,000	-	-	-	-	-	-	21,250,000
Ongoing Capital Improvement Program											
Improvements & Repairs/Replacements	946,000	500,000	500,000	500,000	600,000	800,000	824,000	849,000	874,000	900,000	7,293,000
Expansion Fund Projects	2,158,000	200,000	200,000	200,000	200,000	200,000	206,000	212,000	218,000	225,000	4,019,000
Subtotal	3,104,000	700,000	700,000	700,000	800,000	1,000,000	1,030,000	1,061,000	1,092,000	1,125,000	11,312,000

Financial Projections with SRF Loan

Table 7
South San Luis Obispo County Sanitation District
SRF Loan Debt Service Estimates

Funding Target	\$20,000,000
SRF Loan Amount	
SRF-Financed Project Costs ¹	20,000,000
Accrued Interest During Construction ²	<u>500,000</u>
Total Loan Amount	20,500,000
Loan Terms	
Term (years)	30
Interest Rate ³ <i>Current Rate = 1.7%</i>	2.50%
Annual Loan Payment⁴	979,000
Reserve Fund Requirement⁵	
Equal to Annual Debt Service	979,000

- 1 Some costs may not be eligible for SRF Loan funding & would require another funding source.
2 Assumes steady gradual drawdown of loan funds over two years.
3 Total net interest rate estimated for financial planning purposes; actual rate may vary.
4 First debt service payment due one year following completion of project.
5 Agencies must set aside funds to meet the SRF Reserve Requirement at least 90 days prior to project completion date.

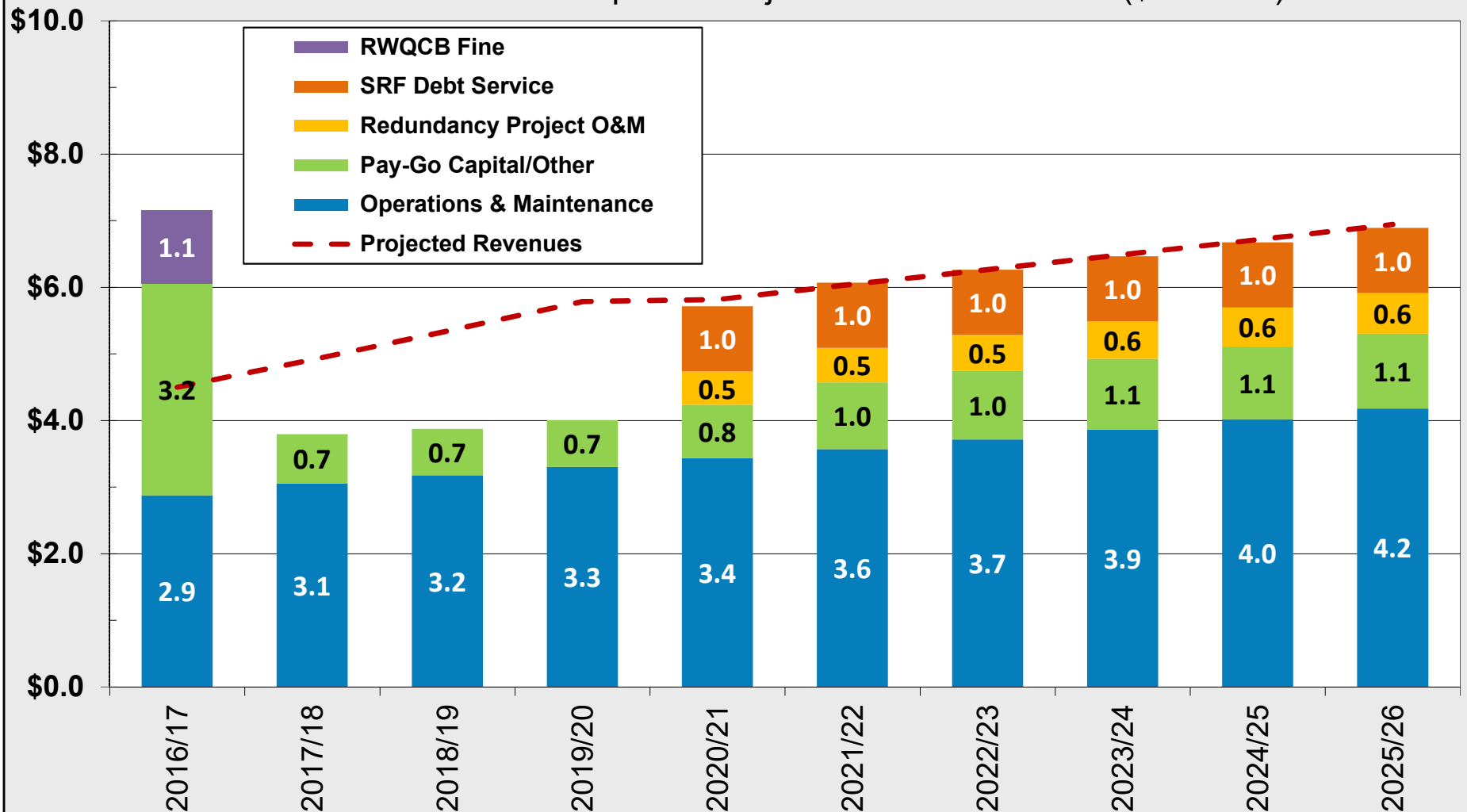
Table 8 - South San Luis Obispo CSD Wastewater Cash Flow Projections (SRF)					Years 1 - 5
	2016/17	2017/18	2018/19	2019/20	2020/21
	Adopted	Adopted	Adopted	Adopted	
Monthly Residential Sewer Charge	\$19.60	\$21.56	\$23.52	\$25.48	\$25.48
Monthly Increase		\$1.96	\$1.96	\$1.96	\$0.00
Residential Connection Fee (+3%)	\$2,475	\$2,549	\$2,625	\$2,704	\$2,785
Beginning ERUs	17,860	17,860	17,880	17,900	17,920
Growth (ERUs)	-	20	20	20	20
District Cost Escalation	-	4%	4%	4%	4%
Interest Earnings Rate	0.50%	0.75%	1%	1%	1%
Beginning Fund Reserves	\$5,547,000	\$2,858,000	\$2,479,000	\$4,148,000	\$6,133,000
REVENUES					
Sewer Treatment Charges	4,200,000	4,620,000	5,045,000	5,472,000	5,478,000
Brine Disposal	190,000	190,000	190,000	190,000	190,000
Investment Earnings (All Funds)	16,000	21,000	25,000	41,000	61,000
Connection Fees	66,000	51,000	53,000	54,000	56,000
Other Revenues	28,000	30,000	30,000	30,000	30,000
Total Revenues	4,500,000	4,912,000	5,343,000	5,787,000	5,815,000
Grant Reimbursements	116,000				
Debt Proceeds: SRF Loan			10,000,000	10,000,000	
EXPENSES					
<u>Operating & Maintenance</u>					
Salaries & Wages	783,000	814,000	847,000	881,000	916,000
Benefits & Other Personnel Costs	521,000	542,000	564,000	587,000	610,000
Administrative Costs	126,000	131,000	136,000	141,000	147,000
Professional Services	508,000	528,000	549,000	571,000	594,000
Utilities	177,000	184,000	191,000	199,000	207,000
Maintenance, Tools & Replacements	293,000	305,000	317,000	330,000	343,000
Materials, Services & Supplies	228,000	237,000	246,000	256,000	266,000
Capital Outlay	52,000	54,000	56,000	58,000	60,000
Other Operating Expenses	152,000	158,000	164,000	171,000	178,000
Contingency	36,000	100,000	104,000	108,000	112,000
New Redundancy Project Operations	-	-	-	-	500,000
Subtotal	2,876,000	3,053,000	3,174,000	3,302,000	3,933,000
<u>Debt Service</u>					
Projected Debt Service, SRF Loan	-	-	-	-	979,000
<u>Capital & Other Non-Operating</u>					
Redundancy Project:					
Design & Permitting	150,000	1,500,000	-	-	-
Construction & Management	-	-	9,800,000	9,800,000	-
Ongoing CIP/Repairs/Rehab/Repl	3,104,000	700,000	700,000	700,000	800,000
RWQCB Fine Repayment	1,100,000	-	-	-	-
2009 Equip Lease (Muni Finance Loan)	75,000	38,000	-	-	-
Subtotal	4,429,000	2,238,000	10,500,000	10,500,000	800,000
Total Expenses	7,305,000	5,291,000	13,674,000	13,802,000	5,712,000
Revenues Less Expenses	(2,689,000)	(379,000)	1,669,000	1,985,000	103,000
Transfer to Operating Reserves	288,000	305,000	317,000	330,000	10,000
Transfer for SRF Reserve Requirement	-	-	-	979,000	-
Ending Fund Reserves					
Dedicated Operating Reserve Fund	538,000	843,000	1,160,000	1,490,000	1,500,000
SRF Reserve Requirement	-	-	-	979,000	979,000
Undesignated Reserves	2,320,000	1,636,000	2,988,000	3,664,000	3,757,000
Debt Service Coverage	-	-	-	-	1.92

Table 8 - South San Luis Obispo CSD Wastewater Cash Flow Projections (SRF)					Years 6 - 10
	2021/22	2022/23	2023/24	2024/25	2025/26
	Projected	Projected	Projected	Projected	Projected
Monthly Residential Sewer Charge	\$26.50	\$27.50	\$28.50	\$29.50	\$30.50
Monthly Increase	\$1.02	\$1.00	\$1.00	\$1.00	\$1.00
Residential Connection Fee (+3%)	\$2,869	\$2,955	\$3,044	\$3,135	\$3,229
Beginning ERUs	17,940	17,960	17,980	18,000	18,020
Growth (ERUs)	20	20	20	20	20
City Cost Escalation	4%	4%	4%	4%	4%
Interest Earnings Rate	1%	1%	1%	1%	1%
Beginning Fund Reserves	\$6,236,000	\$6,210,000	\$6,215,000	\$6,241,000	\$6,284,000
REVENUES					
Sewer Treatment Charges	5,704,000	5,926,000	6,148,000	6,371,000	6,594,000
Brine Disposal	190,000	190,000	190,000	190,000	190,000
Investment Earnings	62,000	62,000	62,000	62,000	63,000
Connection Fees	57,000	59,000	61,000	63,000	65,000
Other Revenues	30,000	30,000	30,000	30,000	30,000
Total Revenues	6,043,000	6,267,000	6,491,000	6,716,000	6,942,000
Grant Proceeds					
Debt Proceeds					
EXPENSES					
<u>Operating & Maintenance</u>					
Salaries & Wages	953,000	991,000	1,031,000	1,072,000	1,115,000
Benefits & Other Personnel Costs	634,000	659,000	685,000	712,000	740,000
Administrative Costs	153,000	159,000	165,000	172,000	179,000
Professional Services	618,000	643,000	669,000	696,000	724,000
Utilities	215,000	224,000	233,000	242,000	252,000
Maintenance, Tools & Replacements	357,000	371,000	386,000	401,000	417,000
Materials, Services & Supplies	277,000	288,000	300,000	312,000	324,000
Capital Outlay	62,000	64,000	67,000	70,000	73,000
Other Operating Expenses	185,000	192,000	200,000	208,000	216,000
Contingency	116,000	121,000	126,000	131,000	136,000
New Redundancy Project Operations	520,000	541,000	563,000	586,000	609,000
Subtotal	4,090,000	4,253,000	4,425,000	4,602,000	4,785,000
<u>Debt Service</u>					
Projected Debt Service, SRF Loan	979,000	979,000	979,000	979,000	979,000
<u>Capital & Other Non-Operating</u>					
Redundancy Project:					
Design & Preliminary Costs	-	-	-	-	-
Construction & Const Mgmt	-	-	-	-	-
Ongoing CIP/Repairs/Rehab/Repl	1,000,000	1,030,000	1,061,000	1,092,000	1,125,000
RWQCB Fine Repayment	-	-	-	-	-
2009 Equip Lease (Muni Finance Loan)	-	-	-	-	-
Subtotal	1,000,000	1,030,000	1,061,000	1,092,000	1,125,000
Total Expenses	6,069,000	6,262,000	6,465,000	6,673,000	6,889,000
Revenues Less Expenses	(26,000)	5,000	26,000	43,000	53,000
Transfer to Operating Reserves	-	-	-	-	-
Transfer for SRF Reserve Requirement	-	-	-	-	-
Ending Fund Reserves					
Dedicated Operating Reserve Fund	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
SRF Reserve Requirement	979,000	979,000	979,000	979,000	979,000
Undesignated Reserves	3,731,000	3,736,000	3,762,000	3,805,000	3,858,000
Debt Service Coverage	1.99	2.06	2.11	2.16	2.20

Summary Cash Flow Projections with SRF										
Fiscal Year	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26
Monthly Residential Rate	\$19.60	\$21.56	\$23.52	\$25.48	\$25.48	\$26.50	\$27.50	\$28.50	\$29.50	\$30.50
Beginning Fund Reserves	\$5.5	\$2.9	\$2.5	\$4.1	\$6.1	\$6.2	\$6.2	\$6.2	\$6.2	\$6.3
REVENUES										
Sewer Treatment Charges	4.2	4.6	5.0	5.5	5.5	5.7	5.9	6.1	6.4	6.6
Other Revenues	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Subtotal	4.5	4.9	5.3	5.8	5.8	6.0	6.3	6.5	6.7	6.9
SRF Loan Proceeds	-	-	10.0	10.0	-	-	-	-	-	-
Other Grants/Loans	0.1	-	-	-	-	-	-	-	-	-
Total	4.5	4.9	15.3	15.8	5.8	6.0	6.3	6.5	6.7	6.9
EXPENSES										
Operating Expenses	2.9	3.1	3.2	3.3	3.4	3.6	3.7	3.9	4.0	4.2
New Redundancy O&M	-	-	-	-	0.5	0.5	0.5	0.6	0.6	0.6
Debt Service	-	-	-	-	1.0	1.0	1.0	1.0	1.0	1.0
Redundancy Project	0.2	1.5	9.8	9.8	-	-	-	-	-	-
RWQCB Fine	1.1	-	-	-	-	-	-	-	-	-
Capital/Non-Operating	3.2	0.7	0.7	0.7	0.8	1.0	1.0	1.1	1.1	1.1
Total	7.3	5.3	13.7	13.8	5.7	6.1	6.3	6.5	6.7	6.9
Transfer to SRF Reserve	-	-	-	1.0	-	-	-	-	-	-
Revenues Less Expenses	(2.8)	(0.4)	1.7	1.0	0.1	(0.0)	0.0	0.0	0.0	0.1
Ending Fund Reserves	2.9	2.5	4.1	5.2	5.3	5.2	5.2	5.3	5.3	5.4
SRF Reserve Requirement	-	-	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Debt Service Coverage	-	-	-	-	1.92	1.99	2.06	2.11	2.16	2.20

South San Luis Obispo County Sanitation District

10-Year Revenue & Expense Projections with SRF Loan (\$ Millions)



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

Financial Projections with Bonds

Table 7B
 South San Luis Obispo County Sanitation District
 Bond Debt Service Estimates

Assumptions		30-Year Bonds
Funding Target		\$20,000,000
Total Debt Issue		\$20,540,000
Proceeds		\$20,000,000
Issuance Costs & Reserve Requirement		
Underwriter Discount	0.75%	\$154,100
Issuance Costs		180,000
Bond Insurance	0.40% TDS	160,300
Reserve Surety Bond	2.50% RR	33,400
Debt Service Reserve Fund		0
Contingency/Rounding		<u>12,200</u>
Total		540,000
Financing Terms		
Term (Years)		30
Est. Future Interest Rate		5.00%
DEBT SERVICE		
Annual Debt Service		1,336,000

Note: Includes conservatively high estimates for planning purposes.

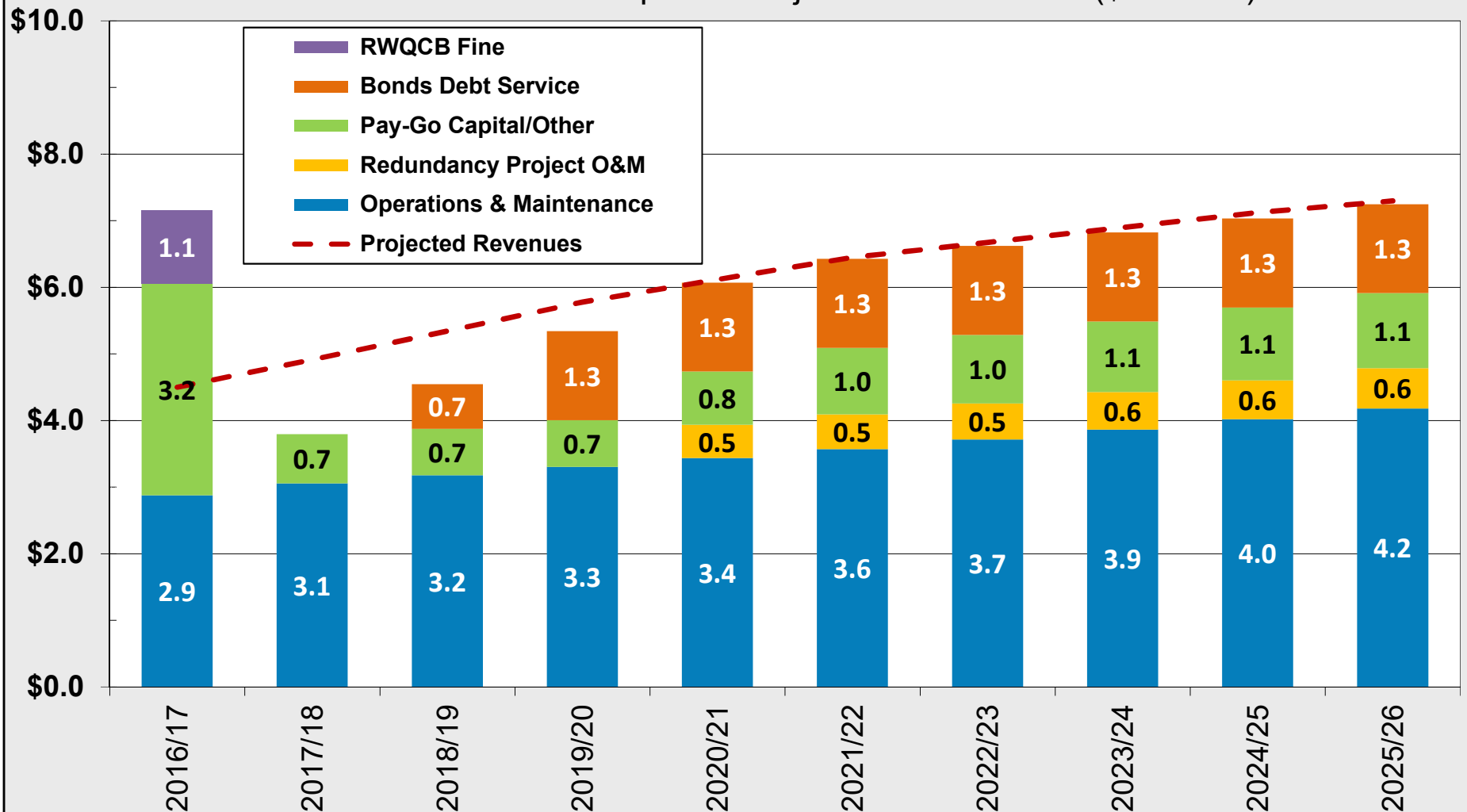
Table 8B - South San Luis Obispo CSD Wastewater Cash Flow Projections (Bonds)					Years 1 - 5
	2016/17	2017/18	2018/19	2019/20	2020/21
	Adopted	Adopted	Adopted	Adopted	Projected
Monthly Residential Sewer Charge	\$19.60	\$21.56	\$23.52	\$25.48	\$27.00
Monthly Increase		\$1.96	\$1.96	\$1.96	\$1.52
Residential Connection Fee (+3%)	\$2,475	\$2,549	\$2,625	\$2,704	\$2,785
Beginning ERUs	17,860	17,860	17,880	17,900	17,920
Growth (ERUs)	-	20	20	20	20
District Cost Escalation	-	4%	4%	4%	4%
Interest Earnings Rate	0.50%	0.75%	1%	1%	1%
Beginning Fund Reserves	\$5,547,000	\$2,858,000	\$2,479,000	\$3,220,000	\$3,600,000
REVENUES					
Sewer Treatment Charges	4,200,000	4,620,000	5,045,000	5,472,000	5,805,000
Brine Disposal	190,000	190,000	190,000	190,000	190,000
Investment Earnings (All Funds)	16,000	21,000	25,000	32,000	36,000
Connection Fees	66,000	51,000	53,000	54,000	56,000
Other Revenues	28,000	30,000	30,000	30,000	30,000
Total Revenues	4,500,000	4,912,000	5,343,000	5,778,000	6,117,000
Grant Reimbursements	116,000				
Debt Proceeds: Bonds			10,000,000	10,000,000	
EXPENSES					
<u>Operating & Maintenance</u>					
Salaries & Wages	783,000	814,000	847,000	881,000	916,000
Benefits & Other Personnel Costs	521,000	542,000	564,000	587,000	610,000
Administrative Costs	126,000	131,000	136,000	141,000	147,000
Professional Services	508,000	528,000	549,000	571,000	594,000
Utilities	177,000	184,000	191,000	199,000	207,000
Maintenance, Tools & Replacements	293,000	305,000	317,000	330,000	343,000
Materials, Services & Supplies	228,000	237,000	246,000	256,000	266,000
Capital Outlay	52,000	54,000	56,000	58,000	60,000
Other Operating Expenses	152,000	158,000	164,000	171,000	178,000
Contingency	36,000	100,000	104,000	108,000	112,000
New Redundancy Project Operations	-	-	-	-	500,000
Subtotal	2,876,000	3,053,000	3,174,000	3,302,000	3,933,000
<u>Debt Service</u>					
Projected Debt Service, Bonds	-	-	668,000	1,336,000	1,336,000
<u>Capital & Other Non-Operating</u>					
Redundancy Project:					
Design & Permitting	150,000	1,500,000	-	-	-
Construction & Management	-	-	10,060,000	10,060,000	-
Ongoing CIP/Repairs/Rehab/Repl	3,104,000	700,000	700,000	700,000	800,000
RWQCB Fine Repayment	1,100,000	-	-	-	-
2009 Equip Lease (Muni Finance Loan)	75,000	38,000	-	-	-
Subtotal	4,429,000	2,238,000	10,760,000	10,760,000	800,000
Total Expenses	7,305,000	5,291,000	14,602,000	15,398,000	6,069,000
Revenues Less Expenses	(2,689,000)	(379,000)	741,000	380,000	48,000
<i>Transfer to Operating Reserves</i>	288,000	305,000	317,000	330,000	10,000
Ending Fund Reserves					
Dedicated Operating Reserve Fund	538,000	843,000	1,160,000	1,490,000	1,500,000
Undesignated Fund Reserves	2,320,000	1,636,000	2,060,000	2,110,000	2,148,000
Debt Service Coverage	-	-	3.25	1.85	1.63

Table 8B - South San Luis Obispo CSD Wastewater Cash Flow Projections (Bonds)					Years 6 - 10
	2021/22	2022/23	2023/24	2024/25	2025/26
	Projected	Projected	Projected	Projected	Projected
Monthly Residential Sewer Charge	\$28.50	\$29.50	\$30.50	\$31.50	\$32.25
Monthly Increase	\$1.50	\$1.00	\$1.00	\$1.00	\$0.75
Residential Connection Fee (+3%)	\$2,869	\$2,955	\$3,044	\$3,135	\$3,229
Beginning ERUs	17,940	17,960	17,980	18,000	18,020
Growth (ERUs)	20	20	20	20	20
City Cost Escalation	4%	4%	4%	4%	4%
Interest Earnings Rate	1%	1%	1%	1%	1%
Beginning Fund Reserves	\$3,648,000	\$3,669,000	\$3,723,000	\$3,799,000	\$3,893,000
REVENUES					
Sewer Treatment Charges	6,134,000	6,357,000	6,580,000	6,803,000	6,973,000
Brine Disposal	190,000	190,000	190,000	190,000	190,000
Investment Earnings	36,000	37,000	37,000	38,000	39,000
Connection Fees	57,000	59,000	61,000	63,000	65,000
Other Revenues	30,000	30,000	30,000	30,000	30,000
Total Revenues	6,447,000	6,673,000	6,898,000	7,124,000	7,297,000
Grant Proceeds					
Debt Proceeds					
EXPENSES					
<u>Operating & Maintenance</u>					
Salaries & Wages	953,000	991,000	1,031,000	1,072,000	1,115,000
Benefits & Other Personnel Costs	634,000	659,000	685,000	712,000	740,000
Administrative Costs	153,000	159,000	165,000	172,000	179,000
Professional Services	618,000	643,000	669,000	696,000	724,000
Utilities	215,000	224,000	233,000	242,000	252,000
Maintenance, Tools & Replacements	357,000	371,000	386,000	401,000	417,000
Materials, Services & Supplies	277,000	288,000	300,000	312,000	324,000
Capital Outlay	62,000	64,000	67,000	70,000	73,000
Other Operating Expenses	185,000	192,000	200,000	208,000	216,000
Contingency	116,000	121,000	126,000	131,000	136,000
New Redundancy Project Operations	520,000	541,000	563,000	586,000	609,000
Subtotal	4,090,000	4,253,000	4,425,000	4,602,000	4,785,000
<u>Debt Service</u>					
Projected Debt Service, SRF Loan	1,336,000	1,336,000	1,336,000	1,336,000	1,336,000
<u>Capital & Other Non-Operating</u>					
Redundancy Project:					
Design & Preliminary Costs	-	-	-	-	-
Construction & Const Mgmt	-	-	-	-	-
Ongoing CIP/Repairs/Rehab/Repl	1,000,000	1,030,000	1,061,000	1,092,000	1,125,000
RWQCB Fine Repayment	-	-	-	-	-
2009 Equip Lease (Muni Finance Loan)	-	-	-	-	-
Subtotal	1,000,000	1,030,000	1,061,000	1,092,000	1,125,000
Total Expenses	6,426,000	6,619,000	6,822,000	7,030,000	7,246,000
Revenues Less Expenses	21,000	54,000	76,000	94,000	51,000
<i>Transfer to Operating Reserves</i>	-	-	-	-	-
Ending Fund Reserves					
Dedicated Operating Reserve Fund	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Undesignated Fund Reserves	2,169,000	2,223,000	2,299,000	2,393,000	2,444,000
Debt Service Coverage	1.76	1.81	1.85	1.89	1.88

Summary Cash Flow Projections with Bonds										
Fiscal Year	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26
Monthly Residential Rate	\$19.60	\$21.56	\$23.52	\$25.48	\$27.00	\$28.50	\$29.50	\$30.50	\$31.50	\$32.25
Beginning Fund Reserves	\$5.5	\$2.9	\$2.5	\$3.2	\$3.6	\$3.6	\$3.7	\$3.7	\$3.8	\$3.9
REVENUES										
Sewer Treatment Charges	4.2	4.6	5.0	5.5	5.8	6.1	6.4	6.6	6.8	7.0
Other Revenues	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Subtotal	4.5	4.9	5.3	5.8	6.1	6.4	6.7	6.9	7.1	7.3
SRF Loan Proceeds	-	-	10.0	10.0	-	-	-	-	-	-
Other Grants/Loans	0.1	-	-	-	-	-	-	-	-	-
Total	4.5	4.9	15.3	15.8	6.1	6.4	6.7	6.9	7.1	7.3
EXPENSES										
Operating Expenses	2.9	3.1	3.2	3.3	3.4	3.6	3.7	3.9	4.0	4.2
New Redundancy O&M	-	-	-	-	0.5	0.5	0.5	0.6	0.6	0.6
Debt Service	-	-	0.7	1.3	1.3	1.3	1.3	1.3	1.3	1.3
Redundancy Project	0.2	1.5	10.1	10.1	-	-	-	-	-	-
RWQCB Fine	1.1	-	-	-	-	-	-	-	-	-
Capital/Non-Operating	3.2	0.7	0.7	0.7	0.8	1.0	1.0	1.1	1.1	1.1
Total	7.3	5.3	14.6	15.4	6.1	6.4	6.6	6.8	7.0	7.2
Revenues Less Expenses	(2.8)	(0.4)	0.7	0.4	0.0	0.0	0.1	0.1	0.1	0.1
Ending Fund Reserves	2.9	2.5	3.2	3.6	3.6	3.7	3.7	3.8	3.9	3.9
Debt Service Coverage	-	-	3.25	1.85	1.63	1.76	1.81	1.85	1.89	1.88

South San Luis Obispo County Sanitation District

10-Year Revenue & Expense Projections with Bonds (\$ Millions)



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



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STAFF REPORT

To: Board of Directors

From: Gerhardt Hubner, District Administrator

Date: April 19, 2017

Subject: **UPDATE ON DEPOSITION OF AUDIOTAPES THROUGH WEBSITE DEVELOPMENT**

RECOMMENDATION

1. Receive and File

BACKGROUND

At the last Board meeting, the Board directed staff to return back to the Board with: 1) A cost for a link from the District's website to SLO Span, and 2) To see if there is a way to recover the old audio tapes. Additional direction was given to contact/request a letter from the website developer as to the circumstances of why the audiotapes were not migrated through website development and if the audiotapes could be recovered.

DISCUSSION

Immediately following the April 3rd Board meeting, I contacted Mr. Ted Kapner, and discussed the Board's requests for the website link to SLO Span, and a letter describing the final deposition/recoverability of the old audiotapes from past Board meetings. The Board may recall that staff provided an item on our new website at the November 19th Board meeting. At this meeting, Mr. Ted Kapner, owner of Everywhere Right Now, Inc, a local internet technology and website designer, introduced the Board and audience members to our new website through a website demo.

Since then, Mr. Kapner was kind enough to create the link on our website at no charge. Our viewers can now access the SLO Span site and videos of our past Board meetings by clicking under the Agendas tab in the upper left hand corner, and pulling down the tab to "Board meeting video archive".

Chronology of Events Pertaining to Website Development and Audiotape Migration

After the February 1st Board meeting, when the subject of the deposition of the old audiotapes came up in public comment and a prior inquiry, I discussed with staff the issue of what had

happened to the old audiotapes. Up to that point I was unaware these past Board meeting audiotapes had not been migrated from the old to the new website. Past discussions with staff had focused on the cost of migrating the actual videotapes from AGP Video and placing them directly on our new website. Other discussions also revolved around the high cost and feasibility of streaming of our Board meetings directly through our website. At no time did I direct any staff to not migrate our old audiotapes from our old website to our new website. The Change Order I approved on November 17, 2016 involved the additional effort to migrate a large amount of historical pdf documents in excess to what had originally been anticipated and contracted for, and to create a new section/archive for "Approved Resolutions".

Thereafter I contacted Mr. Kapner to research what had happened to the old audiotapes, including contacting our past webhost to see if they still could be migrated or recovered. On February 21st, Mr. Kapner again touched base with me and relied his account of events and what he had found. Mr. Kapner further told me that he spent considerable time trying, and eventually successful contacting and speaking to representatives from the old website host (HostGator).

Subsequently, Mr. Kapner shared and forwarded his website development project notes to me. As noted in Mr. Kapner notes, on November 1, 2016, Ms. Simpson, the District's Bookkeeper/Secretary directed Mr. Kapner, (unknown to myself, and unauthorized), to not migrate the old audiotapes to the new website. The project notes 1-Nov-2016-line item states: *"Hosting, Content discussion with Amy S. and new changes, Audio killed"*. I was not present at the November 1, 2016 meeting, and not subsequently made aware of Ms. Simpson's decision to not migrate the old audiotapes.

On February 24th, I briefly discussed with Ms. Simpson my discussion with Mr. Kapner and his findings. I was surprised when I asked Ms. Simpson if we had hard copies of the old audiotapes in the C-Train containing our other records and files, and to learn from her that we did not.

Mr. Kapner's letter of April 10, 2016, per the Board's request, provides a detailed narrative account of the sequence of events as to what lead to the decision to not migrate the old audiotapes. As Mr. Kapner's letter explains, the old audiotapes cannot be recovered or retrieved as the old website provider no longer hosts the site, the server was wiped cleaned and any data left on the server is no longer retrievable. Mr. Kapner's account of events match up with my recollection of events during the time of our website development.

ATTACHMENTS:

1. Website project notes, provided by Mr. Ted Kapner
2. Letter from Mr. Ted Kapner, dated April 10, 2017

	A	B	C	D
1	Customer	South San Luis Obispo Sanitation District Website	Authorized by:	
2	Job:	Project #16-06012 + Change Order #16-11030	Gerhard Hubner	
3				
4	Date	Description	Time	
5			Hours	Minutes
6	22-Jun-2016	Discovery		
7	18-Jul-2016	Discovery		
8	20-Jul-2016	Discovery		
9	30-Jul-2016	Design		
10	3-Aug-2016	Design		
11	8-Aug-2016	DOMAIN ISSUES OOS		
12	10-Aug-2016	Domain rescue		
13	17-Aug-2016	Design		
14	22-Aug-2016	Design		
15	23-Aug-2016	Design		
16	24-Aug-2016	Design		
17	27-Sep-2016	Programing		
18	28-Sep-2016	Programing		
19	15-Oct-2016	Content		
20	17-Oct-2016	Content		
21	21-Oct-2016	Content		
22	24-Oct-2016	Content		
23	1-Nov-2016	Hosting, Content discussion with Amy S. and new changes, Audio killed		
24	3-Nov-2016	Migrate to WPE and more updates		
25	7-Nov-2016	Content		
26	8-Nov-2016	Work order approved build new section		
27	9-Nov-2016	Populate remainder of adendas and board packets		
28	10-Nov-2016	Final changes + final QA + regression testing and mobile view port refinements		
29	12-Nov-2016	Bring live step one - Charter spectrum case #146297y		
30	13-Nov-2016	Post live activities, SEO, Google, Bing, Yandex, Alexa		
31				
32				

April 10, 2017

Mr. Gerhardt Hubner
District Administrator
South San Luis Obispo County Sanitation District
1600 Aloha Place
Oceano, CA 93445

Dear Mr. Hubner:

As per your request, the following is documentation of directives we were given during the sslocsd.org website redevelopment project that took place between June 2016 and November 2016, with specific regards to the board meeting audio (.MP3) files.

In the initial project discovery and planning meeting we discussed the inclusion of the audio files on the new website. However, the total number of audio files and details regarding the size of the files was unknown. We also discussed creating a more user-friendly audio player that would offer website visitors a better user experience. This meeting was held on 6/20/2016 and included Gerhardt Hubner, Amy Simpson, John Clemmons, and myself.

During the programming development phase of the project, we created an audio MP3 player and installed in on the beta website that was set up in a "staging environment". We downloaded the two most recent audio MP3 files (from 04-20-15 and 05-06-2015) and uploaded these onto the beta site in order to demonstrate the audio player user experience and capabilities.

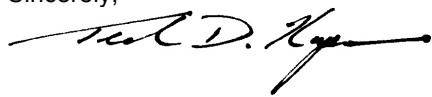
On November 1, 2016 I met with Amy Simpson at the SSLOCSD administrative office to demonstrate the working beta website (including the new audio player), provide training on how to administer the new website, and to discuss several critical issues concerning the number of PDF documents and audio MP3 files we were to migrate from the old website to the new website. Our concern was that the initial scope of the project did not account for the number of individual PDF and MP3 files that existed on the old website, as this exact number was unknown at the time we prepared the project proposal. We discovered that there were approximately 65 individual MP3 files that ranged in size from 20MB to 100MB per file depending on the length of the audio content. I explained that due to the number and size of the files this would impact the hosting server resources required to both drive the audio player as well as store the audio MP3 files. We would also need to create a change order to migrate the remaining MP3 files as the structure of the old website presented difficulty in directly accessing archived MP3 (and PDF) files. Ms. Simpson directed me to delete the audio files from the new website and instead focus on migrating the PDF files. As a result of this meeting, we produced Change Order 16-11030 dated 11/7/2016 to accommodate migrating the remainder of the PDF files and to create an additional section/archive that was requested by Ms. Simpson.

As directed, we abandoned further development/migration of the audio files and removed the audio played from the website. The final website was approved and went live on 11/12/2016. The hosting account associated with the old website was cancelled on 12/13/2016.

In February 2017 I was contacted by Gerhardt Hubner to find out if there was any way to retrieve the MP3 audio files from the former hosting provider. I personally called the former hosting provider (HostGator) and spoke to one of their account representatives. They told me that they retain backup records for 30 days, after which the servers are wiped and any data left on the server would no longer be retrievable.

Please let me know if you have any further questions.

Sincerely,



Ted D. Kapner
President & CEO
Everywhere Right Now, Inc.

